FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

ANNUAL REPORT 2018 | 2019

Canada

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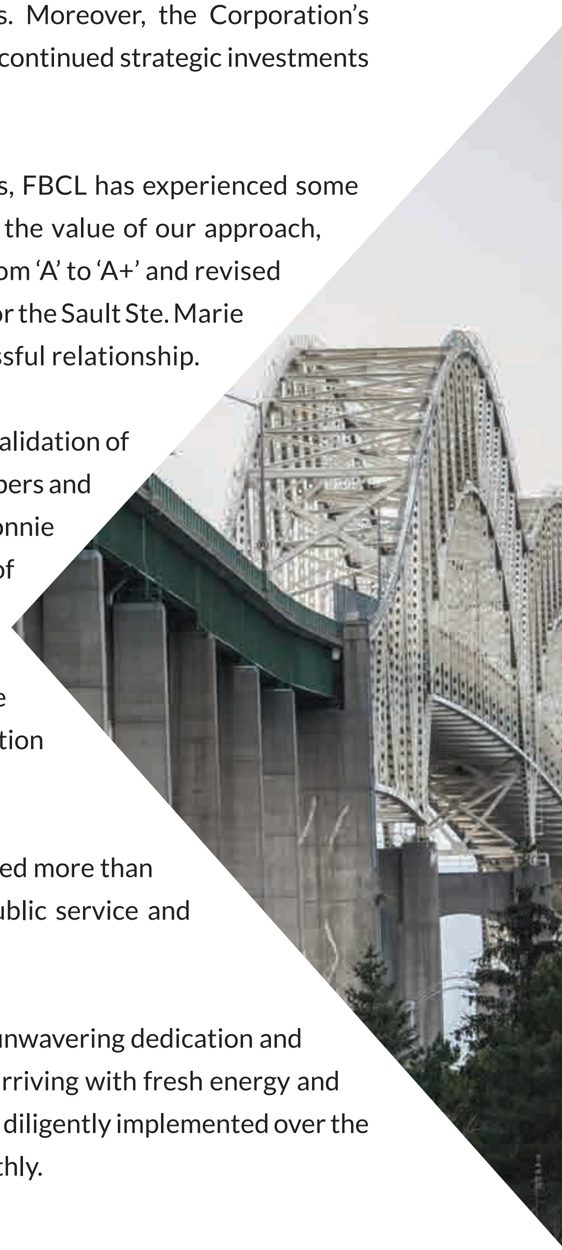
1.0 WORD FROM THE VICE-CHAIRPERSON

Rick Talvitie

While trade, travel and exchange rate volatility have been swirling around us, I am very pleased to report that The Federal Bridge Corporation Limited (referred to as FBCL or the Corporation) continues to progress at a healthy pace. Despite economic and market challenges, traffic volumes across the whole of FBCL crossings remain stable although with variable levels at each location. This is demonstrated by the maintenance of market share in passenger vehicles as well as in commercial crossings. Moreover, the Corporation's financial position is healthy, thus allowing for continued strategic investments and a proactive asset management approach.

With the guidance of the Board of Directors, FBCL has experienced some notable successes in this past year. Proving the value of our approach, Standard & Poor's Financial Services LLC upgraded FBCL's Global Rating from 'A' to 'A+' and revised the outlook to "stable". On the partnership front, the binational agreement for the Sault Ste. Marie International Bridge was renewed, extending a decades-long, highly successful relationship.



From the perspective of leadership, recent months also bore witness to the validation of our succession and continuity planning processes as a number of Board members and management personnel passed the torch to new team members. Notably, Connie Graham stepped down from her position as Chairperson of the FBCL Board of Directors to focus on priorities outside the Corporation. Ms. Graham was first appointed to the Board of Directors of the FBCL legacy corporation as a board member in 2012 and, subsequently in 2014, she became the Chairperson, a role that carried over into the newly amalgamated corporation in 2015.

Additionally, President and Chief Executive Officer Micheline Dubé completed more than a decade of service to the Corporation following a stellar career in the public service and culminating in a much deserved retirement.

As I thank Connie, Micheline and other departing Board members for their unwavering dedication and commitment to FBCL over the years, the Board welcomed new colleagues arriving with fresh energy and innovative perspectives. The robust governance framework that FBCL has so diligently implemented over the past four years is paying immediate dividends as our board transitions smoothly.

The Corporation continues on its proven, long-standing strategic path, focusing its attention to organizational efficiency and excellence. FBCL commits its energies to identifying and executing the right solutions that will continuously improve its services, minimize and mange operational risks to ultimately be well positioned for the future, regardless of what challenges may arise.

Among those Board members mentioned above, I too am moving on from my position. It has been a long and rewarding journey; one that I can honestly say has been filled with significant achievements in the interest of all Canadians.

This message marks the completion of my tenure with FBCL, from 2008 to 2019, where I was first a Director with the St. Mary's River Bridge Company (SMRBC), a former subsidiary and owner of the Canadian portion of the Sault Ste. Marie International Bridge. In 2015, with the change in ownership of the bridge assets to FBCL, I was appointed to serve on that Board of Directors and actively participated in setting the foundation for a broader federal portfolio of critical Canadian bridges that provide essential passage and trade to the United States. I am proud to have served in such a capacity.

I believe that the sound governance and oversight regime that we have created ensures future success. I wish to thank the Board members, FBCL management and the employees for their remarkable professionalism and dedication.

Rick Talvitie
Vice-Chairperson of the FBCL Board of Directors

2.0 WORD FROM THE CHIEF EXECUTIVE OFFICER

Natalie Kinloch

On February 1, 2019, I was appointed, by Order of the Governor-in-Council, as the new Chief Executive Officer. It is with great honour and humility that I embrace the challenge of leading the Corporation into the next decade by ensuring excellence in international bridge management for Canadians. My aim is to safeguard a fluid and seamless transition of the legacy left by my predecessor while equipping FBCL for a vibrant future.

Having served FBCL, since 2009, most recently as the Chief Financial and Operating Officer, I am well versed with the Corporation, its people, plans and strategic vision. Building on previous success, my goal is to maintain our strategic course in delivering excellence in international bridge management, by focusing on four key activities:

- Sustainability;
- Targeted investments in technology;
- Enhancing the customer experience; and,
- Seeking internal efficiencies for reinvestment in the long-term capital plan.

I would be remiss, if I failed to extend my deep gratitude to Micheline Dubé, our outgoing President and CEO, who steadfastly guided the Corporation for over a decade, on her well-deserved retirement. Having led the Corporation up until January 2019, I wish to acknowledge that much of the achievements in this year's annual report were realized under her stewardship.

FCBL is a strong federal Crown corporation with an excellent record of accomplishments. Our momentum for sustained progress can only be achieved through vigilance and due diligence in preparing for new challenges. As with all businesses, building resiliency to withstand external pressures, such as economic volatility, fluctuating currencies, and increased competition, is paramount. Operational evolution and growth are required for our business to continue to thrive and expand.

This year, I would like to highlight the following accomplishments, in my opening remarks, but many others are noted throughout the report:

- ConneXion – a frequent commuter program based on RFID technologies (Point Edward)
- Security Operations Centre – a 24/7 centre to monitor security and traffic management (Point Edward)
- Emergency Return Road – to safely and effectively return 'unauthorized' and emergency traffic to/from the US (Point Edward)

- International Roadway Cornwall – the roadway was completely rebuilt and upgraded (Cornwall)
- Administration Building Demolition – in keeping with the Blue Water Bridge Master Plan, the old Administration Building was demolished to make way for future development (Point Edward)
- Debt Repayment – debt repayment continues on a downward trend (Corporate level)
- Investment in Management Systems – to gain internal efficiencies investments have been made in human resources, workforce scheduling and payroll integration as well as information management (Corporate level)

I am proud of the high level of commitment, professionalism and expertise our employees bring to work each day, which enables our success. I am passionate about all that we have accomplished and enthusiastic about accomplishments we have yet to achieve.

Natalie Kinloch
Chief Executive Officer

3.0 CORPORATE PROFILE

3.1 BACKGROUND

The Federal Bridge Corporation Limited (FBCL) is a parent Crown corporation that operates at arm's length from the federal government. Headquartered in Ottawa, the Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario.

FBCL's responsibilities and relationships are varied and reflect the unique origin of each bridge. FBCL owns crossing assets and provides oversight to bridge operations, administering international agreements associated with the bridges, leading bridge engineering and inspection duties and management of bridge capital investment projects.

	SAULT STE. MARIE INTERNATIONAL BRIDGE	BLUE WATER BRIDGE	THOUSAND ISLANDS INTERNATIONAL BRIDGE	SEAWAY INTERNATIONAL BRIDGE
FBCL OWNERSHIP	50% of the bridge 100% of Canadian bridge plaza and port of entry	50% of each of the twin bridges 100% of Canadian bridge plaza and port of entry	100% Canadian Bridge 50% Rift Bridge 100% of Canadian bridge plaza and port of entry	100% North Channel Bridge 100% of Canadian toll plaza and International Road 32% South Channel Bridge
INTERNATIONAL PARTNER	Michigan Department of Transportation	Michigan Department of Transportation	Thousand Islands Bridge Authority, a public benefit corporation under New York State Public Authorities Law	Saint Lawrence Seaway Development Corporation, an agency of the United States Department of Transportation
BRIDGE OPERATOR	International Bridge Administration, a distinct administrative unit within the Michigan Department of Transportation with delegated authority from Sault Ste. Marie Bridge Authority a separate legal entity constituted by Michigan Department of Transportation and FBCL	Canadian portion: FBCL American portion: Michigan Department of Transportation	Thousand Islands Bridge Authority	Seaway International Bridge Corporation, Ltd, a subsidiary Canadian Crown corporation
GOVERNANCE STRUCTURE	Eight Directors: four Americans appointed by the Governor of Michigan and four Canadians appointed by FBCL	Canadian portion: FBCL American portion: Michigan Department of Transportation	U.S. Chair and six Directors appointed by Jefferson County: three Americans and three Canadians (recommended by FBCL)	Eight Directors appointed by FBCL, four Canadians and four Americans (recommended by Saint Lawrence Seaway Development Corporation)

3.2 MANDATE

FBCL's mandate, approved by the Minister of Transport, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business or undertaking of the Corporation shall be limited to the following:

a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;
b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and,
c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act* (FAA), the *Canada Business Corporations Act*, and these articles, as amended from time to time, the capacities and powers of a natural person.

3.3 STRATEGIC DIRECTION

FBCL's mission, vision and pillars define the framework for the Corporation's strategic direction as approved by the Board of Directors.

3.3.1 Mission

FBCL is a Crown corporation responsible for the oversight of Canadian federal interests in four selected international bridge crossings between Canada and the United States.

3.3.2 Vision

Striving to optimize the safety, security, sustainability and capacity of bridge operations to the benefit of Canada while serving the traveling public with efficiency and respect.

3.3.3 Pillars

FBCL will fulfill its mission through these key pillars:

- Operating with a unified **portfolio management** approach and strong corporate oversight;
- **Stewardship** of the bridge assets, focused on safety and security through a program of independent inspections, of appropriate asset management programs and on the provision of excellent customer service;
- Effective **use of technology**, utilizing common platforms to ensure efficiency of operations and accuracy of information, managed in a manner that limits risk and cost;
- **Sustainability** of operations, maintenance and administration through a shared revenue approach, prioritized investment, toll optimization and cost containment; and,
- **Sound governance** of the Corporation, through an optimized structure with the required capacity and skills, and strong relationships with stakeholders.

4.0 CORPORATE GOVERNANCE

As a Crown corporation, FBCL is governed by a Board of Directors and is accountable to Parliament through the Minister of Transport.

4.1 LEGISLATIVE AUTHORITY

FBCL is a corporation constituted under the *Canada Business Corporations Act* and listed in Schedule III Part 1 of the *Financial Administration Act* and is an agent of Her Majesty, following the amalgamation of the predecessor corporation, also known as The Federal Bridge Corporation Limited with several other bridge corporations.

The amalgamations have contributed significantly to resolving historical governance issues and allowed for increased focus and greater accountability for the international bridges under its purview.

4.2 PUBLIC ACCOUNTABILITY

FBCL is governed by a Board of Directors that is accountable for oversight and strategic direction. The Chief Executive Officer is a member of the Board and is responsible for the day-to-day management and performance of the Corporation in addition to supporting the Board in its oversight role.

4.3 FBCL BOARD

The FBCL Board is composed of seven directors, including the Chairperson and the Chief Executive Officer. The Chairperson and the Chief Executive Officer are appointed by the Governor in Council, in accordance with section 105 of the *Financial Administration Act*. The directors, other than the Chairperson and the Chief Executive Officer, are appointed by the Minister with the approval of the Governor in Council.

Within the Corporation's mandate, the Board sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, appoints or nominates for appointment, the Canadian directors of international bridge boards, as well as ensures that risks are identified and managed.

The Board is currently supported in its role and responsibilities by the legally required Finance and Audit Committee as well as by a Governance, Policy and Human Resources Committee.

The Board has established a Charter for each standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities.

4.4 COMMITTEES

4.4.1 Finance and Audit Committee

Mandate: As per the duties outlined in the *Financial Administration Act*, the Finance and Audit Committee provides oversight and makes recommendations to the Board on the standards of integrity and behaviour, the reporting of financial information, management control practices, risk management and insurance needs. The Committee is responsible for advising the Board on matters related to financial statements, any internal audit of the Corporation and the annual auditor's report of the Corporation. The Finance and Audit Committee is also responsible to review and advise the Board with respect to a special examination, and the resulting plans and reports. The Committee performs other functions assigned to it by the Board and that are included in the corporate by-laws.

Membership: The Committee is composed of three Directors appointed by the Board, one of whom is appointed as Chair of the Committee. The Board Chair is a non-voting ex officio member of the Committee.

4.4.2 Governance, Policy and Human Resources Committee

Mandate: The mandate and operational guidelines of the Committee were ratified and approved by the Board. This Committee assists the Board in overseeing the Corporation's governance, board policy infrastructure and human resources. The role of the Committee is to support the Board in the discharge of its responsibilities by performing due diligence on matters within its area of responsibility. Its function is not to approve but make recommendations for approval by the Board.

Membership: The Committee is composed of three Directors appointed by the Board, one of whom is appointed as Chair of the Committee. The Board Chair is a non-voting ex officio member of the Committee.

4.5 BOARD OF DIRECTORS REMUNERATION

The Governor-in-Council establishes the remuneration paid to the Chair, other Board members and the Chief Executive Officer. The remuneration of the Chair and other Board members follows the Government's Remuneration Guidelines for Part-time Governor in Council Appointees in Crown corporations and is pursuant to section 108 of the FAA. The Chair receives an annual retainer of $6,400 - $7,500 and a per diem of $200 - $300 for attending regular and committee meetings, while other Board members are paid an annual retainer of $3,200 - $3,800 and a per diem of $200 - $300. Board members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodations, and meals, incurred in the performance of their duties.

The employment conditions of the Chief Executive Officer are provided by the Terms and Conditions of Employment for Full-Time Governor-in-Council Appointees. The salary range for the Chief Executive Officer position (CEO 3) is $188,500 - $221,700. The Chief Executive Officer does not receive an annual retainer nor a per diem for attending Board meetings. The Governor-in-Council may also grant to the Chief Executive Officer performance pay of up to 15 percent of the base salary, according to the achievement of key performance objectives, as determined by the Board of Directors.

Remuneration for senior management is modeled on the Government of Canada Executive Group (EX) salary scales.

In 2018-19, Board members received the following reimbursements for expenses:

Board Members	Retainer Earned	Per Diems		Travel/ Training	Total	Attendance				
		Meetings/ Travel	Training/ Recruitment			Board Meetings		Committee Meetings		Training/ Recruitment
						Regular	Special	GPHR Regular	FAC Regular	# of days
Notes	a	a,b	c	d				f	g	
Connie Graham - London, ON (until January 31, 2019)	$6,250	$8,175	$2,100	$13,182	$29,707	7/7	2/2	3/4	2/4	7
Rick Talvitie - Sault Ste. Marie, ON	3,800	8,900	-	7,366	20,066	9/9	2/2	0	5/5	0
Gary Atkinson - Wyoming, ON (until January 31, 2019)	3,800	6,975	600	5,426	16,801	7/7	2/2	4/4	0	2
Pascale Daigneault - Sarnia, ON	3,800	11,850	1,800	13,257	30,707	9/9	1/2	6/6	2/2	6
Diana Dodge - Brockville, ON (until May 31, 2018)	633	1,275	600	981	3,489	2/2	0	1/1	0	2
Deborah Tropea - Cornwall, ON (until May 31, 2018)	633	-	-	110	743	2/2	0	0	0	0
Travis Seymour - Ottawa, ON (term started June 6, 2018)	3,114	6,000	-	1,508	10,622	7/7	2/2	0	4/4	3
Marie-Jacqueline Saint-Fleur - Montreal, QC (term started June 6, 2018)	3,114	6,450	-	1,965	11,529	7/7	2/2	3/4	4/4	3
Karen Hill - Ohsweken, ON (term started February 1, 2019)	633	1,125	-	1,696	3,454	1/2	0	1/1	0	1
Micheline Dubé (Note e) - Ottawa, ON (until January 31, 2019)	n/a	n/a	n/a	n/a	n/a	7/7	2/2	0	0	0
Natalie Kinloch (Note e) - Apple Hill, ON (term started February 1, 2019)	n/a	n/a	n/a	n/a	n/a	2/2	0	0	0	0
Total	$25,777	$50,750	$5,100	$45,491	$127,118					

a. Rates per Order-in-Council PC2015-84, January 30, 2015, for the Chairperson. Rates per Order-in-Council PC2015-81, January 29, 2015, for other Directors. These are supplemented by Guidelines for the Remuneration of the Chairperson and other Directors of The Federal Bridge Corporation Limited (2015), which is based on Remuneration Guidelines for Part-time Governor in Council Appointees in Crown Corporations (2000), published by the Privy Council Office.

b. Includes attendance at Board and Committee meetings, annual public meeting, strategic planning sessions, teleconference, special duties, and additional travel days.

c. Per diems for training and conference attendance are paid in accordance with the equivalent rates applicable per Privy Council Orders 2015-81 and 2015-84.

d. Travel and training reimbursements include repayment of reasonable out-of-pocket expenses and registration fees in accordance with FBCL's Travel, Hospitality, Conference, and Events Policy.

e. The Chief Executive Officer is also a member of the Board of Directors and receives no additional compensation for those duties.

f. GPHR stands for Governance, Policy, and Human Resources Committee

g. FAC stands for Finance and Audit Committee

4.6 CODE OF CONDUCT

The purpose of the *Public Servants Disclosure Protection Act* is to encourage employees in the public sector including Crown corporations and other public agencies to come forward if they have reasons to believe that serious wrongdoing has taken place and to provide protection to them against reprisal should they do so. One requirement of the Act is to promptly provide public access to certain information respecting founded cases of wrongdoing resulting from a disclosure brought forward. Specifically, the Corporation must describe the wrongdoing; the recommendations made to the Chief Executive Officer; and the corrective action taken by the Chief Executive Officer.

The Board approved a Code of Values and Ethics which sets out FBCL's values, its commitment to ethics and expected behaviours from all employees in their dealing with their colleagues, the public, and other governmental or external entities. The Code is signed annually by all employees during their annual performance review.

The Corporation fully adheres to the spirit of the *Public Servants Disclosure Protection Act* and has had no disclosures to date.

4.7 PORTFOLIO MANAGEMENT

The Corporation has adopted a portfolio management approach to deliver its mandate. It is not a portfolio of corporations but rather one parent Crown corporation overseeing a portfolio of federal assets which are used in pursuit of public policy objectives. Key aspects of the portfolio management approach include:

- Funds surplus to operating requirements used for capital re-investment in all portfolio bridges in support of public policy objectives;
- Revenues centrally managed, with each bridge established as a cost centre, including an appropriate corporate services allocation;
- Operational and maintenance expenditures of each bridge based on common policies;
- Integrated long-term capital plan developed as basis for capital prioritization and annual capital budget; and,
- Shared internal services.

The establishment of this management approach provides a unique opportunity to look at all possibilities, both through adopting best practices and a comprehensive common approach within the portfolio and through identifying broader strategic opportunities.

4.8 AUDIT REGIME

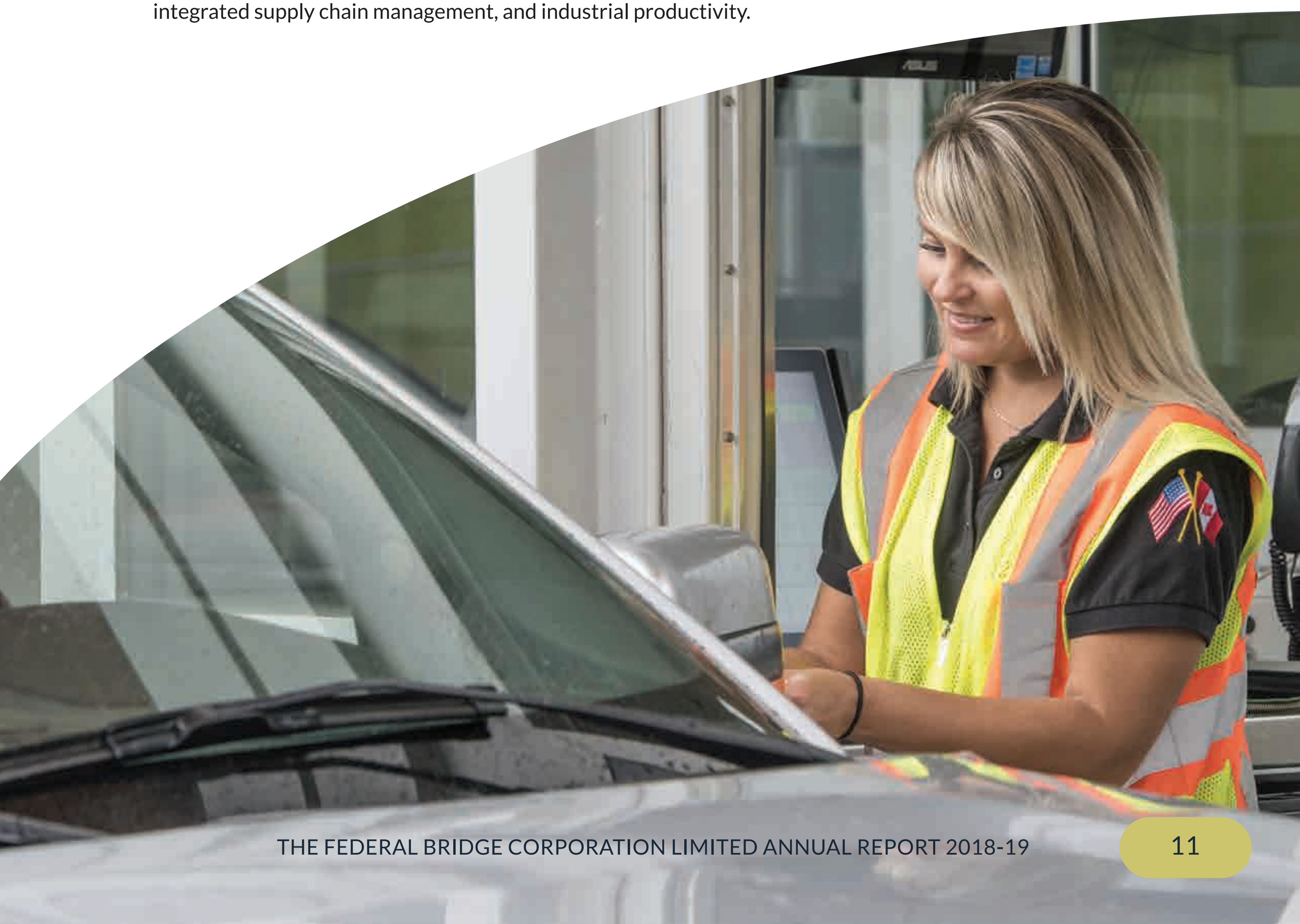
The audit regime consists of external and internal audits. The Office of the Auditor General conducts an annual audit of the consolidated financial statements to verify that they fairly reflect the operating results and financial position, and that the transactions have been carried out in accordance with International Financial Reporting Standards (IFRS) and Part X of the *Financial Administration Act*. The Office of the Auditor General also conducts a special examination at least once every ten years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

The internal audit regime aims to strengthen accountability, risk management, resource stewardship, and good governance by ensuring that internal audit is a key governance component. Risk-based, multi-year audit plans are developed to identify key risk areas common to all bridge locations. The current audit plan focuses on fraud prevention and ethics, internal controls, policies and practices.

5.0 BUSINESS AND PERFORMANCE

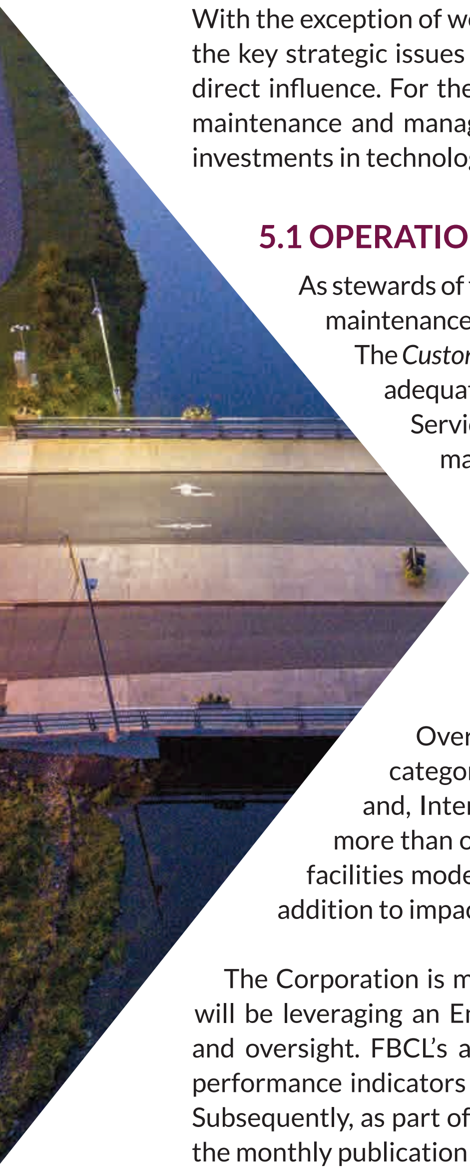
At international bridges, given that between 80% and 95% of passenger car crossings originate locally, the presence and/or demise of bridge-accessible travel destinations have a significant impact on the number of prospective travellers. A reputation for speed and ease of crossing is the single most important factor affecting crossing choice for non-local travellers and commercial goods transporters. Safe spaces, free of obstructions, complemented by well-staffed, efficient and stable customs processing systems collectively ensure the fluidity of a crossing. Successful delivery of these services is a joint operational obligation of both the bridge operator and border protection services who necessarily must find the appropriate balance between security protection and processing efficiency.

The bridge is a passive facilitator of travel and trade. Due to its presence, it enables the transit of people and goods while possessing no intrinsic means of enticing its usage. The provision of a safe, well-maintained and functional crossing ensures the bridge's viability and appeal. However, the decision to cross relies much more significantly on the availability of local and regional attractors on the opposite side. Without those external attractors, a bridge has little effect on its community of prospective users. In turn, the overall state of local and broader international economic health and outlook manifest their effects on FBCL's crossings in a number of ways. These include effects derived from currency exchange rates, local employment levels, integrated supply chain management, and industrial productivity.



The activities of FBCL support the Government's economic priorities. By facilitating secure international trade and the efficient transit of people and goods, FBCL delivers gateways to economic growth and prosperity for all Canadians. This is demonstrated not only in terms of transport; it also cascades into related domains including job creation, economic opportunities and expanded markets for Canadian innovation. International bridges allow Canada to strengthen its multi-faceted relationships with its allies, expressly with the United States. Consistency in the international trade regulatory framework is a fundamental resource underpinning the level of international crossings and commercial growth. Regardless of tightly integrated economies and manufacturing, trade stability promotes the continued use of Canada's international crossings. Recent years have witnessed multiple fluctuations in the levels of commercial traffic.

With the exception of well-maintained bridge assets and support for secure and novel payment technologies, the key strategic issues affecting FBCL's line of business are external and detached from the organization's direct influence. For these reasons, the Corporation's strategic initiatives commonly address areas such as maintenance and management of bridge and plaza assets, border and trade efficacies as well as targeted investments in technology and facilities modernization.



5.1 OPERATIONS, CAPITAL AND SPECIAL PROJECTS

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and at times, complete replacement of bridge and bridge plaza assets. The *Customs Act*, section 6 requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for customs and Canadian Border Services Agency. A similar provision in the *Plant Protection Act* and the *Health of Animals Act* mandate support for Canadian Food Inspection Agency facilities at bridge crossings.

These facilities are provided to the agencies at its crossings, out of revenue generated by the Corporation. Historically, the Corporation has not been required to pay for facilities in Cornwall. However, occasionally, capital appropriations are approved by the federal government for large projects of national interest. New facilities built at Sault Ste. Marie and Lansdowne were delivered with federal funding.

Over past reporting cycles, FBCL has categorized performance tracking within four broad categories. These are Asset Management; Revenue Generation; Trade and Border Support; and, Internal Services. The Corporation's strategic initiatives commonly address needs from more than one individual category, providing overlapping value in multiple areas. Investments in facilities modernization, for example, will deliver benefits across all of the first three categories in addition to impacting the resources and infrastructure of Internal Services.

The Corporation is moving to complete its cataloguing of FBCL-owned assets at all bridge locations and will be leveraging an Enterprise Asset Management system for the purposes of operational maintenance and oversight. FBCL's asset management team has defined its requirements for the system and the key performance indicators that it will dynamically monitor. A short-list of viable solutions has been identified. Subsequently, as part of a continuous improvement approach, the asset management platform will facilitate the monthly publication of the key performance indicator reports for distribution to all relevant stakeholders within the entire organisation.

FBCL is committed to conducting its operations in a responsible and sustainable manner that safeguards and, where feasible and practicable, promotes continual improvement of the environment to its employees, customers and community partners. In accordance with section 71 of the *Canadian Environmental Assessment Act, 2012*, between January 1 and December 31, 2018, all projects implemented by FBCL were considered unlikely to cause significant adverse environmental effects.

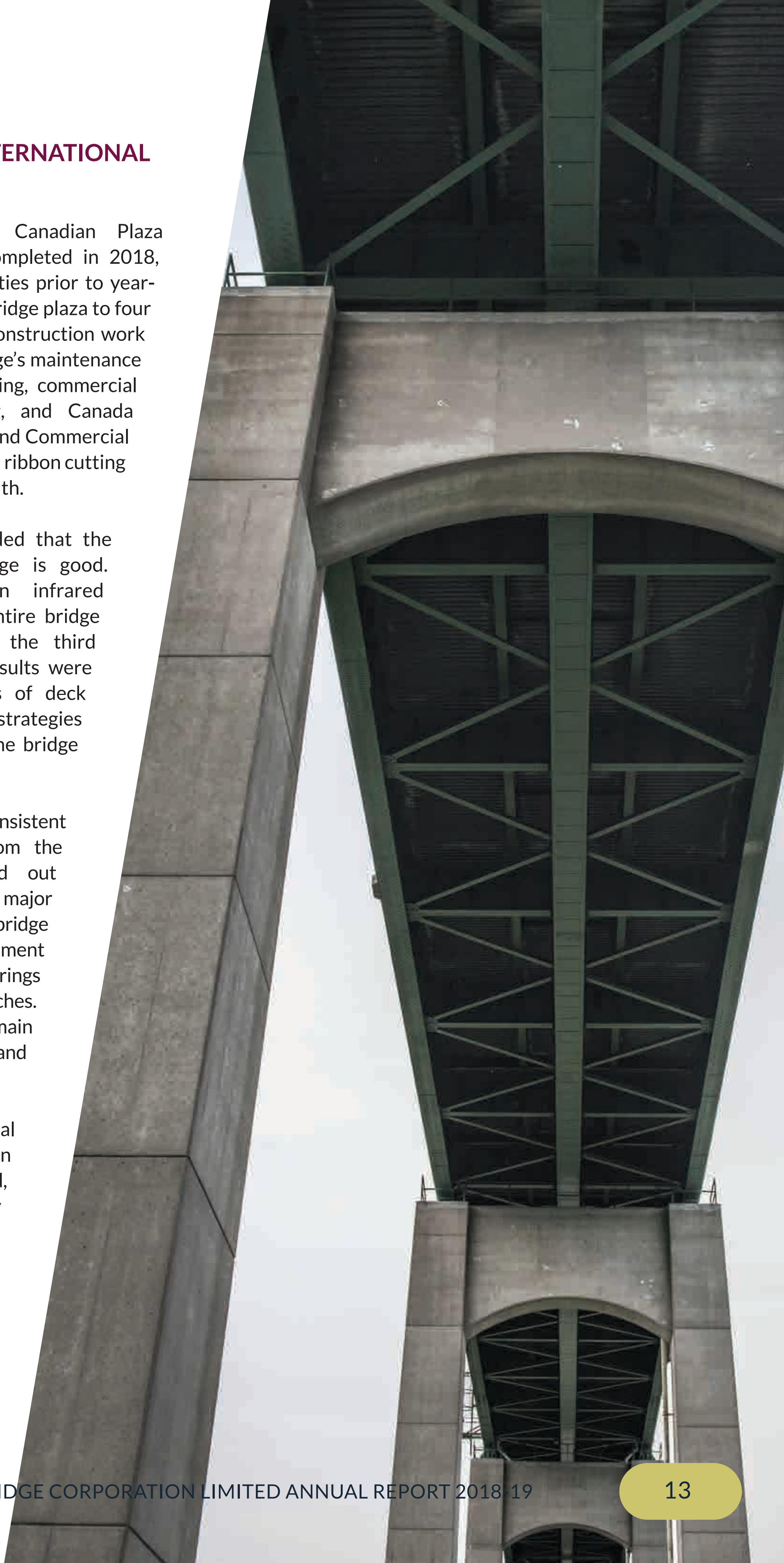
5.2 SAULT STE. MARIE INTERNATIONAL BRIDGE

The second phase of the Canadian Plaza Redevelopment project was completed in 2018, with occupancy of all new facilities prior to year-end. The project increased the bridge plaza to four times the size of the original. Construction work included site civil work, the bridge's maintenance facility, a new Duty Free building, commercial vehicle and overflow parking, and Canada Border Services Agency Traffic and Commercial Buildings. An official opening and ribbon cutting ceremony was held on August 15th.

The annual inspection concluded that the overall condition of the bridge is good. The inspection included an infrared thermography survey of the entire bridge deck. The 2018 survey was the third such survey performed. The results were indicative of the effectiveness of deck preservation maintenance and strategies in place, as less than 0.3% of the bridge deck exhibits defects.

Regular maintenance activities consistent with the recommendations from the inspection report are carried out each year. The most significant major work component managed by bridge maintenance staff was the replacement of fifteen original sliding plate bearings of the 55-year-old bridge's arches. The operational focus will remain on standard, ongoing bridge and facilities maintenance.

Most notable in 2018, the binational agreement for the administration of the bridge was renewed, extending a decades-long, highly successful partnership.



5.3 BLUE WATER BRIDGE

The annual inspections concluded that the two spans of the bridge are in good condition. Regular maintenance activities consistent with the recommendations from the inspection report are carried out each year.

A targeted construction project to introduce a loop roadway segment to the Canadian bridge plaza continues. This Emergency Return Road project will offer a pathway to facilitate the removal of obstructing vehicles and the secure return to the United States of vehicles deemed to be inadmissible to Canada and, to provide US-bound commercial vehicles with access to customs brokerage facilities housed in the BWB Corporate Centre. The demolition of a disused administration facility is also proceeding. This activity should free up space that will facilitate the future deployment of new bridge plaza amenities.

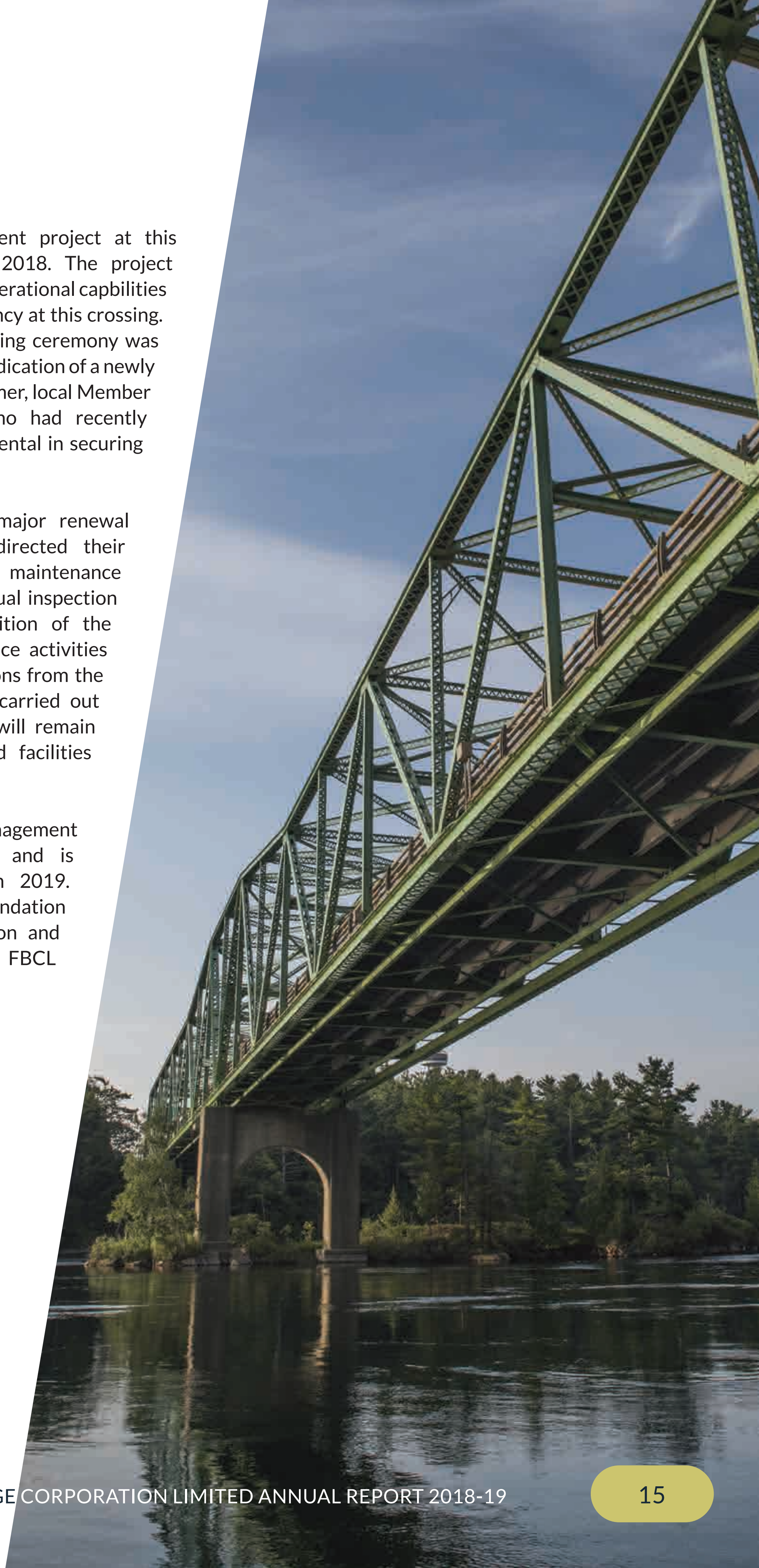
The automated ConneXion frequent traveller pre-paid tolling program launched at the bridge was received with overwhelming public response; exceeding its first year adoption targets in less than 2 months. The program uses radio-frequency identity and payment automation technologies to speed the processing of non-commercial vehicles. Additional user account self-management and facilitation resources will also be deployed in addition to a broader goal of expanding the use of the program at other crossings. Registrations to ConneXion continue to increase steadily on a daily basis as bridge users see the value and benefits of the program.

5.4 THOUSAND ISLANDS INTERNATIONAL BRIDGE

The Canadian Plaza Redevelopment project at this location was also completed in 2018. The project modernised and expanded on the operational capbilities of the Canada Border Services Agency at this crossing. An official opening and ribbon cutting ceremony was held on June 21st. It featured the dedication of a newly planted maple tree in honour of former, local Member of Parliament Gordon Brown who had recently passed away and had been instrumental in securing the improvements to the plaza.

Following completion of recent major renewal activities, the bridge operator directed their energies to regularly scheduled maintenance and operational activities. The annual inspection concluded that the overall condition of the bridge is good. Regular maintenance activities consistent with the recommendations from the inspection report continue to be carried out each year. The operational focus will remain on standard, on-going bridge and facilities maintenance.

A renewal of the facility’s toll management system has been commissioned and is expected be fully operational in 2019. This modernization will set a foundation for further technological innovation and systems integration with broader FBCL infrastructure.



5.5 SEAWAY INTERNATIONAL BRIDGE

The annual inspection concluded that the overall condition of the bridge is good. Regular maintenance activities consistent with the recommendations from the inspection report are carried out each year. The operational focus will remain on standard, on-going bridge and facilities maintenance.

Addressing the damaging effects of weather and age and following an eight-month long, $700,000 initiative to remediate Pier 3, an observational platfom overlooking the St. Lawrence River and the new North Channel Bridge was opened to the public on July 4th. FBCL President and Chief Executive Officer Micheline Dubé also unveiled a decorative plaque, created by local artist Pierre Giroux, to add the Seaway International Bridge to the Cornwall Heart of the City Historical Walking Tour.

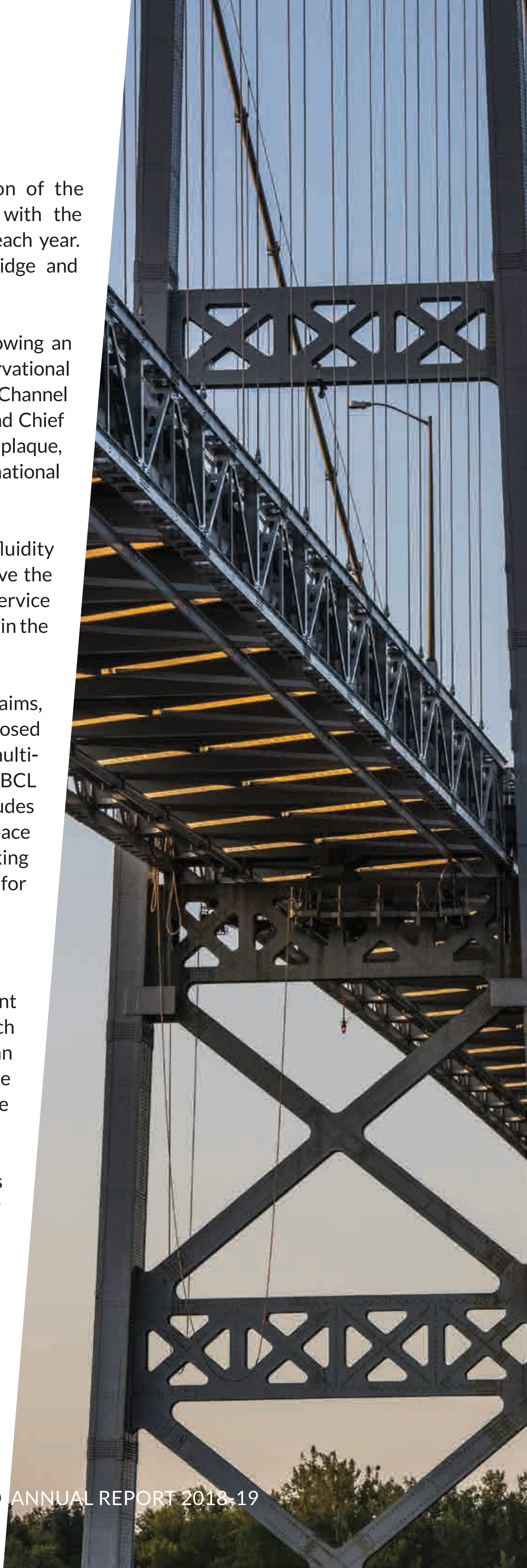
To ensure the safety of the travelling public and the continued fluidity of traffic, a $4 million Crown appropriation was used to improve the main intersection of International Road on Cornwall Island. A service access road, enhanced drainage and traffic signals were included in the roadway upgrades.

In support of the Crown's efforts to resolve long standing land claims, and pending the local community's potential ratification of a proposed settlement agreement, FBCL has begun readying itself for a multi-faceted 30-month activity associated with the relocation of FBCL operational facilities away from Cornwall Island. The project includes further optimization of the Canadian bridge plaza on the space known as the Canal Lands. Additional outcomes of this undertaking include new traffic routing and the creation of dedicated lanes for eligible members of Canada's First Nations.

5.6 CORPORATE SERVICES

Corporate Services represent the internal business-management functions of the Corporation, these services include items such as IT support, information management, finance, security, human resources, legal services, communications, audit, and corporate risk management. All functions, which are key enablers to the continued success of our operations.

By driving internal efficiencies, the Corporation is able to focus on its core mandate in support of all Canadians. In 2018-19, key achievements in the area of IT included the implementation of infrastructure to support the launch of the ConneXion toll automation, prepayment program and the use of "tap n' go" functionality at point of sale. Furthermore, the team undertook two separate independent assessments of the corporate network to identify potential weaknesses. Post-assessment activities necessitated that gaps and recommendations be immediately addressed.



The information management team completed an internal Privacy Impact Assessment, a Government of Canada mandated requirement this year. The assessment has been sent to the appropriate agencies for review. Working in collaboration with the IT team, information management realized the successful deployment and migration to GCDocs, a robust and federally endorsed document management system.

In addition to conventional financial reporting and analysis, the Finance group has initiated corporate-wide initiatives to increase transparency and accountability. This includes the creation of personalized policy training for all employees touching all areas of policy implementation, such as standardized purchase order procedures aimed at process improvement and bringing spending accountability directly to managers. Within the department, Finance has continued to work on areas for process improvement allowing for greater ease of the flow of information allowing for improved analysis and decision-making.

Security is certainly a persistent priority for an organization whose mission it is to operate international bridge crossings. Capitalizing on the Harmonized Threat and Risk Assessment (HTRA), completed in December 2017, FBCL continues to enhance its security stance. The HTRA is the roadmap to reducing and mitigating risk to the Corporation, its assets and employees. Major initiatives for this reporting period, include the creation of a Security Operations Centre to oversee security threats, manage traffic and coordinate incident management; CCTV and alarms installed at the Head Office and the issuance of a contract to modernize and increase CCTV coverage at the Blue Water Bridge and adjoining plaza in Point Edward. Security awareness training and security exercises/scenarios with partners such as law enforcement and first responders have been carried out at most FBCL bridge operations. In addition to the mandatory inspections by Transport Canada, the organization continues to prioritize and address security findings through a comprehensive, disciplined approach.

Human Resources continue to promote a healthy and respectful workplace with diversity and inclusion through the development of appropriate policies, awareness training and use of internal communications. A training and development partnership with the Canada School of Public Service has been forged. The School offers both foundational and specialized training to support the learning needs of employees and specialists in a multitude of areas. A Health and Safety review was completed in 2019. The recommendations from this review will be assessed for initiatives in the next fiscal year. Working closely with our Finance department, HR is collaborating on new human resources management system that integrates time management and payroll functions. It is expected that many functions currently performed manually will be automated saving valuable resources.

In keeping with industry best practices and policy objectives, FBCL established a hotline for the disclosure of wrongdoing. As a Crown entity, the *Public Service Disclosure Protection Act* governs our activities; ensuring proper access to a complaint mechanism is a requirement.

Our Communications section continues to find innovative and novel approaches to improve and deliver our corporate messaging and branding.

This is year two of our three-year audit plan that is being carried out by a third-party service provider. Outsourcing our internal auditing functions allows smaller corporations, like ours, to take advantage of diverse skill sets and increase independence from management to ensure the objectivity of the auditors and their findings.

Enterprise Risk Management (ERM) continues to mature within the organization. Working with the Board, changes have been added to the previous ERM model by adding a mini-environmental scan at the front end, including the concept of clock speed as a dimension and moving to a web-based application model.

5.7 PERFORMANCE ASSESSMENT

▲ Planned progress on schedule and within budget
● Slippage in terms of time to completion, budget and/or target variances
▼ Cancelled or deferred

Outcomes	Status ▲●▼	Performance Indicators	Targets Results	Performance Meausres	Present Status
Revenue Growth	▲	Toll rate strategies	Toll elasticity study and price tolerance report	Completion of study to inform semi-annual fare reviews	Met
	▲	Maintain or increase customer amenities and service	Renewed or new service or retail leases	Increase in lease revenues	Met
Partners & Relationship	▲	Supporting efficiency & consistency from border partners	Improvement in border wait times	- Frequency of local strategic coordination meetings - Number & duration of border system incidents	Met Dependencies on 3rd parties
	▲	Customer Account Development	Customer oriented web services	Ease of uptake of new ConneXion program	Met
	▲	Support of Crown negotiations with MCA for resolution of claim	Settlement Agreement with MCA fully executed	- Agreement executed by parties (2018-19) - Funding for Bridge facilities relocation in place (2019-20) - Relocation completed (2021-22)	Progressing on schedule Tentative settlement agreement reached, pending community ratification
Technology & Innovation	▲	Enhance Corporate Image and customer interaction	- New and integrated web site - Customer account self-management (via ConneXion)	- Website, Facebook & LinkedIn launch and dissemination - Growth in customer account registrations and self-management	Met
	▲	Asset Management Program Development	Implement asset management system to collect, analyze and report on asset data	Core of asset planning and budgets defined by asset management program (2020-21)	Progressing on schedule
	▲	Improve toll collection management	Implement toll management system	- Implementation of systems - Partnerships with multi-toll management providers	Progressing on schedule
	▲	Data mining and targeted messaging	Data analytics capabilities enhanced	Core of marketing activities defined by data analytics (2020-21)	Progressing on schedule

6.0 MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) outlines FBCL's financial results and operational changes for the year ended March 31, 2019. This MD&A should be read in conjunction with FBCL's audited annual financial statements and accompanying notes for the year ended March 31, 2019. The consolidated financial statements and notes have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in thousands of Canadian dollars. All information is current as of June 27, 2019.

Forward-looking statements

Readers are cautioned that this report includes certain forward-looking information and statements. These forward-looking statements contain information that is generally stated to be anticipated, expected or projected by FBCL. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the organisation to be materially different from any future results and performance expressed or implied by such forward-looking information.

Materiality

In assessing what information is to be provided in this report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence the economic decisions of FBCL's stakeholders.

6.1 ANALYSIS OF FINANCIAL RESULTS

Revenue and Portfolio Model

FBCL's funding model intends to generate sufficient revenue to cover disbursements, including debt and capital projects, and to build necessary operational surpluses to fund future repairs and the majority of future capital projects. FBCL's revenues are derived from three primary sources: tolls and services, leases and permits and interest income. In addition, FBCL may receive government funding for certain major capital projects.

The profitability of FBCL is directly attributable to traffic levels that traverse its four international bridge crossings and these are affected by a number of factors, including fluctuating currency exchange rates, the strength/weakness of both the Canadian and the U.S. economies and tourism in its local bridge-specific areas. FBCL's revenues improve with increases in economic activity of both Canada and the U.S., since its bridges are major international crossings between the two trading nations. Historically, when the U.S. economy is robust or expanding, exports of Canadian products tend to rise. A growing Canadian economy will also result in an increase in the flow of goods, services and people across the two countries' land borders.

Individually, each bridge has its own strengths and challenges that are reviewed both by the local bridge operators as well as the head office on a consolidated level. For these reasons, FBCL is well situated to respond to, and adapt to issues as they arise.

6.2 CONSOLIDATED FINANCIAL RESULTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Comparison of March 31, 2019 to March 31, 2018

Consolidated Statement of Comprehensive Income ($000's)	March 31, 2019	March 31, 2018 (Restated)	Variance	
	$	$	$	%
Tolls and services	**31,020**	30,234	786	2.6%
Thousand Islands International Bridge toll revenue	**6,038**	5,913	125	2.1%
Leases and permits	**4,910**	4,606	304	6.6%
Currency exchange	-	888	(888)	-100.0%
Interest	**640**	570	70	12.3%
Other	**175**	420	(245)	-58.3%
Total revenue	**42,783**	**42,631**	**152**	**0.4%**
Operations	**7,584**	7,512	72	1.0%
Thousand Islands International Bridge expense	**6,396**	6,557	(161)	-2.5%
Currency exchange	-	780	(780)	-100.0%
Maintenance	**13,394**	13,817	(423)	-3.1%
CBSA & CFIA operations	**7,370**	6,751	619	9.2%
Administration	**8,613**	8,754	(141)	-1.6%
Total expenses	**43,357**	**44,171**	**(814)**	-1.8%
Operating income before government funding and interest	**(574)**	**(1,540)**	**966**	-62.7%
Government funding	**3,395**	3,359	36	1.1%
Interest expense	**(4,401)**	(4,793)	392	-8.2%
Net loss	**(1,580)**	**(2,974)**	**1,394**	-46.9%
Other comprehensive income				
Actuarial gain (loss)	**(278)**	2,523	(2,801)	-111.0%
Investment revaluations	**480**	(190)	670	-352.6%
Total comprehensive loss	**(1,378)**	**(641)**	**(737)**	115.0%

Revenue

Tolls and Thousand Islands International Bridge toll revenue: Toll revenues are affected by traffic volume, by the Canadian and US dollar exchange rates, and changes in toll rates. During the year, overall passenger car volumes have decreased by 1.4% while truck volumes have increased by 1.5%. Passenger cars varied between a decrease of 2.9% to a decrease of 0.8% per bridge. Truck volumes, by bridge, varied between a decrease of 2.3% to an increase of 3.5%. Throughout the year, the exchange rate fluctuated as much as C$0.10 to US$1.00 (2018 – C$0.16 to US$1.00). The exchange rate fluctuated between a low of C$1.26 to US$1.00 to a high of C$1.36 to US$1.00 with an average rate for the year of C$1.32 to US$1.00 (2018 - the exchange rate fluctuated between a low of C$1.21 to US$1.00 and a high of C$1.37 to US$1.00 with an average rate for the year of C$1.28 to US$1.00). Toll rates were updated at the Thousand Islands International Bridge effective April 1, 2018 and at the Blue Water Bridge as of November 1, 2018.

Leases and Currency Exchange revenue: The Currency Exchange department at the Blue Water Bridge was closed in February 2018 and consequently there is no longer any Currency exchange revenue. This building is now being rented to a third party who operates a commercial enterprise. Consequently, leases and permits have increased significantly as a result of this new lease.

Expenses

Maintenance: As at March 31, 2018, FBCL reviewed its useful lives and adjusted the useful lives for painting and repaving of the Blue Water Bridge as well as the roof of one building in Point Edward. Taking into account the changes in useful lives plus the projects that have been completed during the current fiscal year, depreciation is $1.5M higher than the prior year. The provision relating to the final phase of the demolition of the in-water piers of the former high-level bridge in Cornwall was revised this year resulting in a reduction of the provision by $0.4M whereas in the prior year, an additional amount of $2.0M was added to the provision (refer to note 14 of the Consolidated financial statements for more information on provisions).

CBSA/CFIA: The new Lansdowne Point of Entry and the second phase of the Sault Ste. Marie Canadian Plaza Redevelopment were opened during the previous fiscal year and therefore this year represents the first year in which all facilities were operating for the full year. Thus, the additional expense to operate these substantially larger modern facilities resulted in the increased CBSA/CFIA expenses.

Currency Exchange expense: The Currency Exchange department at the Blue Water Bridge was closed in February 2018 and consequently there is no longer any Currency exchange expense.

Other expenses: Operations, Thousand Islands International Bridge, and Administration expenses have remained fairly consistent when compared to the prior year.

Government funding and interest expense

Government funding: Government funding consists of amortisation of amounts relating to capital projects that are in service as well as government funding received for the decommissioning of the capital assets that have been replaced. Amortisation of government funding is $0.7M higher this year as the CBSA facilities in Lansdowne and Sault Ste. Marie as well as the Brookdale realignment in Cornwall were completed in the prior year. Therefore, amortisation for these projects is recorded for the entire year whereas the amortisation commenced partway in the prior year. No funding for decommissioning was received in the current year as all of these projects were completed during the previous fiscal year (2018 - $0.7M was received for decommissioning works).

Interest expense: Interest expense is $0.4M lower than the prior year as FBCL has made regular principal repayments on its debt as well as repaying tranches of loans as they become due for renewal. One loan, in the amount of $4.1M, was repaid at the end of 2017-18 and one loan, in the amount of $3.2M, was repaid at the beginning of 2018-19.

Other comprehensive income

Actuarial gain (loss): In the prior year, a full actuarial valuation was completed in which all assumptions were updated resulting in an actuarial gain of $2.5M in 2018 whereas in the current year, most of the assumptions, other than the discount rate, remained consistent with those of the prior year. The decrease of 0.2% in the discount rate at March 31, 2019 resulted in an actuarial loss of $0.3M this year (refer to note 20 of the Consolidated financial statements for more information on employee benefits).

Investment revaluations: FBCL holds numerous bonds as part of its investment portfolio. FBCL's business model is to achieve both collecting contractual cash flows and selling of these assets in order to achieve an appropriate diversification of its bond portfolio. Consequently, the value of the bonds held by FBCL are subject to fluctuation based in the market interest rates, which can result in either a revaluation gain or loss. During the year, FBCL's investment rate of return on its bonds was more favourable than the market rate resulting in a revaluation gain.

6.3 CONSOLIDATED STATEMENT OF INCOME

Comparison to budget

The following is a summary of actual revenues and expenses as compared to the 2019 to 2023 Corporate Plan:

Consolidated Statement of Income ($000's)	Budget 2019	**March 31, 2019**	Variance favourable (unfavourable)	
	$	**$**	$	%
Revenues and Government Funding				
Tolls and Thousand Islands International Bridge tolls	37,440	**37,058**	(382)	-1.0%
Other revenue	5,151	**5,725**	574	11.1%
Government funding	4,082	**3,395**	(687)	-16.8%
Total Revenues and Government Funding	46,673	46,178	(495)	-1.1%
Operating and Interest expenses				
Operations	5,076	**4,931**	145	2.9%
Thousand Islands International Bridge expense	4,357	**4,935**	(578)	-13.3%
Maintenance	5,513	**4,721**	792	14.4%
CBSA & CFIA operations	3,338	**3,307**	31	0.9%
Administration	7,083	**8,054**	(971)	-13.7%
Depreciation	17,497	**17,409**	88	0.5%
Interest	4,296	**4,401**	(105)	-2.4%
Total Operating and Interest expenses	47,160	47,758	(598)	-1.3%
Net income (loss)	(487)	**(1,580)**	(1,093)	224.4%

Revenues and Government Funding

Tolls and Thousand Islands International Bridge tolls: In the budget, revenues were expected to be similar to the prior year taking into consideration increases in toll rates and decreases in toll volumes. Traffic volumes across all bridges in FBCL's portfolio were 1.1% lower than budget for passenger vehicles and 1.0% lower for commercial truck traffic. Despite two of FBCL's bridges achieving higher than budgeted toll revenues, circumstances related to the calculation of toll revenue at the Thousand Islands International Bridge resulted in lower toll revenue overall. These circumstances related to significantly lower traffic volumes (largely due to a less favourable exchange rate for Canadians crossing into the United States), and a change in the calculation of toll revenues due to the adoption of IFRS 15 (see note 3 in the financial statements for further information on IFRS 15).

Other revenue: Leases revenues are higher due to increased contingent rent as well as a change in the presentation of costs being reimbursed by lessee. In the budget, these costs were netted against the expense while the actual results in the March 31, 2019, column show these numbers on the gross basis. Similarly, management fees relating to the operation of the Seaway International Bridge are now shown on the gross basis.

Government funding: Changes in the useful life assumptions of government funded projects, as compared to budget, resulted in lower income recognised this year, however this does not have any cashflow effect.

Operating and Interest Expenses

Thousand Islands International Bridge expense: Costs incurred directly by the Thousand Islands International Bridge Corporation are higher than budget by $0.3M for the collection of tolls and $0.3M for maintenance costs. Part of the additional costs relate to higher than budgeted salary costs as well as the Canadian dollar being weaker than budgeted, resulting in higher expenses upon consolidation of financial results.

Maintenance: The difference between budget and actual relates to a decrease of $0.4M to the provision relating to the final phase of the demolition of the in-water piers of the former high-level bridge in Cornwall and deferral of certain consultation projects of $0.5M to the 2020 fiscal year.

Administration: The budget did not include $0.3M of additional costs for additional health and dental insurance expenses largely related to a group of employees participating in the post-employment benefit plan, which began on January 1, 2018, as the actuarial valuation was only recently completed. In addition, consulting fees are $0.2M higher due to additional requirements during the year, and $0.2M relates to showing management fees on the gross basis (both revenue and expenses have increased in equal amounts).

6.4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Comparison of March 31, 2019 to March 31, 2018

At the fiscal year ended March 31, 2019, the Consolidated Statement of Financial Position for FBCL was reflected in the following manner:

Consolidated Statement of Financial Position ($000's)	March 31, 2019	March 31, 2018	Variance	
	$	$	$	%
Assets				
Financial assets	**33,300**	39,171	(5,871)	-15.0%
Non-financial assets	**395,407**	399,647	(4,240)	-1.1%
Other assets	**1,082**	881	201	22.8%
Total assets	**429,789**	**439,699**	**(9,910)**	-2.3%
Current assets	***31,147***	*34,202*	*(3,055)*	-8.9%
Non-current assets	***398,642***	*405,497*	*(6,855)*	-1.7%
Liabilities				
Provisions	**6,047**	6,292	(245)	-3.9%
Deferred capital funding	**107,770**	107,035	735	0.7%
Deferred revenue	**4,007**	4,229	(222)	-5.2%
Long-term employee benefits	**7,247**	6,450	797	12.4%
Long-term debt	**62,546**	70,903	(8,357)	-11.8%
Other liabilities	**6,126**	7,366	(1,240)	-16.8%
Total liabilities	**193,743**	**202,275**	**(8,532)**	-4.2%
Current liabilities	***25,556***	*21,433*	*4,123*	19.2%
Non-current liabilities	***168,187***	*180,842*	*(12,655)*	-7.0%
Total equity	**236,046**	**237,424**	**(1,378)**	**-0.6%**

Assets

Financial assets: Overall cash and investments have decreased by \$4.4M. Significant spending relates to the purchase of internally funded capital projects, changes in the working capital, as well as repayment of long-term debt (refer to the cash flow discussion below for additional information). Furthermore, trade and other receivables have decreased by \$1.5M primarily due to lower parliamentary appropriations receivable at year-end.

Non-financial assets: Non-financial assets include property & equipment, investment properties, and intangible assets. Current year acquisitions are \$13.5M and depreciation for the year is \$17.4M. The acquisitions relate mainly to three locations:

- In Point Edward, construction of an emergency access ramp will provide faster access for emergency vehicles to the bridge structures and enhanced border control, and demolition of older buildings will allow for further development of the toll plaza;
- In Cornwall, work on the infrastructure improvements of the International Road were completed, and were funded by government; and,
- In Sault Ste. Marie, the Canadian Plaza Redevelopment project was completed, which was also funded by government.

Liabilities

Provision: Provisions relate to the decommissioning of the in-water piers in Cornwall. The provision this year is based on actual contracts while in the prior year, the provision was based on management's best estimates. Consequently, the provision has decreased by \$0.2M.

Deferred capital funding: \$4.1M was received in government funding for the acquisitions of capital asset acquisitions in Sault Ste. Marie and Cornwall. This is offset by amortisation of deferred capital funding of \$3.4M.

Deferred revenues: The decrease largely relates to the prepaid facility lease, which is recognised on a straight-line basis as a reduction of lease revenues over the term of the lease.

Long-term employee benefits: The post-employment defined benefit plan has increased by \$0.8M to account for current service costs, interest costs, and changes in the discount rate (refer to note 20 of the Consolidated financial statements for additional information on employee benefits).

Long-term debt: This includes regular principal and interest repayment of the loans payable and bonds payable as well as a repayment of a loan in the amount of $3.2M in accordance with FBCL's debt repayment plan to repay loans as they become due for renewal.

Other liabilities: Trade and other payables and holdbacks are $1.5M lower since there are fewer capital projects remaining to be paid as at March 31, 2019. This is offset by an increase in short-term employee benefits of $0.3M.

6.5 CONSOLIDATED STATEMENT OF CASH FLOW

Consolidated Statement of Cash Flows ($000's)	**March 31, 2019**	March 31, 2018	Variance
	$	$	$
Net cash generated by operating activities	**11,248**	12,881	(1,633)
Net cash generated by (used by) investing activities	**197**	(6,979)	7,176
Net cash used in financing activities	**(8,357)**	(9,134)	777
Foreign exchange on cash balance	**942**	(475)	1,417
Net increase (decrease) in cash	4,030	(3,707)	**7,737**

Net cash generated by operating activities: Cash flow from operations reached $12.4M (2018 – $12.6M) offset by a decrease to changes in the working capital of $1.1M (2018 – increase of $0.3M).

Net cash generated by (used by) investing activities: Along with the $11.2M of net cash generated by operating activities, net investments of $8.8M were liquidated in order to pay $8.7M for the purchase of internally funded capital assets and $8.4M for repayment of long-term debt. The difference of $2.9M is invested in cash equivalents.

With the completion of significant projects in Cornwall, Lansdowne and Sault Ste. Marie, FBCL's efforts are now focused on implementing the next phase of the Master Plan in Point Edward in order to ensure that FBCL's capital assets are properly maintained prior to the opening of a new bridge in the vicinity which could result in declining toll revenues thus restricting FBCL's ability to invest in capital improvements in the future.

Net cash used by financing activities: Financing activities relate solely to the principal repayment of loans and bonds payable.

Foreign exchange on cash balance: The foreign exchange on cash balance is impacted by the exchange rate. This year, a gain was incurred as the exchange rate increased from C$1.29 to US$1.00 at the beginning of the year to C$1.34 to US$1.00 at the end of the year (2018 – decrease from C$1.33 to US$1.00 at the beginning of the year to C$1.29 to US$1.00 at the end of the year).

6.6 REPORT ON ANNUAL EXPENDITURES FOR TRAVEL, HOSPITALITY, AND CONFERENCES FOR 2018-19

Effective July 2015, Crown corporations have been instructed per section 89 of the *FAA* to align their 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. FBCL has complied and continues to comply with this directive. As per the Treasury Board requirements, this report provides information on the total annual expenditures for each of travel, hospitality, and conferences for FBCL for the fiscal year ending March 31, 2019.

Expenditures on travel, hospitality, and conference fees incurred by FBCL are directly related to supporting its mandate, in particular, the portfolio of international bridges at four locations in Sault Ste. Marie, Point Edward, Lansdowne and Cornwall.

Annual expenditures for Travel, Hospitality, and Conferences of FBCL:

Year ending March 31 **($000's)**	**2019**	2018
	$	$
Travel	**231**	219
Hospitality	**2**	2
Conferences	**37**	20
Events	**3**	4
Total	**273**	**245**

6.7 COMPLIANCE WITH DIRECTIVE ON PENSION PLANS

FBCL is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, FBCL is 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.

FBCL has complied and continues to comply with this directive.

6.8 OUTLOOK

Operating Outlook

FBCL is emphatically focusing on the core of its business. While the sustainability and security of assets and operational optimisation remain foundational pieces of the mandate, increasing weight is being placed on the growth of revenue through an active approach to toll management on viable longevity through the diligent care of its bridge assets. The targeted outcomes will be achieved through an emphasis on:

- The growth in toll revenues through toll pricing strategies and customer engagement tactics;
- The leveraging of positive relationships with border management partners in order to ensure rapid crossing processing; and,
- The force multiplying, modernisation and innovative effects resulting from increased, targeted usage of beneficial technologies.

International bridges are complex operations that feature the collection of tolls, traffic flow management, on-going asset inspection and maintenance functions, capital renewal projects, and activities associated with leases to third parties. A number of policy and operational issues are being tracked internally to ensure the most effective and efficient behaviour and to reduce risk.

At present, FBCL is operationally self-reliant in its daily operations and seeks Crown support where applicable. FBCL's goal is to generate adequate revenue to cover its daily operations and carry out a risk-based asset management program while also building fiscal surpluses to responsibly address the present and future major capital requirements of the bridges, approaches, and facilities. FBCL budgets to record approximately $17.0M per year surplus of revenues over cash expenses, before recognising the costs of depreciation. These funds are used to pay down the substantial legacy debt and asset management requirements.

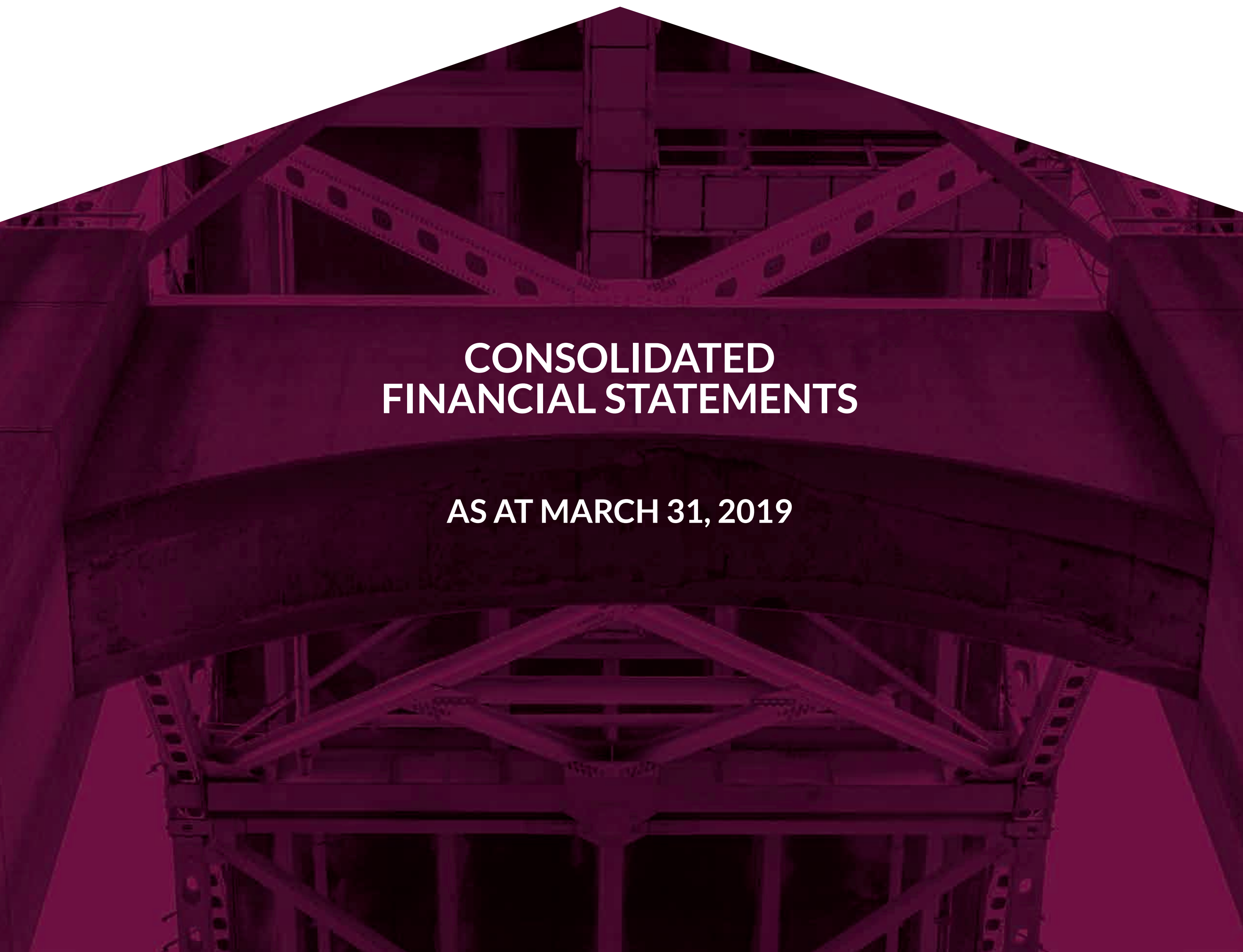
Consolidated Statement of Income ($000's)	2020	Budget 2021	2022	2023	2024
	$	$	$	$	$
Tolls and services	32,024	32,467	32,752	33,041	33,330
Leases and permits	4,909	4,954	4,988	5,023	5,058
International Thousand Islands Bridge revenue	6,955	7,259	7,295	7,331	7,735
Interest	651	647	648	648	649
Other	244	245	247	248	249
Total revenue	44,783	45,572	45,930	46,291	47,021
Operations	5,961	6,057	6,229	6,365	6,503
Thousand Islands International Bridge expenses	4,587	5,020	5,113	5,209	5,307
Maintenance	6,070	5,724	5,843	5,963	6,133
CBSA & CFIA operations	3,295	3,412	3,484	3,556	3,631
Administration	7,732	7,871	8,009	8,150	8,293
Depreciation	18,408	18,714	18,985	18,895	19,156
Total expense	46,053	46,798	47,663	48,138	49,023
Operating income before government funding and interest	(1,270)	(1,226)	(1,733)	(1,847)	(2,002)
Government funding	3,506	3,474	3,419	3,431	3,431
Interest expense	(3,889)	(3,501)	(3,041)	(2,597)	(2,161)
Net (loss) income	(1,653)	(1,253)	(1,355)	(1,013)	(732)

Capital budget outlook

In 2020, FBCL plans to engage in $13.9M in capital investment projects, funded directly by through FBCL's operations. Approximately 80% of the spending on capital projects is to take place on the bridges and plaza at the Blue Water Bridge in Point Edward, which addresses many components of the Master Plan for this location. The remaining 20% of capital projects results from FBCL's share of joint projects with operating partners and other miscellaneous works at FBCL's other three bridge locations. Similarly, for subsequent years, the majority of the capital investment projects relate the bridges and plaza at the Blue Water Bridge in Point Edward.

Capital budget (in $000's)	2020	2021	Budget 2022	2023	2024
	$	$	$	$	$
Funded internally					
Blue Water bridge paving, repairs, painting	610	2,690	9,511	150	3,000
Blue Water equipment and electronic system	4,779	4,283	2,395	1,005	745
Blue Water plaza design improvements and rehabilitation	4,927	630	350	200	-
Cornwall bridge repairs	968	184	257	419	230
Sault Ste. Marie painting and maintenance projects	588	585	565	514	730
Lansdowne toll upgrade & eletronic tolling	150	-	-	-	-
Lansdowne Canadian bridge and plaza repairs	915	230	50	1,350	1,350
Property acquisitions	500	-	-	-	-
Other	500	525	551	579	608
Total	13,937	9,127	13,679	4,217	6,663

FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX



CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

The Federal Bridge Corporation Limited

March 31, 2019

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Management’s Responsibility for Financial Statements

The consolidated financial statements contained in this Annual Report have been prepared by The Federal Bridge Corporation Limited (FBCL) management in accordance with International Financial Reporting Standards (IFRS). The integrity and objectivity of the data in these consolidated financial statements is the responsibility of FBCL management and the management of its wholly-owned subsidiary, The Seaway International Bridge Corporation, Ltd. (SIBC), which reports directly to an independent Board of Directors.

It is necessary for management to make assumptions and estimates based on information available at the date of the consolidated financial statements. Areas where FBCL management and management of its wholly owned subsidiary have made significant estimates and judgements include components and associated useful lives of property and equipment, intangible assets, and investment properties, impairment testing, inputs for the calculation of employee benefits plans, classification of leases, classification of joint arrangements, presentation of The Thousand Islands Bridge Authority (TIBA) operations, asset decommissioning liability, and environmental clean-up of contaminated lands liability. FBCL management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the consolidated financial statements.

In support of its responsibility, FBCL management completed the consolidation of the financial statements. FBCL management and the management of its wholly owned subsidiary have developed and maintain books of account, records, financial and management controls, information systems and management practices for their respective financial statements. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with Part X of the *Financial Administration Act*, the *Economic Action Plan 2013 Act*, *No. 2*, the *Canada Marine Act*, the *Canada Business Corporations Act*, and the regulations, articles, and by-laws of FBCL and its wholly-owned subsidiary, as well as the directives issued pursuant to section 89 of the *Financial Administration Act*.

The FBCL Board of Directors is composed of six directors who are not employees of FBCL and one director who is the CEO of FBCL. The Board of Directors of FBCL’s wholly owned subsidiary is composed of eight directors who are currently employees of either FBCL or SLSDC (FBCL’s partner at its wholly owned subsidiary). The FBCL Board of Directors and the Board of Directors of its wholly owned subsidiary are responsible for ensuring that each corporation’s management fulfils their responsibilities for financial reporting and internal control. The Board of Directors of the wholly owned subsidiary reports directly to the FBCL Board of Directors. The FBCL Board of Directors and the Board of Directors of its wholly owned subsidiary exercise their responsibilities through their own Audit Committees comprised of Board of Directors members. Each Audit Committee meets with management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls, and other relevant financial matters. The Audit Committee of FBCL’s wholly owned subsidiary has reviewed its respective financial statements with its external auditors, The Auditor General of Canada. The wholly owned subsidiary’s Board of Directors has approved and submitted its financial statements together with the external auditor’s report to the FBCL (parent) Board of Directors. The FBCL Audit Committee has discussed the consolidated financial statements with the external auditor, The Auditor General of Canada, and has submitted its report to the FBCL Board of Directors. The Auditor General of Canada is responsible for auditing the consolidated financial statements and for issuing his report thereon. The FBCL Board of Directors has reviewed and approved the consolidated financial statements.

Natalie Kinloch

Natalie Kinloch, CPA, CA	Richard Iglinski, CPA, CMA
Chief Executive Officer	Director of Finance

June 27, 2019

Independent Auditor’s Report

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR’S REPORT

To the Minister of Transport

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Federal Bridge Corporation Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of The Federal Bridge Corporation Limited and its wholly owned subsidiary coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and regulations, the *Economic Action Plan 2013 Act, No. 2*, the *Canada Marine Act* and regulations, the articles and by-laws of The Federal Bridge Corporation Limited and its wholly owned subsidiary, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of The Federal Bridge Corporation Limited and its wholly owned subsidiary that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for The Federal Bridge Corporation Limited and its wholly owned subsidiary's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable The Federal Bridge Corporation Limited and its wholly owned subsidiary to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Etienne Matte, CPA, CA
Principal
for the Interim Auditor General of Canada

Ottawa, Canada
27 June 2019

Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

As at	Notes	March 31 2019	March 31 2018
		$	$
Assets			
Current Assets			
Cash and cash equivalents	8	**9,054**	5,024
Investments	9	**19,988**	25,816
Trade and other receivables	10	**1,258**	2,731
Prepaids		**847**	631
Total Current Assets		**31,147**	34,202
Non-Current Assets			
Property and equipment	11	**375,931**	379,546
Investment properties	12	**19,399**	20,083
Intangible assets	13	**77**	18
Lessor inducement		**235**	250
Investments	9	**3,000**	5,600
Total Non-Current Assets		**398,642**	405,497
Total Assets		**429,789**	439,699
Liabilities			
Current Liabilities			
Trade and other payables		**3,706**	5,478
Employee benefits		**1,357**	1,036
Provisions	14	**6,047**	-
Holdbacks	15	**811**	601
Deferred revenue	16	**2,490**	2,561
Current portion of loans payable	17	**2,419**	3,494
Current portion of bonds payable	18	**5,191**	4,863
Current portion of deferred capital funding	19	**3,535**	3,400
Total Current Liabilities		**25,556**	21,433
Non-Current Liabilities			
Loans payable	17	**3,075**	5,494
Bonds payable	18	**51,861**	57,052
Employee benefits	20	**7,247**	6,450
Deferred revenue	16	**1,517**	1,668
Deferred capital funding	19	**104,235**	103,635
Provisions	14	**-**	6,292
Lessee inducement		**252**	251
Total Non-Current Liabilities		**168,187**	180,842
Equity			
Share capital - 2 shares @ no par value	21	**-**	-
Retained earnings		**235,789**	237,647
Accumulated other comprehensive income (loss)		**257**	(223)
Total Equity		**236,046**	237,424
Total Equity and Liabilities		**429,789**	**439,699**

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Approved by the Board of Directors

Director **Director**

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

Consolidated Statement of Comprehensive Income

for the year ended March 31

(in thousands of Canadian dollars)

	Notes 3	2019	2018 (Restated)
		$	$
Revenue			
Tolls and services		**31,020**	30,234
Leases and permits		**4,910**	4,606
Currency exchange		-	888
Thousand Islands International Bridge revenue		**6,038**	5,913
Interest		**640**	570
Other		**175**	420
Total Revenue		**42,783**	42,631
Expenses			
Operations		**7,584**	7,512
Thousand Islands International Bridge expenses		**6,396**	6,557
Currency exchange		-	780
Maintenance		**13,394**	13,817
Canada Border Security Agency & Canadian Food Inspection Agency operations		**7,370**	6,751
Administration		**8,613**	8,754
Total Expenses	**22**	**43,357**	44,171
Operating Income Before Government Funding		**(574)**	(1,540)
Government Funding			
Amortisation of deferred capital funding	**19**	**3,395**	2,657
Funding with respect to decommissioning liability		-	702
Total Government Funding		**3,395**	3,359
Non-Operating Items			
Interest expense		**(4,401)**	(4,793)
Total Non-Operating Income		**(4,401)**	(4,793)
Net loss		**(1,580)**	(2,974)
Other Comprehensive Income (Loss)			
Items that will not be reclassified subsequently to net income			
Actuarial gain (loss)	**20**	**(278)**	2,523
Items to be reclassified to net income when specific conditions are met			
Revaluation gain (loss) on fair value through other comprehensive income investments		**(72)**	(152)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		**552**	(38)
Total Other Comprehensive Income (Loss)		**202**	2,333
Total Comprehensive Loss for the Year		**(1,378)**	(641)

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

Consolidated Statement of Changes in Equity

for the year ended March 31

(in thousands of Canadian dollars)

	Notes	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
		$	$	$
Balance as at April 1, 2017		238,098	(33)	238,065
Total Comprehensive Income (Loss):				
Net loss		(2,974)	-	(2,974)
Other Comprehensive Income (Loss):				
Actuarial gain	**20**	2,523	-	2,523
Revaluation gain (loss) on fair value through other comprehensive income investments		-	(152)	(152)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		-	(38)	(38)
Total Other Comprehensive Income (Loss)		2,523	(190)	2,333
Total Comprehensive Loss		(451)	(190)	(641)
Balance at March 31, 2018		237,647	(223)	237,424
Total Comprehensive Income (Loss):				
Net loss		(1,580)	-	(1,580)
Other Comprehensive Income (Loss):				
Actuarial loss	**20**	(278)	-	(278)
Revaluation gain (loss) on fair value through other comprehensive income investments		-	(72)	(72)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		-	552	552
Total Other Comprehensive Income (Loss)		(278)	480	202
Total Comprehensive Income (Loss)		(1,858)	480	(1,378)
Balance at March 31, 2019		**235,789**	**257**	**236,046**

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

Consolidated Statement of Cash Flows

for the year ended March 31

(in thousands of Canadian dollars)

	Notes	2019	2018
Cash Flows from Operating Activities		$	$
Net loss		**(1,580)**	(2,974)
Adjustments for:			
Amortisation of deferred capital funding	19	**(3,395)**	(2,657)
Depreciation of property and equipment	11	**16,717**	15,153
Depreciation of investment properties	12	**684**	742
Depreciation of intangible assets	13	**8**	11
(Gain) Loss on disposal of assets		**(13)**	203
Loss on sale of investments		**72**	-
Change in employee benefits		**840**	1,616
Foreign exchange (gain) loss		**(942)**	475
		12,391	12,569
Changes in Working Capital:			
Trade and other receivables		**119**	(153)
Lessor inducement		**15**	15
Prepaids		**(216)**	18
Trade and other payables		**(595)**	56
Holdbacks		-	(41)
Lessee inducement		**1**	(20)
Provisions	14	**(245)**	726
Deferred revenue	16	**(222)**	(289)
		(1,143)	312
Net Cash Generated by Operating Activities		**11,248**	12,881
Cash Flows from Investing Activities			
Payments for property and equipment		**(14,086)**	(39,968)
Payments for investment properties		-	(168)
Payments for intangible assets		**(67)**	(3)
Government funding related to acquisitions of property and equipment received		**5,484**	37,161
Proceeds on disposal of property and equipment		**30**	-
Proceeds on sale of investments		**12,343**	24,532
Purchase of investments		**(3,507)**	(28,533)
Net Cash Generated by (Used by) Investing Activities		**197**	(6,979)
Cash Flows from Financing Activities			
Repayment of loans payable		**(3,494)**	(4,578)
Repayment of bonds payable		**(4,863)**	(4,556)
Net Cash Used by Financing Activities		**(8,357)**	(9,134)
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currency		**942**	(475)
Net increase (decrease) in cash and cash equivalents		**4,030**	(3,707)
Cash and cash equivalents at the beginning of the year		**5,024**	8,731
Cash and Cash Equivalents at the End of the Year	8	**9,054**	5,024
Supplemental disclosure on cash flow information			
Interest received included in operating activities		**656**	599
Interest paid included in operating activities		**4,275**	4,813

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

1. Authority and Activities

The Federal Bridge Corporation Limited (the "Corporation") is a *Canada Business Corporations Act* (CBCA) corporation listed in Schedule III Part 1 of the *Financial Administration Act* (FAA). It is an agent of Her Majesty, not subject to income tax under the provisions of the *Income Tax Act*. It is a parent Crown Corporation that reports to the Parliament of Canada through the Minister of Transport. The Corporation resulted, on February 1, 2015, from an amalgamation between the legacy The Federal Bridge Corporation Limited (the "legacy FBCL"), which was a parent Crown corporation, with its subsidiary, St. Mary's River Bridge Company (SMRBC), on January 27, 2015, and with another parent Crown corporation Blue Water Bridge Authority (BWBA). This was done in accordance with the authorities provided by the *Economic Action Plan 2013 Act, No. 2*. The remaining planned amalgamation in this Act, with the Corporation's wholly owned subsidiary, The Seaway International Bridge Corporation Ltd. (SIBC), has not been realised to date.

The Corporation's primary activities involve the ownership and operation of four international bridges linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America (U.S.). Moreover, the Corporation may also undertake other activities incidental to the bridge business.

The Corporation's wholly-owned subsidiary, SIBC, operates the Seaway International Bridge crossing in Cornwall as a joint operation (as described in note 6) per agreement between the Corporation as Canadian owner and The St. Lawrence Seaway Development Corporation (SLSDC) as U.S. owner. As a Crown corporation, SIBC is also subject to the same authorities as the Corporation. The Corporation is also a party to two other agreements for the operation of the international bridges. In regards to the Sault Ste. Marie International Bridge, this agreement is with the U.S. owner, the Michigan Department of Transportation (MDOT). The bridge oversight is through a joint international entity, Sault Ste. Marie Bridge Administration (SSMBA), and its operation is done by the International Bridge Authority (IBA), an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge is also with the U.S. owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the Blue Water Bridge crossing between Point Edward, Ontario, and Port Huron, Michigan, the Corporation owns and operates the Canadian portion of the crossing. The U.S. side of the crossing is owned and operated by MDOT.

By Order in Council P.C. 2015-31 dated January 26, 2015, the Corporation was granted all necessary approvals of the *International Bridges and Tunnels Act* for the purposes of ownership and management of the international bridges under the Corporation's portfolio. The *Customs Act*, *section 6* requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for customs and the Canada Border Services Agency (CBSA). Similar provisions in the *Plant Protection Act* and the *Health of Animals Act* mandate similar support for the Canadian Food Inspection Agency (CFIA) based at the land crossings. The subsidiary, SIBC, is also subject to the *Canada Marine Act* for the purposes of the management of the international bridge that crosses the St. Lawrence River.

The Corporation is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, the Corporation is:

(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.

The Corporation is in full compliance with the directive as of December 31, 2017 and continues to comply with the directive .

By Order in Council P.C. 2015-1114 dated July 16, 2015, the Corporation was also directed to align its policies with the travel, hospitality, conference and event expenditure policies, directives, and other related instruments issued by the Treasury Board pursuant to Section 89 of the FAA as follows:

1. Authority and Activities *(continued)*

(a) 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 its legal obligations; and,

(b) to report on the implementation of this directive in its next corporate plan.

The Corporation complied with this directive in the 2016-17 fiscal year and continues to comply with the directive.

The registered office of the Corporation is 55 Metcalfe, Suite 200, Ottawa, Ontario, K1P 6L5.

The consolidated financial statements were approved and authorised to issue by the Board of Directors on June 27, 2019.

2. Basis of Presentation and Significant Accounting Policies

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Functional and Presentation Currency
The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Basis of Preparation
The financial statements are consolidated as a result of the ownership in the joint operations and have been prepared on the historical cost basis as explained in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. Basis of Presentation and Significant Accounting Policies *(continued)*

When the Corporation undertakes its activities under joint operations, the Corporation as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and,
- its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses. The Corporation has assessed that two of its crossings meet the criteria of a joint operation, as explained in note 6. These crossings are at the Cornwall and Sault Ste. Marie international bridges.

Accounting for the Thousand Islands International Bridge

The Corporation records its proportionate share of the Thousand Islands International Bridge revenues and expenses, which consists of 50% gross revenues, 50% gross expenses other than CBSA/CFIA expenses, 100% of CBSA/CFIA expenses, and 50% depreciation of property and equipment. Similar to the revenue recognition policy below, gross revenues for the Thousand Islands International Bridge are recorded when the passenger vehicle users or commercial trucking companies cross the bridge.

The Corporation is responsible for the ownership and major maintenance of the bridges on the Canadian side of the border and as a result, the acquisitions of property and equipment and investment properties are recognised as assets by the Corporation.

Government Funding

The Corporation is financed using its own operating income. The Corporation receives federal government funding for specific acquisitions of major property and equipment and investment properties, as well as for decommissioning of specific assets.

Government funding is recognised as a receivable when the related expenditure is incurred. Government funding relating to decommissioning liability is recognised in the Consolidated Statement of Comprehensive Income in the year in which the work on the decommissioning is performed rather than at the time the decommissioning liability is recognised.

Government funding for property and equipment and investment properties that are subject to depreciation are recorded as deferred capital funding on the Consolidated Statement of Financial Position in the fiscal year in which the purchase is recorded, with income being recognised in the Consolidated Statement of Comprehensive Income on the same basis and over the same years as the assets acquired using the government funding.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Corporation provides access to use the bridge to customers in exchange for a fixed fare. Revenues are recognised when control of the services have transferred and there is no unfulfilled obligation that could affect the customer receiving the services. For the Corporation, control is transferred, and therefore revenue is recognised, at the time the customer crosses the bridge. Where customers prepay tolls, these amounts are included in deferred revenue until the customer crosses the bridge. A receivable is recognised when customers cross the bridge, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Leases and permits revenue is recognised when services are rendered. Minimum lease payments relating to operating leases that the lessee is required to make, excluding contingent rent, are recognised on a straight line basis over the life of the non-cancellable portion of the lease while contingent rent is recognised as earned. These revenues include

2. Basis of Presentation and Significant Accounting Policies *(continued)*

payments received from tenants including Duty Free stores, commercial custom brokers, logistics companies, and travel and tourism office. All of the Corporation's lease are operating leases.

Currency exchange revenues are recognised at the time each transaction is completed as this is when the control of the services have transferred and there is no unfulfilled obligation that could affect the individuals or companies receiving the services. Payments received in U.S. dollars are translated into Canadian dollars at the daily exchange rates. Cash accounts at the currency exchange are translated at the yearend exchange rate and the adjustment relating to this translation is also included in the currency exchange revenue. The currency exchange revenue ceased in February 2018.

Deferred revenue represents tolls paid in advance by passenger vehicle users and commercial trucking companies, which represent contract liabilities per IFRS 15 – Revenue from contracts with customers, and also includes a prepaid minimal lease payment, which is accounted as leases under IAS 17 – Leases, relating to an operating lease for a commercial tenant whose operations were expanded. Deferred revenues that will be recognised greater than one year after the reporting period are considered non-current deferred revenue.

Interest is recognised using the effective interest rate method and recorded in the year in which it is earned. The primary component of revenue in this category is interest related to investments.

Functional presentation of expenses

The Corporation's management reviews its expenses by function, therefore its consolidated financial statements are presented as such. Detail surrounding the nature of expenses is detailed in note 22. Functional departments are defined as such:

- Maintenance: expenses related to the maintenance, upkeep, and repair of the Corporation's assets;
- Operations: expenses related to the collection of toll revenue, security, and traffic management;
- Thousand Islands International Bridge: represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands (see note 4 and note 7);
- Currency exchange: expenses pertaining to the operation of the currency exchange facility operated at the Point Edward crossing. These expenses are recorded up to the closure of the currency exchange which took place on February 28, 2018;
- CBSA & CFIA operations: The Corporation is required to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue; and,
- Administration: the expenses related to the management and oversight of the operations of the Corporation.

Foreign Currencies

Transactions in currencies other than the Corporation's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and the resulting gains (or losses) are recorded in net income as part of revenue (or operating expenses). Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Corporation's proportionate share of the assets and liabilities denominated in foreign currency of SSMBA are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period, with the exception of non-monetary items, which are not retranslated from their exchange rates prevailing at their date of acquisition. Income and expense items are translated at the average exchange rates for each quarter, unless exchange rates fluctuate significantly during that quarter, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in net income.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with maturities of three months or less from the date of acquisition, and are available upon demand.

2. Basis of Presentation and Significant Accounting Policies *(continued)*

Property and Equipment, Investment Properties and Intangible Assets

Items of property and equipment, investment properties, and intangible assets are measured at cost less accumulated depreciation and impairment.

Depreciation is recognised so as to write off the cost of assets (other than land and projects in progress) less their residual values over their useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Property and equipment, investment properties and intangible assets are depreciated over their estimated useful lives, using the straight line depreciation method, as follows:

Type of Asset	Straight Line
Bridges and roads	5 – 75 years
Vehicles and equipment	5 – 33 years
Buildings	10 – 70 years
Property improvements	10 – 30 years
Investment properties	10 – 70 years
Intangible assets	5 years

An item of property and equipment, investment properties or intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment, investment properties or intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in net income.

Assets in the course of construction are carried at cost. Cost includes design, engineering and professional fees, material inputs and capitalised salaries. Such assets are classified to the appropriate categories of property and equipment, investment properties or intangible assets when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. Appropriateness of depreciation methods and estimate of useful lives and residual values are assessed on an annual basis. In order to establish useful lives for these assets, management uses its judgment to determine the componentisation of property and equipment, investment properties and intangible assets. A component is accounted for separately, if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

Properties are classified as investment properties when the properties are held to earn rental income or future rental is probable. As lessor, when assets are leased out under an operating lease, the asset is included in the Consolidated Statement of Financial Position within property and equipment and investment properties based on their primary use.

Impairment

At the end of each reporting period the Corporation reviews its property and equipment, investment properties, and intangible assets to determine whether there are any indications of impairment. An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash inflows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When impairment indicators exist, the useful lives of the assets within the CGU are reviewed in order to determine if these should be re-assessed. For assets that have a remaining value after the impairment is recognised, the useful lives of the assets within the CGU are reviewed in order to determine if the useful lives should be shortened. Any changes in estimated useful lives are recorded on a prospective basis.

2. Basis of Presentation and Significant Accounting Policies *(continued)*

It has been determined that investment properties and the currency exchange facilities (currency exchange business was closed on February 28, 2018) represent CGU's that could have an impairment analysis, whereas bridge operations (as a separate CGU) could not have an impairment calculation completed. The bridge operations cannot have an impairment calculation because the fair value of the assets or the value in use cannot be determined. In these situations the useful lives of the assets are reviewed at the end of each reporting period when an indicator of impairment exists and changes are made to remaining useful lives on a prospective basis.

Contingencies and Provisions

Provisions reflect the liability associated with retiring certain long-lived assets such as bridges and roads, and other structures, as well as the environmental clean-up of contaminated lands.

A provision is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability is disclosed when a possible obligation has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or when a present obligation has arisen from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The associated provision costs are capitalised as part of the cost of the long-lived asset being demolished or remediated as part of an environmental clean-up, if the long-lived asset is still in use. These costs are then amortised on a straight line basis over the year to the end of the useful life of the identified asset.

Subsequent to the initial measurement of the provision, the obligation may be adjusted at the end of each year to reflect the passage of time, changes in estimated future cash flows underlying the obligation, and updated assumptions such as discount rates. If the long-lived asset is still in use the changes in the liability shall be added to, or deducted from, the cost of the related long-lived asset. If the long-lived asset has reached the end of its useful life, all subsequent changes in the liability shall be recognised in net income as they occur.

Actual costs incurred to dispose of the asset will reduce the provision. A gain or loss may be incurred upon settlement of the liability.

Employee Benefits

Retirement and Other Post-Employment Benefits

SIBC employees are covered by the *Public Service Pension Plan* (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service costs. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognised as an expense in the year when employees have rendered service and represent the total pension obligation relating to SIBC employees.

Employees of SSMBA participate in the State of Michigan's defined benefits and defined contribution pension plans. Contributions are required by both the employees and the Corporation to cover current service costs. Contributions are recognised as an expense in the year when employees have rendered service and represent the total pension obligation relating to the employees of the SSMBA.

The Corporation's remaining employees participate in a defined contribution private pension plan and the cost of this plan is shared equally by the employees and the Corporation, allowing for additional voluntary contributions by employees. Payments to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

2. Basis of Presentation and Significant Accounting Policies *(continued)*

The Corporation also provides eligible employees with defined post-employment benefits including health, dental, life insurance and an employee assistance program. For these defined post-employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds. Actuarial gains and losses are reflected immediately in the Consolidated Statement of Financial Position with a charge or credit recognised in other comprehensive income in the year in which they occur. Actuarial gains and losses recognised in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to net income. Past service cost is recognised in net income in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and,
- actuarial gains and losses.

The Corporation presents the first two components of defined benefit costs within the function in which it is incurred.

The employee benefits recognised in the Consolidated Statement of Financial Position represents the actual deficit in the Corporation's defined benefit plan.

<u>Short-Term and Other Long-Term Employee Benefits</u>

A liability is recognised for short-term benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are presented within current liabilities.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Corporation in respect of services provided by employees up to the reporting and measurement date of March 31. The Corporation provides service awards to eligible employees with a long history of commitment, dedication and exceptional service and have been with the organisation for a predetermined period of time. These service awards are a fixed dollar value provided to the employee every five years. The obligation and the cost of these benefits are determined on an actuarial basis using the projected unit credit method prorated on service and management's best estimate assumptions. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds.

Current service cost, interest cost and past service costs are presented in expense as per the function to which it relates. Actuarial gains and losses are recognised in full in the year in which they occur and are also recorded in expenses as per the function to which they relate. Past service costs associated with post-employment benefits are recognised as an expense at the earlier of when the plan amendment or curtailment occurs, or when the entity recognises related restructuring costs or termination benefits. These benefits are not pre-funded, resulting in a deficit equal to the accrued liability benefit obligation.

Financial Instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instruments. At the initial recognition, the Corporation measures a financial instrument at its fair value plus transaction costs that are directly attributable to the acquisition of the financial instruments. Subsequently, the Corporation classifies its financial instruments in the following measurement categories:

- Financial assets to be measured subsequently at fair value through other comprehensive income;
- Financial assets to be measured at amortised cost; and
- Financial liabilities to be measured at amortised cost.

2. Basis of Presentation and Significant Accounting Policies *(continued)*

The classification depends on the Corporation's business for managing the financial assets and the contractual terms of the cash flows.

(i) Classification of Financial Instruments

The Corporation's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Subsequent Measurement
Investments	Fair value through other comprehensive income Amortised cost	Fair value through other comprehensive income Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Holdbacks	Amortised cost	Amortised cost
Loans payable	Amortised cost	Amortised cost
Bonds payable	Amortised cost	Amortised cost

(ii) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and expense over the relevant year to net income. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the instrument.

(iii) Financial Assets

Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses and interest income. Interest income from these financial assets is included in net income using the effective interest rate method.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in net income using the effective interest rate method.

Impairment of Financial Assets

FBCL assesses on a forward-looking basis the expected credit losses associated with each class of financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, FBCL applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of Financial Assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in net income. When a financial asset at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from accumulated other comprehensive income to net income and recognised as a gain or loss.

(iv) Financial Liabilities

All financial liabilities are measured at amortised cost.

Notes to the Consolidated Financial Statements (in thousands of dollars)

2. Basis of Presentation and Significant Accounting Policies *(continued)*

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in net income.

3. Impact of Adoption of new and amended IFRS standards

This note explains the impact of the adoption of IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from Contracts with Customers*, IFRIC 22, *Foreign Currency Transactions and Advance Consideration*, and the amendments to IAS 40, *Investment Property*, on the consolidated financial statements and also discloses the new accounting policies that have been applied from April 1, 2018, where they are different to those applied in prior periods.

a) IFRS 9, *Financial instruments – impact of adoption*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial assets and financial liabilities and impairment of financial assets. The adoption of IFRS 9 resulted in changes in accounting policies but did not result in adjustments to the amounts recognised in the consolidated financial statements.

On April 1, 2018 (the date of initial application of IFRS 9), management has assessed which business models apply to the financial assets held by the group and has classified its financial assets into the appropriate IFRS 9 categories on a retrospective basis. The main effects as at March 31, 2018 resulting from this classification are as follows:

Financial Asset	Carrying Value	IAS 39 classification	IFRS 9 classification
Current Assets	**$**		
Investments	15,365	Available-for-sale	Fair value through other comprehensive income
Investments	10,451	Held-to-maturity	Amortised cost
Trade and other receivables	2,731	Loans and receivables	Amortised cost
Non-Current Assets			
Investments	5,600	Held-to-maturity	Amortised cost

Certain investments previously classified as available-for sale are now classified as fair value through other comprehensive income as the Corporation's business model is to achieve both collecting contractual cash flows and selling of these assets. There was no difference between the previous carrying amount and the revised carrying amount for both available-for-sale and fair value through other comprehensive income, the change in the fair value is included in other comprehensive and accumulated other comprehensive income. Accordingly, there is no adjustment to the April 1, 2017 (opening) retained earnings, accumulated other comprehensive income and the comprehensive income for the year ending March 31, 2018.

Investments previously classified as held-to-maturity and trade and other receivables previously classified as loans and receivables are now classified at amortised cost as FBCL intends to hold the investments and trade and other receivables to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount and consequently there is no adjustment to April 1, 2017 (opening) retained earnings and net income for the year ending March 31, 2018.

All of the Corporation's financial assets are subject to IFRS 9's new expected credit loss model and as such, the Corporation was required to revise its impairment methodology under IFRS 9 for each class of financial assets. The revision to the impairment methodology did not result in an adjustment to the carrying value of the financial assets at April 1, 2017 and March 31, 2018 nor to the April 1, 2017 (opening) retained earnings and net income for the year ending March 31, 2018.

Notes to the Consolidated Financial Statements (in thousands of dollars)

3. Impact of Adoption of new and amended IFRS standards *(continued)*

The implementation of IFRS 9 also had an impact on the naming conventions of the line items under other comprehensive income as shown on the consolidated statement of comprehensive income and the consolidated statement of changes in equity as well as the naming conventions used in notes 9 and 27.

b) IFRS 15, *Revenue from Contracts with Customers* – impact of adoption

IFRS 15, *Revenue from Contracts with Customers*, replaces IAS 18, *Revenue*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers, except for contracts that are within scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 uses a control-based approach to recognise revenue which is a change from the IAS 18's risk and reward approach.

The Corporation has adopted IFRS 15 on a retrospective basis, which resulted in changes in accounting policies, adjustments to the amounts recognised in the consolidated statement of comprehensive income regarding the Thousand Islands International Bridge revenue, and no changes to the consolidated statement of financial position.

Revenue recognition

Under IAS 18, Tolls and services revenue were recognised when tolls were collected as vehicles pass through toll booths. Currency exchange revenue was recognised at the time each transaction was completed. Under IFRS 15, Tolls and services revenue continues to be recognised when vehicles pass through toll booths and Currency exchange revenue continues to be recognised at the time the transaction is completed. Note 16 includes an additional schedule outlining tolls received during the year that have not been recognised in revenue and tolls received in previous years that are recognised in revenue.

Thousand Islands International Bridge

The Corporation continues to record its proportionate share of gross revenues, gross expenses, depreciation of property and equipment. However, previously the gross revenues and expenses were calculated in accordance with the terms as outlined in the international agreement. With the adoption of IFRS 15, it was determined that revenues should continue to be presented on the gross basis, however the revenue would be recognised when the passenger vehicle users or commercial trucking companies cross the bridge rather than in accordance with the terms as outlined in the international agreement. This translates to recording revenues at the time of the crossing at the exchange rate at the time of the revenue is recognised rather than at the exchange rate as outlined by the international agreement which are the exchange rates as at February 28 and August 31.

There is a reclassification of exchange loss from Thousand Islands International Bridge expense to Thousand Islands International Bridge revenue. However, there is no impact on net income nor on the Consolidated Statement of Financial Position. The following is the impact on the March 31, 2018, Consolidated Statement of Comprehensive Income:

	As previously stated	Reclassification	Restated
	$	$	$
Thousand Islands International Bridge revenue	6,169	(256)	5,913
Total Revenue	42,887	(256)	42,631
Thousand Islands International Bridge expenses	6,813	(256)	6,557
Total Expenses	44,427	(256)	44,171

3. Impact of Adoption of new and amended IFRS standards *(continued)*

Consequently, note 22, Supplementary expense information, has been updated insomuch as foreign currency translation was restated to $104 (previously stated as $360) and total expense was restated to $44,171 (previously stated as $44,427). In addition, note 7 was created to provide additional information regarding revenues that have yet to be collected from Thousand Islands International Bridge.

c) IFRIC 22, *Foreign Currency Transactions and Advance Consideration* – impact of adoption

This new Interpretation provides guidance on how to determine the "date of the transaction" for purposes of identifying the exchange rate to use in transactions within scope of IAS 21, The *Effects of Changes in Foreign Exchange Rate*s, involving the payment or receipt of consideration in advance. The Corporation receives prepaid tolls and operating leases in a foreign currency for which the prepaid tolls and operating leases are converted to its Canadian equivalent on the date the prepayment was received and subsequently the toll and leases revenues are recognised in Canadian dollars. This is consistent with the new Interpretation in which the date of the transactions for determining the exchange rate to recognise revenue is the rate in which the prepayment was received. There was no difference between the previous carrying amount of deferred revenue and the revised carrying amount of deferred revenue and consequently there is no adjustment to April 1, 2017 (opening) retained earnings and net income for the year ending March 31, 2018.

d) IAS 40, *Investment Property* – impact of adoption

This standard has been revised to incorporate amendments to clarify that an entity transfers property to, or from, investment property when, and only when, there is evidence that a change in use of the property has occurred and the entity must have taken observable actions to support such a change – management's intentions alone do not provide evidence of a change in use. Since the Corporation has historically only transferred property to, or from, investment property based on observable actions there is no impact on the carrying amount of property and equipment and investment property.

4. Key Sources of Estimation Uncertainty and Critical Judgments

Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on industry knowledge, consultation with experts and other factors that are considered to be relevant. Actual results may differ from these estimates.

Use of Estimates and Judgments

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments included in the consolidated financial statements are decisions made by management, based on an analysis of relevant information available at the time the decision is made. Judgments relate to application of accounting policies, and decisions related to the measurement, recognition and disclosure of financial amounts.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included below and in the statement notes relating to items subject to significant estimate uncertainty. Determinations of critical judgements will be reassessed at each reporting date.

Property and Equipment, Investment Properties and Intangible Assets

Property and equipment, investment properties and intangible assets are depreciated over their useful lives. Useful lives are based on management's estimates of the years of service provided by the assets as outlined in note 2. The appropriateness of useful lives of these assets is assessed annually. Changes to the estimated useful lives would affect future depreciation expenses and the future carrying value of the assets.

4. Key Sources of Estimation Uncertainty and Critical Judgments *(continued)*

In order to establish useful lives for these assets, management uses its judgment to determine the componentisation of property and equipment, investment properties and intangible assets. A component is accounted for separately, if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

Long-Lived Assets Valuation

The Corporation performs impairment testing on its long-lived assets, when circumstances indicate that there may be impairment. In addition, the Corporation performs impairment testing annually for intangible assets that are not yet available for use. Management judgment is involved in determining if there are circumstances indicating that testing for impairment is required, and in determining the grouping of assets to identify their CGU for the purpose of impairment testing.

The Corporation assesses impairment by comparing the recoverable amount of a long-lived asset, CGU or CGU group to its carrying value. The recoverable amount is defined as the higher of: i) value in use, or ii) fair value less cost to sell. The determination of the recoverable amount involves management judgment and estimation.

The recoverable amount involves significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Corporation's future results, if the current estimates of future performance and fair values change. These determinations will affect the amount of amortisation recognised in future years.

Employee Benefit Plans

The cost of other post-employment benefits and other long-term employee benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of retirement ages of employees, and mortality rates, as well as expected health care costs for other post-employment benefits only. Discount rates used in actuarial calculations are based on long-term interest rates and can have a material effect on the employee benefit liabilities. Management employs external experts to advise the Corporation when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses.

Leases

The Corporation is party to many leasing arrangements, which requires Management to determine whether the lease is a finance or operating lease, by assessing if substantially all of the risks and rewards of ownership have passed to the lessee. A lease is classified as a finance lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases. The most significant judgment, in determining whether the lease transfers substantially all of the risks and rewards of ownership, is whether renewal options are reasonably assured to be exercised at the inception of the lease. At the inception of the lease, the Corporation considers both the minimum lease payment as well as the contingent rent in order to determine whether the renewal options are reasonably assured to be exercised. In Management's judgment, all of the Corporation's leases are considered to be operating leases.

Joint Arrangements

Management applies judgment in assessing the Corporation's status when it is party to joint arrangements. In assessing if the Corporation has joint control of an arrangement, the parties involved must determine if the activities that significantly affect the returns of the arrangement are collectively considered. Once joint control is determined, the Corporation applies judgment in determining whether the arrangement is a joint operation or a joint venture. A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. In Management's judgment, the Corporation has two arrangements that are determined to be joint operations, at the Cornwall (SIBC) and Sault Ste. Marie (SSMBA) crossings. Despite the SIBC operation being a 100% wholly owned subsidiary, due to the international agreement governing its operations, it is considered a joint operation by management. This joint operation in Sault Ste. Marie is considered a foreign operation, however due to the high interdependency between SSMBA and FBCL, the functional currency judged by management is the Canadian dollar. Management accounts for the difference in equity distribution owed to (or due from) the U.S. partners of these agreements as an adjustment to cash and cash equivalents.

4. Key Sources of Estimation Uncertainty and Critical Judgments *(continued)*

Additional information on the Corporation's joint arrangements can be found in note 6.

Thousand Islands International Bridge

There is a third arrangement with an international partner that was judged not to be a joint arrangement by management as the Corporation does not jointly control TIBA. Significantly this is derived from the fact that four of the seven members of the Board of Directors are appointed by the U.S. partner in the arrangement.

It was determined that although the Corporation can appoint three of the seven members, TIBA is not considered an associate as the Corporation does not have significant influence of TIBA. This arrangement was judged to be this way due to the structure of the agreement with the partner which gives the Corporation the rights to a proportionate share to the bridge related revenues and expenses. However, the agreement does not give the Corporation rights or responsibilities to the assets and liabilities recorded on the financial statements of the operator of the crossing as they relate to the crossing.

Additional information on the Corporation's arrangement with TIBA can be found in note 7.

TIBA provides goods or services to customers directly. The Corporation needed to determine if it was considered the principal or the agent for the purposes of determining the revenue presentation. In determining who is the principal, it had to be determined who controls the goods before they are transferred to the customer. Since the Corporation has an obligation to maintain the bridge, it was deemed that the Corporation controls the goods before being transferred to the customer. Due to these considerations, the Corporation determined that it acts as a principal and therefore a gross presentation is required.

Contingencies and Provisions

a) Decommissioning Liability: The Corporation applies judgment in considering whether an obligation exists to dismantle and remove an asset, and restore the site to its condition before those assets were constructed. In the instances where a demolition is required to make an addition or improvement to an existing set of assets, no decommissioning liability is recognised as these types of demolitions do not trigger a legal or constructive obligation. Under these types of demolitions, the demolition costs will be capitalised to the cost of the new asset being constructed and recognised as site preparation costs. However, in the case where an entire set of assets are being demolished as a result of a government decision (legal obligation), a decommissioning liability to account for the demolition costs is recognised. Under these types of demolition, the demolition costs will be capitalised to the cost of the asset being demolished.

Estimates are used for the provision using the cash flows estimated to settle the present obligation, the time required to settle the obligation, and the determination for discount rates used in the calculations. The Corporation's management has assessed estimates and judgments in relation to decommissioning liabilities at three locations.

b) Contaminated Land: In the assessment of whether a contaminated land liability should be recorded in the form of a provision, management is required to exercise judgement in assessing whether the Corporation has a present legal or constructive obligation as a result of past event, whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and whether a reasonable estimate can be made of the amount of the obligation. If management determines that the above three conditions are met, a provision is recorded for the obligation. Alternatively, a contingent liability is disclosed in the notes to the consolidated financial statements if management determines that any one of the above three conditions is not met, unless the possibility of outflow in the settlement is considered to be remote.

c) In determining a reliable estimate of the obligation, management makes assumptions about the amount, likelihood, and timing of outflows, as well as the appropriate discount rate. Factors affecting these assumptions include the nature of the provision, the existence of a claim amount, opinions or views of legal counsel and other advisers, experience in similar circumstances, and any decision of management as to how the Corporation intends to handle the obligation. The actual amount and timing of outflows may deviate from assumptions, and the difference might materially affect future consolidated financial statements, with a potentially adverse impact on the consolidated results of operations, financial position and liquidity. There were obligations of this type in the prior year, but not at March 31, 2019.

5. Future Changes in Accounting Policies

The following accounting standard and amendment are issued but not yet effective. Management is still assessing the potential impacts of this standard and amendment on its consolidated financial statements, and as such its impacts are not yet known at this time. However, management is expecting to implement this standard and amendment at their effective dates.

IFRS 16, Leases

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases, and IFRIC 4, Determining Whether an Arrangement Contains a Lease. IFRS 16 specifies how a reporting entity will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The effective date for this standard is for annual periods beginning on or after January 1, 2019, with earlier adoption allowed if IFRS 15 is also applied.

IAS 1 and IAS 8 – definition of materiality

IAS 1, *Presentation of Financial Statement*s, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, have been amended to clarify the definition of material and how it should be applied. In addition, the explanations accompanying the definition have been improved. The amendments ensure that the definition is consistent across all IFRS Standards. The effective date for this amendment is for annual periods beginning on or after January 1, 2020, with earlier adoption allowed.

6. Joint Operations

The Corporation has entered into a joint operation with SLSDC for operation of toll bridges across the St. Lawrence River between Cornwall, Ontario, Canada and Rooseveltown, New York, U.S. through a wholly-owned subsidiary of the Corporation, SIBC. Although the Corporation owns 100% of the shares of SIBC there is a governing agreement that grants the Board of Directors of SIBC with the full power to manage the affairs of SIBC. Since the Corporation and SLSDC each appoint 50% of the Directors, the Corporation concluded it has joint control of SIBC with SLSDC. Although the joint arrangement is structured as a separate vehicle, the Corporation considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SIBC has been classified as a joint operation. The consolidated financial statements of the Corporation include its share of the assets, liabilities, revenues and expenses of SIBC. The Corporation's share of SIBC's cash and cash equivalents is adjusted to account for the difference in the equity distribution between the Corporation and the U.S partner, SLSDC, in the amount of $2,929 (2018 - $2,988). The amounts owed to the U.S. partner of SIBC bear interest at a rate which varies between 1.00 % and 1.42% (2018 – 1.14% and 1.20%) and is payable on demand.

The Corporation has entered into an arrangement with MDOT for the operation of the Sault Ste. Marie International Bridge through a separate legal entity, SSMBA, and for operational delivery by IBA, an entity of MDOT. The Corporation has the right to appoint 50% of the directors of the Board of SSMBA which directs the relevant activities of the Bridge and its operations, and the Corporation has concluded it has joint control with IBA. Although the joint arrangement is structured as a separate vehicle, the Corporation considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SSMBA has been classified as a joint operation. The consolidated financial statements of the Corporation include its share of the assets, liabilities, revenues and expenses of the SSMBA. The Corporation's share of SSMBA cash and cash equivalents is adjusted to account for the difference in equity distribution between the Corporation and the U.S partner, MDOT. The undistributed equity bears no interest, and is payable on demand with funds restricted per the international agreement to be used only as they relate to the international crossing in Sault Ste. Marie.

Notes to the Consolidated Financial Statements (in thousands of dollars)

7. Thousand Islands Bridge Authority

The Thousand Islands International Bridge is managed by TIBA in accordance with a bi-national agreement with the Corporation. Due to the nature of the structure of this agreement, the Corporation is entitled to 50% of the gross revenues that are generated at the crossing, and is also responsible for 50% of the operating expenses for the crossing. The net of revenues less expenses are transferred to or from TIBA for the six-month period ending February 28 and August 31.

As at March 31, 2019, $3,129 of revenues (2018 – $2,894) are yet to be collected by the Corporation from TIBA and $3,296 (2018 – $3,246) is owed by the Corporation to TIBA to cover operating costs. The net of the revenues less expenses (and property and equipment acquisitions of $24 (2018 - $664)) for the six months ending February 28 of $310 (2018 - $1,174) is included in trade and other payables and an amount for the month of March of $120 (2018 - $158) is included in trade and other receivables.

8. Cash and cash equivalents

As at March 31	**2019**	2018
	$	$
Cash	**2,797**	4,736
Cash equivalents	**6,257**	288
Total cash and cash equivalents	**9,054**	5,024

9. Investments

As at March 31	**2019**	2018
	$	$
Investments carried at amortised cost		
Deposit certificates	**6,964**	16,051
Total investments carried at amortised cost	**6,964**	16,051
Investments carried at fair value through other comprehensive income		
Government of Canada bonds	**2,015**	1,938
Provincial bonds	**6,155**	6,233
Corporate bonds	**7,854**	7,194
Total investments carried at fair value through other comprehensive income	**16,024**	15,365
Total investments	**22,988**	31,416
Less: Current portion	**19,988**	25,816
Non-current portion	**3,000**	5,600

The average term to maturity for the Corporation's deposit certificates is 437 days (2018 – 467 days), and earns interest at an average annual rate of 2.05% (2018 – 1.55%). The average term to maturity for the Corporation's bonds is 5.58 years (2018 – 5.97 years), and they earn an average effective interest rate of 2.42% (2018 – 2.44%).

10. Trade and other receivables

As at March 31	**2019**	2018
	$	$
Federal departments and agencies	**397**	1,737
Trade receivables	**861**	994
Total trade and other receivables	**1,258**	2,731

Notes to the Consolidated Financial Statements (in thousands of dollars)

11. Property and Equipment

Cost	Land	Bridges and roads	Vehicles and equipment	Buildings	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$
Balance, April 1, 2017	14,500	228,617	24,125	102,331	22,462	64,976	457,011
Additions	-	33	115	-	242	30,982	31,372
Disposals	-	(123)	(108)	(4,820)	-	(203)	(5,254)
Transfers	148	32,275	5,964	47,079	4,714	(90,595)	(415)
Balance, March 31, 2018	14,648	260,802	30,096	144,590	27,418	5,160	482,714
Additions	143	62	655	82	6	12,517	13,465
Adjustment	-	-	(346)	-	-	-	(346)
Disposals	-	-	(301)	(2,291)	(606)	(8)	(3,206)
Transfers	-	5,970	685	1,251	544	(8,450)	-
Balance, March 31, 2019	**14,791**	**266,834**	**30,789**	**143,632**	**27,362**	**9,219**	**492,627**

Accumulated depreciation	Land	Bridges and Roads	Vehicles and Equipment	Buildings	Property Improvements	Projects in Progress	Total
	$	$	$	$	$	$	$
Balance, April 1, 2017	-	44,650	11,990	22,522	14,146	-	93,308
Elimination on disposal of assets	-	(123)	(108)	(4,790)	-	-	(5,021)
Transfers	-	16	(65)	(240)	17	-	(272)
Depreciation	-	8,212	1,723	4,393	825	-	15,153
Balance, March 31, 2018	-	52,755	13,540	21,885	14,988	-	103,168
Eliminated on disposal of assets	-	-	(292)	(2,291)	(606)	-	(3,189)
Depreciation	-	9,995	1,629	4,213	880	-	16,717
Balance, March 31, 2019	**-**	**62,750**	**14,877**	**23,807**	**15,262**	**-**	**116,696**
Net book value, March 31, 2019	**14,791**	**204,084**	**15,912**	**119,825**	**12,100**	**9,219**	**375,931**
Net book value, March 31, 2018	14,648	208,047	16,556	122,705	12,430	5,160	379,546

As at March 31, 2018, FBCL revised the estimated useful lives of the paving and painting components of the Blue Water bridge spans as well as the useful life of one building's roof in Point Edward. These changes in useful lives are considered changes in accounting estimates and have been applied on a prospective basis starting on April 1, 2018. These changes in useful lives result in an increase in annual depreciation expense as high as $1,871 ($1,750 to Bridges and Roads and $121 to Buildings) and a decrease in annual depreciation expense as low as $994 (Bridges and Roads) and impact the fiscal years ending March 31, 2019 to March 31, 2073 with the current year having the highest increase in depreciation expense.

Notes to the Consolidated Financial Statements (in thousands of dollars)

12. Investment Properties

	Investment Properties
	$
Cost	
Balance, April 1, 2017	24,909
Additions	168
Disposals	(116)
Transfers	405
Balance, March 31, 2018	25,366
Additions	-
Disposals	(8)
Transfers	-
Balance, March 31, 2019	**25,358**
Accumulated depreciation	
Balance, April 1, 2017	4,386
Transfers	271
Disposals	(116)
Depreciation expense	742
Balance, March 31, 2018	5,283
Transfers	
Disposals	(8)
Depreciation expense	684
Balance, March 31, 2019	**5,959**
Net book value, March 31, 2019	**19,399**
Net book value, March 31, 2018	20,083

Investment properties comprise commercial properties that are leased to third parties.

Rental income for the year ended March 31, 2019 amounts to $4,771 (2018 – $4,422) included within 'leases and permits'. Contingent rent of $2,962 (2018 - $2,910) is included in rental income. No investment properties were vacant at March 31, 2019.

Fair value of the investment properties have been determined based on a valuation performed by an independent valuator who is a current member of the Appraisal Institute of Canada with the exception of the fair value of land in which was evaluated internally. The fair value is $24,766 (2018 – $25,010) and was determined as at March 31, 2017 or March 31, 2018, and extrapolated to March 31, 2019, using the Consumer Price Index and has been adjusted for obsolescence. The fair value of the properties have not been determined on transactions observable in the market because of the nature of the properties and the lack of comparable data. The fair value was determined by estimating the replacement cost of the building while deducting the obsolescence and considering inputs such as the type of building, age, condition and region that the building is in as well as the mechanical systems attached.

Notes to the Consolidated Financial Statements (in thousands of dollars)

13. Intangible Assets

	Intangible Assets
	$
Cost	
Balance, April 1, 2017	1,028
Additions	3
Disposals	(712)
Transfers	10
Balance, March 31, 2018	329
Additions	67
Disposals	-
Transfers	-
Balance, March 31, 2019	**396**
Accumulated depreciation	
Balance, April 1, 2017	1,012
Depreciation expense	11
Disposals	(712)
Balance, March 31, 2018	311
Depreciation expense	8
Disposals	-
Balance, March 31, 2019	**319**
Net book value, March 31, 2019	**77**
Net book value, March 31, 2018	18

The Corporation does not hold any internally generated intangible assets.

14. Provisions

	Cornwall[i]	Sault Ste. Marie[ii]	Lansdowne[ii]	Total
	$	$	$	$
Balance, April 1, 2017	4,194	161	1,211	5,566
Interest accretion	96	-	14	110
Additional provisions recognised	2,002	(20)	(705)	1,277
Reductions arising from payments	-	(141)	(520)	(661)
Balance, March 31, 2018	6,292	-	-	6,292
Interest accretion	167	-	-	167
Additional (reduced) provisions recognised	(377)	-	-	(377)
Reductions arising from payments	(35)	-	-	(35)
Balance, March 31, 2019	**6,047**	**-**	**-**	**6,047**
Less: Current portion	6,047	-	-	6,047
Non-current portion	-	-	-	-

i. The provision relates to the final phase of the demolition of the in-water piers of the former high-level bridge in Cornwall. In fiscal 2018, management had estimated that the undiscounted cash flow would be $6,448. During fiscal 2019, contracts with external parties to complete the demolition have now been signed and the undiscounted cash flow are $6,159. The cash flows have been discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability of 2.75 % (2018 - 2.65%).

ii. The Sault Ste. Marie and Lansdowne projects were completed in fiscal 2018.

Notes to the Consolidated Financial Statements (in thousands of dollars)

15. Holdbacks

The Corporation temporarily retains an amount on the total due to contractors to ensure that the latter fulfills its obligations pertaining to warranty, rectification and correction of defects in work. The contracts call for the Corporation to pay holdbacks upon substantial completion of the individual contracts. The significant holdbacks relate to the Point Edward Automated Toll Program Installation, the Point Edward Plaza redesign and the Cornwall Island Roadway project.

16. Deferred Revenue

As at March 31	2019	2018
	$	$
Contracts with customers		
Debit cards	63	67
Passenger vehicles token/tickets	453	522
Prepaid commercial/commuter vehicles	1,765	1,785
Total contracts with customers	**2,281**	2,374
Leases		
Current prepaid facility rentals	209	187
Non-current prepaid facility rentals	1,517	1,668
Total leases	**1,726**	1,855
Total deferred revenue	**4,007**	4,229
Less: Current portion	**2,490**	2,561
Non-current portion	**1,517**	1,668

Contracts with customers include debit cards, passenger vehicle tokens/tickets and prepaid commercial/passenger vehicles. The majority of the deferred revenues from Contracts with customers are recognised as revenues in the following fiscal year. The following are the tolls received during the year that have not been recognised in revenue and tolls received in the previous years that are recognised in revenues in the current fiscal year.

As at March 31	2019	2018
	$	$
Balance, start of year	2,374	2,512
Tolls received during year thathave not been recognized in revenue	1,401	1,485
Tolls received in previous years that are recognized in revenue	(1,494)	(1,623)
Balance, end of year	**2,281**	2,374

Notes to the Consolidated Financial Statements (in thousands of dollars)

17. Loans Payable

As at March 31	**2019 Carrying cost**	2018 Carrying cost
	$	$
$15,000 term facility payable monthly		
$4,000 @ 3.81% locked until July 27, 2018	-	3,273
$3,000 @ 2.85% locked until July 27, 2019	**2,294**	2,395
$4,000 @ 4.42% locked until July 27, 2021	**3,200**	3,320
Total loans payable	**5,494**	8,988
Less: Current portion	**2,419**	3,494
Non-current portion	**3,075**	5,494

Principal and interest payments for the term facility and credit facility for the remaining years are as follows:

As at March 31	Principal	Interest	2019 Total
	$	$	$
2020	2,419	161	2,580
2021	132	133	265
2022	2,943	43	2,986
	5,494	337	5,831

The Corporation maintains one (2018 – one) credit facility with a Canadian chartered bank in the total amount of $15,000 (2018 - $15,000). The facility has been approved by the Minister of Finance as part of the Corporation's borrowing plan. The credit facility is a reducing term facility, which originally was drawn for $15,000 on a fixed rate, non-current basis with periodic payments of interest and principal not to exceed a maturity of 25 years. This facility carries the same security as the full bond issuance (note 18). At March 31, 2019, $5,494 remained drawn on this facility in two tranches (2018 - $ 8,988). In January 2016, the Corporation has put in place a debt repayment plan that specifies its intent to pay down these tranches as they come due. These repayments have been identified as principal payments in the table above.

18. Bonds Payable

As at March 31	**2019 Carrying cost**	2018 Carrying cost
	$	$
Series 2002-1 bonds maturing		
July 9, 2027 payable semi-annually on January 9 and July 9	**57,052**	61,915
Total bonds payable	**57,052**	61,915
Less: Current portion	**5,191**	4,863
Non-current portion	**51,861**	57,052

Notes to the Consolidated Financial Statements (in thousands of dollars)

18. Bonds payable *(continued)*

Principal and interest payments for the bonds for the next five years and thereafter are as follows:

As at March 31	Principal	Interest	2019 Total
	$	$	$
2020	5,191	3,695	8,886
2021	5,540	3,346	8,886
2022	5,914	2,972	8,886
2023	6,312	2,574	8,886
2024	6,737	2,149	8,886
Thereafter	27,358	3,743	31,101
	57,052	18,479	75,531

The Corporation has issued at a face value of $110,000, 6.41% Revenue Bonds payable semi-annually, Series 2002-1, due July 9, 2027.

The Bonds constitute direct, unsecured, and unconditional obligations of the Corporation, and of Her Majesty in right of Canada who is its principal. Payment of principal of and interest on the Bonds by Her Majesty in right of Canada in an event of default are subject to government funding.

Below is the requirement for any Bonds outstanding or any obligations under the indenture:

i) The principal and interest will be duly paid on the due dates.

ii) Insurance will be maintained in such types and amounts in accordance with sound business practices and standards in the industry.

iii) Except for borrowings arising as a result of movements in the termination values of swap agreements and any purchase money obligations not exceeding $2,000 in the aggregate at any time and the Corporation shall not create, incur, assume or otherwise become liable for any additional indebtedness unless it is pursuant to a supplemental Indenture. As at March 31, 2019 the Corporation has no active swap agreement (2018-nil).

iv) The aggregate of all borrowings, subordinated debt and purchase money obligations does not exceed any limitations on the amount of borrowings outstanding imposed upon the Corporation.

Transaction costs including bond restructuring costs of $1,660 have been added to the $110,000 principal bond amount, resulting from the bond restructuring due to the amalgamation of legacy BWBA and the legacy FBCL.

Notes to the Consolidated Financial Statements (in thousands of dollars)

19. Deferred Capital Funding

For certain major capital projects the Corporation has received, and continues to receive, funding from the Government of Canada. This funding is recorded on the Consolidated Statement of Financial Position as deferred capital funding for the amount of depreciable property. The recognition of this deferred capital funding in net income is limited each year to the same rates of depreciation as disclosed in note 2.

As at March 31	2019	2018
	$	$
Balance, start of year	**107,035**	82,649
Government funding for capital expenditures received	**4,130**	27,043
Amortisation of deferred capital funding	**(3,395)**	(2,657)
Balance, end of year	**107,770**	107,035
Less: Current portion	**3,535**	3,400
Non-current portion	**104,235**	103,635

20. Employee Benefits

Pension Benefits

The Corporation has contracted an outside firm to operate and administer an employee pension plan. Employees of the Corporation must join the pension plan, subject to eligibility requirements. The pension plan, which is a defined-contribution pension plan, is funded on a money-purchase basis with members contributing up to 11.5% of their annual earnings. In accordance with the plan, the Corporation is required to fund matching contributions up to 9.0 % (2018 - up to 9.0%). During the year, the Corporation's pension contributions amounted to $361 (2018 – $403).

Additionally, employees of SIBC are enrolled in the *Public Service Pension Plan* (the Plan). Under the Plan, the President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was a multiple of 1.00 for all employees (2018 - 1.00). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Corporation's portion of pension contributions amounted to $51 (2018 – $50) during the year.

The employees of SSMBA participate in the State of Michigan's defined benefit and defined contribution plans. SSMBA is required to make contributions to the defined benefit plan based on an actuarially determined rate. For the defined contribution plan, SSMBA is required to contribute 4.0% of payroll plus up to an additional match of 3.0%. The contribution requirements of the plan members and SSMBA are established and may be amended by state legislation. During the year, the Corporation's portion of pension contributions amounted to $307 (2018 –$321).

Contributions, for the fiscal year ending March 31, 2020, to the Public Service Pension Plan and the State of Michigan's defined benefit and defined contribution plans are anticipated to be consistent with the contributions made during the year.

Other Benefits

Other than the pension plan, the Corporation provides post-employment benefits to its eligible employees through health, dental, life insurance and an employee assistance program as well as other long-term benefits which consist of service awards. Benefit costs related to current service are charged to income as services are rendered. The risks associated with these benefits include changes in discount rates, mortality rates, per capita claim costs and general inflation that can cause volatility in the Corporation's financial results. The actuarial valuation was performed as at March 31, 2019. During the 2018 fiscal year, the Corporation revised the eligibility criteria which resulted in an increase in the number of eligible employees.

Notes to the Consolidated Financial Statements (in thousands of dollars)

20. Employee Benefits *(continued)*

The following table sets forth the status of the post-employment non-pension related benefit plan:

Defined benefit obligation	Post-employment	Other long-term
	$	$
Balance, April 1, 2017	7,490	83
Current service cost	371	5
Past service credit	868	8
Interest cost	297	3
Actuarial (gain) loss - other	(957)	(16)
Actuarial (gain) loss - demographic assumptions	456	(5)
Actuarial (gain) loss- financial assumptions	(2,022)	-
Benefits paid	(128)	(3)
Balance, March 31, 2018	6,375	75
Current service cost	396	6
Interest cost	242	3
Actuarial (gain) loss - other	(3)	(4)
Actuarial (gain) loss - demographic assumptions	-	-
Actuarial (gain) loss- financial assumptions	281	1
Benefits paid	(114)	(11)
Balance, March 31, 2019	**7,177**	**70**

Total post-employment non-pension related benefit plan is $7,247 (2018 - $6,450).

Changes in other comprehensive income during the year:

As at March 31	2019	2018
	$	$
Actuarial gains (losses) arising during the year	**(278)**	2,523

Notes to the Consolidated Financial Statements (in thousands of dollars)

20. Employee Benefits *(continued)*

Post-employment expense recognised in net income during the year is as follows:

As at March 31	**Post-employment**	**2019** **Other long-term**
	$	$
Current service costs	**395**	**6**
Interest cost	**242**	**3**
Actuarial gain	-	**(3)**
Net post-employment expense recognised in year	**637**	**6**

As at March 31	Post-employment	2018 Other long-term
	$	$
Current service costs	371	5
Past service costs	868	8
Interest cost	297	3
Actuarial gain	-	(21)
Net post-employment expense recognised in year	1,536	(5)

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations and net benefit plan expense are as follows:

As at March 31	**2019**	2018
Discount Rate, accrued benefit obligation	3.40%	3.60%
Discount Rate, benefit cost	3.60%	3.80%
Estimated per capita claims costs escalation rates:		
General inflation	2.50%	2.50%
Dental and vision care	4.50%	4.50%
Employee assistance program	2.50%	2.50%
Mortality rates		Mortality improvement 2017 scale MI - 2017 (2018 - MI-2017 scale)

The assumed health care inflation rate as of March 31, 2019 is 6.6% (2018 – 6.8%) per annum decreasing linearly to 4.5% (2018 – 4.5%) per annum in the 2027-28 (2018 - 2027-28) fiscal year.

The average expected maturity of the plan obligation is 19 years (2018 – 19 years).

Notes to the Consolidated Financial Statements (in thousands of dollars)

20. Employee Benefits *(continued)*

Sensitivity Analysis

The Corporation has reviewed the assumptions used in the actuarial calculations and has identified the following assumptions as those that could result in a significant impact on the defined benefit obligation:

As at March 31	2019	2018
	$	$
Discount rate - increase of 1 %	**(1,178)**	(1,111)
Discount rate - decrease of 1 %	**1,571**	1,476
Future mortality - increase of 1 year age	**(276)**	(260)
Future mortality - decrease of 1 year age	**282**	265
Trend rates - increase of 1 %	**1,351**	1,276
Trend rates - decrease of 1 %	**(1,048)**	(993)

The sensitivity analysis above may not be representative of the actual change in the defined benefit obligation as it is unlikely that a change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated.

21. Issued Capital

The Corporation's articles of incorporation authorise an unlimited number of shares without par value. The Corporation has two issued and fully paid shares.

22. Supplementary Expense Information

The following table shows the breakdown of expenses by nature for each function on the Consolidated Statement of Comprehensive Income.

Year ended March 31	2019	2018 (Restated*)
	$	$
Depreciation of property and equipment	**16,717**	15,153
Salaries and employee benefits	**16,055**	17,097
Goods and services	**5,569**	4,360
Repairs and maintenance	**3,231**	2,842
Professional services	**1,467**	1,658
Depreciation of investment property	**684**	742
Depreciation of intangible assets	**8**	11
Loss on disposal of assets	**-**	203
Foreign currency translation	**-**	104
Decommissioning	**(374)**	2,001
Total Expenses	**43,357**	44,171

*note 3b

Notes to the Consolidated Financial Statements (in thousands of dollars)

23. Related Party Transactions

Balances and transactions between the Corporation and its share of its joint operations have been eliminated on consolidation and are not disclosed in this note. Related party transactions relating to employee benefits are disclosed in note 20, and government bonds and deposits certificates investments are disclosed in note 9.

Details of transactions between the Corporation and other related parties are disclosed below.

Transactions with Government Related Entities

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business. These operations are measured at fair value.

The nature of expenses incurred with government related entities consists of reimbursement of prior year project and construction fees, legal fees and administrative costs. The nature of revenue from government related entities is largely in the form of government funding related to construction projects for CBSA facilities.

During the year, the parent Corporation recorded new government funding of $4,130 (2018 – $27,745). At March 31, 2019, the parent Corporation recorded $397 (2018 – $1,737) in accounts receivable with related parties.

The parent Corporation also receives services, such as financial statement audits, at no charge, which have not been reflected in these consolidated financial statements.

Compensation of Key Management Personnel

Key management personnel are defined as the Board of Directors and members of the senior executive teams who have the authorities and responsibilities for planning, controlling and directing the activities of the Corporation.

Compensation of key management personnel was as follows:

Year ended March 31	2019	2018
	$	$
Short-term employee benefits	**1,121**	1,093
Retirement and other post-employment benefits	**119**	78
Total	**1,240**	1,171

24. Facility Rentals

The Corporation has entered into contracts with companies who rent space in its buildings at various crossings. Contingent rent, based on sales at the Duty Free Shops, are the largest components of the rent received by the Corporation from these lessees. One of these Duty Free stores has a fixed component of its rent. Contingent revenue recognised during the current year for these leases was $2,962 (2018 – $2,910). The lessee of the Duty Free Shop at the Point Edward crossing has also paid for the expansion of the building. This payment was recorded as deferred revenue and is recognised as revenue on a straight-line basis, amortised over the non-cancellable lease term.

The future minimum rental receivable under non-cancellable operating leases are as follows:

As at March 31	2019	2018
	$	$
Within one year	**1,140**	1,156
After one year but not more than five	**2,522**	3,344
More than five years	**36**	84
Total	**3,698**	4,584

Notes to the Consolidated Financial Statements (in thousands of dollars)

25. Contingent Liabilities

In the normal course of its activities, the Corporation 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, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded in the consolidated financial statements. At March 31, 2019, there were two claims made by current and former employees against the Corporation. It is the opinion of management that the settlement of such matters will not result in any material liabilities to the Corporation. The timing of cash outflows related to the claims is uncertain, as it often depends on the outcome of specific events including, but not limited to, the length of legal proceedings.

The Corporation is named as a defendant jointly and severally with its subsidiary corporation, SIBC, and Her Majesty in regards to its mandate for the collection of tolls at the Seaway International Crossing. The amount of the claim is $50,000, subject to accounting for bridge tolls and revenues. Transport Canada has assumed responsibility to defend against the claim. The Corporation and its subsidiary corporation, SIBC, are agent Crown Corporations in their own rights and, with respect to this claim, they are being sued for taking actions that they are mandated to take as agents of Her Majesty. The outcome, timing and amount of any settlement of this claim cannot be determined at this time due to uncertainties primarily related to the resolution of a separate land claim by the same party against Her Majesty that must first be considered. Also, the long-term legal proceedings on this matter, which have spanned decades, and the basis of inclusion of elements of bridge tolls and revenues must also be deliberated.

26. Commitments for Expenditure

a) The Corporation has commitments totaling $6,045 (2018 – $8,468) including:

   i. Administrative contracts of $331 (2018 – $771) for internal audit, internet services and other contracts;
   ii. Capital project contracts of $2,295 (2018 – $3,378) for the purchase of property and equipment;
   iii. Maintenance contracts of $1,049 (2018 – $1,564) have been awarded; and,
   iv. Rental agreement of $2,370 (2018 - $2,755) for the Ottawa office lease.

b) In the normal course of business, the Corporation enters into contractual agreements for goods and services over periods beyond one year. Disbursements largely depend on future volume-related requirements and are subject to the Corporation's contractual rights of termination.

Total commitments for administrative, maintenance and capital projects contracts, in years, are as follows:

As at March 31	2019	2018
	$	$
Within one year	**3,019**	4,702
After one year but not more than five	**656**	1,011
More than five years	–	–
Total	**3,675**	5,713

Total commitments for office space, in years, are as follows:

As at March 31	2019	2018
	$	$
Within one year	**298**	303
After one year but not more than five	**1,210**	1,230
More than five years	**862**	1,222
Total	**2,370**	**2,755**

The office space lease does not contain a renewal option.

Notes to the Consolidated Financial Statements (in thousands of dollars)

27. Financial Instruments

Fair Value

The fair values of trade and other receivables, trade and other payables, holdbacks, and the current portion of the loans payable and bonds payable approximate their carrying value due to the short-term nature of these instruments.

The carrying values and fair values of the Corporation's remaining financial assets and liabilities are listed in the following table:

As at March 31			**2019**
	Value	**Cost**	**Level**
	$	$	
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	**16,024**	**16,024**	Level 2
Financial instruments measured at amortised cost			
Investments - amortised cost	**6,964**	**6,964**	Level 1
Loans payable	**5,401**	**5,494**	Level 2
Bonds payable	**66,495**	**57,052**	Level 2

As at March 31			2018
	Value	Cost	Level
	$	$	
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	15,365	15,365	Level 2
Financial instruments measured at amortised cost			
Investments - amortised cost	16,043	16,051	Level 1
Loans payable	8,994	8,988	Level 2
Bonds payable	72,203	61,915	Level 2

The credit rating of the investments measured at fair value through other comprehensive income remains in compliance with the Corporation's investment policy, which requires all investments be no lower than a grade A, based on external credit ratings.

The fair value of investments measured at fair value through other comprehensive income are priced daily by the FTSE TSX Debt Market Indices service.

The fair values of investments measured at amortised cost are quoted from active trading markets for identical assets.

A discounted cash flow method, using a factored rate equal to the prevailing market rate of interest for loans and debt bonds having similar terms and conditions, was used to determine the fair value of the loans payable and bonds payable.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation is subject to credit risk on cash, cash equivalents, investments measured at fair value through other comprehensive income, and trade and other receivables.

The Corporation manages this risk by dealing only with members of the Payments Canada or the Government of Canada and by closely monitoring the issuance and collection of credit to commercial clients. The carrying amount reported on the Corporation's Consolidated Statement of Financial Position for its financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk. At March 31, 2019 (2018 – nil) there were no provisions recorded. The credit risk is not significant for the Corporation.

Notes to the Consolidated Financial Statements (in thousands of dollars)

27. Financial Instruments *(continued)*

The credit risk associated with cash, cash equivalents, and investments measured at fair value through other comprehensive income is reduced substantially by ensuring that cash surpluses are invested in highly liquid investments. The Corporation's policy is to invest cash surpluses in low-risk instruments at an investment grade "A" or equivalent. Management believes the risk of loss is not significant. The credit risk associated with accounts receivable is minimised since a large portion of the amount is owed from federal government departments generally within 90 days, interest on investments with a grade of "A" or equivalent, receivables from long-term international partners and a long-term commercial lease tenant which also have a past history of paying their accounts on time.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation manages the risk by establishing budgets; maintaining cash reserves and credit facilities, establishing cash forecasts and monitoring cash flows as well as matching terms of investments to the timing of planned disbursements. The Corporation invests surplus cash in high credit quality government and corporate securities in accordance with the policies approved by the Board of Directors and in line with guidance from the Minister of Finance.

The following table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flows from the date of the Consolidated Statement of Financial Position to the contractual maturity date. The amounts are the contractual undiscounted cash flows.

As at March 31				**2019**
	Carrying amount	**Less than 3 months**	**3 months to 1 year**	**Over 1 year**
	$	$	$	$
Trade and other payables	3,706	2,469	1,237	-
Holdbacks	811	39	426	346
Long-term debt payable	81,362	108	11,358	69,896
Total	**85,879**	**2,616**	**13,021**	**70,242**

As at March 31				2018
	Carrying amount	Less than 3 months	3 months to 1 year	Over 1 year
	$	$	$	$
Trade and other payables	5,478	4,018	1,460	-
Holdbacks	601	68	533	-
Long-term debt payable	93,997	170	12,463	81,364
Total	100,076	4,256	14,456	81,364

27. Financial Instruments *(continued)*

Market Risk

Market risk is the risk of an impact on results from changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Corporation is exposed to all of these risks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is subject to interest rate risk on its cash and cash equivalents. A 1% variation in interest rates at March 31, 2019, would not be material.

Certain fair value through other comprehensive income investments bear interest at a fixed rate. Fair value through other comprehensive income investments also include bonds of the Government of Canada, provincial governments, and corporate banks with fixed rates of interest and an average term to maturity of 5.6 years (2018 – 6.0 years). The fair market value of these instruments is indirectly affected by fluctuations of the market interest rate. The impact of a hypothetical 1% variation in interest rates at March 31, 2019 would not be material.

Credit facility, loans payable and bonds payable also bear interest at fixed rates. However, a change in the fair value would not impact the net income of the Corporation as the Corporation holds the liabilities until maturity.

A material variation in exchange rates during the year would significantly affect toll revenue as there is a direct correlation between the volume of traffic and the exchange rates. Assuming that volumes would not be impacted by the exchange rate, a hypothetical 1% weakening of the Canadian dollar during the course of the fiscal year would have had a $127 (2018 - $125) increase in recorded toll revenue. FBCL's U.S. cash is held in different banks, due to FBCL's U.S. bridge operating partners utilising locally available banks. At March 31, 2019, the Corporation's U.S. dollar bank balance was $1,010 (2018 - $1,646). A hypothetical 1% variance in the exchange rate at March 31, 2019 would not be material. The Corporation manages this risk by periodically adjusting the toll rates for parity with the foreign exchange rate, and by converting currencies where applicable. During 2019, the Corporation invested a significant portion of its U.S. cash surplus, $3,208 in U.S. term deposits included in cash equivalent (2018 – $103 included in investments). A hypothetical 1% variance in the exchange rate at March 31, 2019 would not be material.

Capital Management

The Corporation defines its capital as its retained earnings, share capital and accumulated other comprehensive income.

As per legislative authorities, the maximum amount that the Corporation can borrow is $130,000 with Minister of Finance approval (2018 – $130,000).

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfil its mission and objectives.

8.0 DIRECTORS AND OFFICERS

THE FEDERAL BRIDGE CORPORATION LIMITED

BOARD OF DIRECTORS

(as of March 31, 2019)

Vacant	*Chairperson*
Rick Talvitie	*Vice-Chairperson*
Pascale Daigneault	*Director*
Karen June Hill	*Director*
Natalie Kinloch	*Director*
Marie-Jacqueline Saint-Fleur	*Director*
Andrew Travis Seymour	*Director*

COMMITTEES OF THE BOARD OF DIRECTORS

FINANCE AND AUDIT COMMITTEE

Andrew Travis Seymour	*Chair*
Marie-Jacqueline Saint-Fleur	*Member*
Rick Talvitie	*Member*

GOVERNANCE, POLICY AND HUMAN RESOURCES COMMITTEE

Pascale Daigneault	*Chair*
Marie-Jacqueline Saint-Fleur	*Member*
Karen June Hill	*Member*

OFFICERS AND SENIOR MANAGERS

Natalie Kinloch, CPA, CA	*Chief Executive Officer*
Thye Lee, MEng, PEng	*Vice-President, Engineering and Construction*
Anthony Pickett	*Chief Corporate Services Officer*
Richard Iglinski, CPA, CMA	*Director of Finance*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.

BOARD OF DIRECTORS

(as of March 31, 2019)

Micheline Dubé	*President*
Carrie Mann-Lavigne	*Vice-President*
Natalie Kinloch	*Director*
Thomas Lavigne	*Director*
Kevin O'Malley	*Director*
Jacques E. Pigeon, Q.C.	*Director*
Nancy Scott	*Director*
Thye Lee	*Director*

COMMITTEES OF THE BOARD OF DIRECTORS

MANAGEMENT COMMITTEE

Micheline Dubé	*Chair*
Carrie Mann-Lavigne	*Member*

AUDIT COMMITTEE

Nancy Scott	*Chair*
Natalie Kinloch	*Member*
Jacques E. Pigeon, Q.C.	*Member*

OFFICERS AND SENIOR MANAGERS

Micheline Dubé	*President*
Carrie Mann-Lavigne	*Vice-President*
Natalie Kinloch	*Chief Executive Officer*
Nancy Scott	*Assistant-Treasurer*
Wade Dorland	*Bridge Director*

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Robert Horr, Executive Director