

Thunder Bay Port Authority
Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

To the Board Members of Thunder Bay Port Authority

Opinion

We have audited the financial statements of Thunder Bay Port Authority (the Port Authority), which comprise the statement of financial position as at December 31, 2023 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Port Authority as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Financial Statements section of our report. We are independent of the Port Authority in accordance with the ethical requirements that are relevant to our audit of the 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.

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

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

In preparing the financial statements, management is responsible for assessing the Port Authority'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 Port Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Independent Auditor's Report (cont'd)

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 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 Port Authority'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 Port Authority'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 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 Port Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
March 6, 2024

Thunder Bay Port Authority Statement of Financial Position

As at December 31 (expressed in CAD \$) 2023 2022

Assets

Current

Cash (Note 3)	\$ 3,909,902	\$ 3,592,313
Accounts receivable (Note 4)	453,718	409,420
Short term investments (Note 5)	6,983,294	6,456,618
Prepaid expenses	89,653	102,002
	11,436,567	10,560,353

Non-current

Long term investments (Note 5)	7,721,295	7,788,930
Property, plant and equipment (Note 6)	27,151,090	27,384,281
	\$46,308,952	\$ 45,733,564

Liabilities and Equity


Current

Accounts payable and accrued liabilities	\$ 932,855	\$ 910,806
Deferred rental income	34,772	19,713
	967,627	930,519

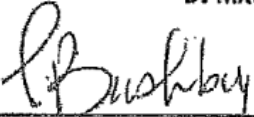
Equity

Contributed surplus	27,711,964	27,711,964
Retained earnings	17,629,361	17,091,081
	45,341,325	44,803,045
	\$46,308,952	\$ 45,733,564

On behalf of the Board:



 D. Miller, Director



 P. Busby, Director

Thunder Bay Port Authority Statement of Comprehensive Income

For the year ended December 31 (expressed in CAD \$)	2023	2022
Operating revenues		
Terminal	\$ 2,846,086	\$ 2,726,181
Harbour and Harbour Park	949,401	815,321
Intercity	75,681	121,259
	<u>3,871,168</u>	<u>3,662,761</u>
Expenses (Schedule)		
Terminal	956,075	1,067,825
Harbour and Harbour Park	110,140	105,227
Intercity	30,157	43,990
Administrative	1,743,821	1,370,159
	<u>2,840,193</u>	<u>2,587,201</u>
Earnings from operations before the following	1,030,975	1,075,560
Payments in lieu of municipal taxes (Note 7)	(343,284)	(372,747)
Gross revenue charge (Note 8)	(91,133)	(81,777)
Depreciation	(751,206)	(745,071)
	<u>(1,185,623)</u>	<u>(1,199,695)</u>
Loss from operations	(154,648)	(124,035)
Investment income	692,928	406,091
	<u>692,928</u>	<u>406,091</u>
Net income and comprehensive income for the year	\$ 538,280	\$ 282,056

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

Thunder Bay Port Authority Statement of Changes in Equity

For the year ended December 31, 2023 (expressed in CAD \$)

	Contributed Surplus	Retained Earnings	Total
Equity, January 1, 2022	\$ 27,711,964	\$ 16,809,025	\$ 44,520,989
Net income and comprehensive income for the year	-	282,056	282,056
Equity, December 31, 2022	27,711,964	17,091,081	44,803,045
Net income and comprehensive income for the year	-	538,280	538,280
Equity, December 31, 2023	\$27,711,964	\$17,629,361	\$45,341,325

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

Thunder Bay Port Authority Statement of Cash Flows

For the year ended December 31 (expressed in CAD \$)	2023	2022
Cash flows from operating activities		
Net income and comprehensive income for the year	\$ 538,280	\$ 282,056
Items not involving cash		
Depreciation	751,206	745,071
	<u>1,289,486</u>	<u>1,027,127</u>
Change in non-cash working capital balances		
Accounts receivable	(44,298)	(8,273)
Prepaid expenses	12,349	27,195
Accounts payable and accrued liabilities	22,049	48,563
Deferred rental income	15,059	(10,040)
	<u>1,294,645</u>	<u>1,084,572</u>
Cash flows from investing activities		
Purchase of investments	(3,832,663)	(3,691,642)
Disposals of investments	3,373,622	914,010
Purchase of property, plant and equipment	(518,015)	(662,853)
	<u>(977,056)</u>	<u>(3,440,485)</u>
Increase (decrease) in cash during the year	317,589	(2,355,913)
Cash, beginning of year	3,592,313	5,948,226
Cash, end of year	\$ 3,909,902	\$ 3,592,313

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

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

1. Nature and Purpose of Organization

The Thunder Bay Port Authority is a corporation without share capital created under the Canada Marine Act effective July 1, 1999. The Port Authority is charged with the management and administration of the Port of Thunder Bay and is also responsible for initiating and supporting effective efforts on behalf of the Port and in the interests of national and regional trade and local economic and social objectives. The Port Authority's head office is located at 100 Main Street, Thunder Bay, Ontario, Canada.

2. Basis of Preparation

Statement of Compliance

The Thunder Bay Port Authority is classified as a Government Business Enterprise ("GBE"). As a GBE, the financial statements of the Port Authority have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on March 6, 2024.

Basis of measurement

These financial statements were prepared on a historical cost basis, unless otherwise indicated in the financial statements. The functional and presentation currency is the Canadian dollar.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities include the determination of the estimated useful life and potential impairment of property, plant and equipment and their components (Note 6), the determination of the expected credit loss ("ECL") (Note 4), and the calculation of payments in lieu of municipal taxes (Note 7). Actual results could differ from management's best estimates as additional information becomes available in the future.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

3. Cash

	2023	2022
Cash on hand and bank balances	\$ 1,329,674	\$ 1,169,302
Cash held in investment broker accounts	2,580,228	2,423,011
	\$ 3,909,902	\$ 3,592,313

4. Accounts Receivable

(a) Recognition and initial measurement

The Port Authority initially recognizes accounts receivable on the date on which they are originated. Accounts receivable are initially measured at fair value.

(b) Classification and subsequent measurement

Accounts receivable are classified and subsequently measured at amortized cost because they meet the solely payments of principal and interest criterion and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The carrying amount is reduced through the use of a loss allowance and the amount of the related loss allowance is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss.

(c) Fair value measurement

Due to its short term nature, the carrying amount of the trade receivables approximate fair value.

(d) Credit risk

Credit risk is the risk of financial loss to the Port Authority if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Port Authority's accounts receivable. The Port Authority's exposure to credit loss equates to the carrying amount of these financial instruments.

The Port Authority mitigates its potential credit risk from accounts receivable through credit evaluation, approval and monitoring processes. Furthermore, it evaluates the collectibility of accounts receivable and records a loss allowance, which reduces receivables to the amount management reasonably believes will be collected.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

4. Accounts receivable (cont'd)

The following summarizes the industry concentration of accounts receivable credit risk:

	2023		2022	
Shipping and transportation	\$161,684	35.64%	\$266,377	65.06%
Warehousing and storage	239,838	52.86%	112,240	27.41%
Other	52,196	11.50%	30,803	7.53%
	\$453,718	100.0%	\$409,420	100.0%

The following table provides information about the exposure to credit risk and ECLs for accounts receivable by level of delinquency.

	2023			2022		
	Gross	Loss Allowance	Net	Gross	Loss Allowance	Net
Current	\$ 331,780	NIL	\$ 331,780	\$ 332,845	NIL	\$ 332,845
31-60 days	63,487	NIL	63,487	50,286	NIL	50,286
61- 90 days	57,153	NIL	57,153	12,208	NIL	12,208
Over 90 days	1,298	NIL	1,298	14,081	NIL	14,081
	\$ 453,718	NIL	\$ 453,718	\$ 409,420	NIL	\$ 409,420

The Port Authority measures the loss allowance at an amount equal to the lifetime ECL for accounts receivables. The lifetime ECL is estimated based on the expected losses over the expected life of the accounts receivable arising from default events occurring in the lifetime of the instrument.

The Port Authority reviews balances on a customer by customer basis to measure the lifetime ECL of accounts receivable. The Port Authority develops loss rates based on historical default and loss experiences for the individual customer in question, adjusted for current economic conditions and other relevant economic variables impacting the Port Authority's customers. This basis is used as the Port Authority's customers have remained consistent year over year. The same factor is considered when determining whether to write off accounts receivable. This generally occurs when there is no realistic prospect of recovery. However accounts written off could still be subject to enforcement activities. No accounts are written off directly to the provision for credit losses.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

5. Investments

(a) Recognition and initial measurement

Cash in investment broker accounts and guaranteed investment certificates are being held to be invested in bonds. The Port Authority recognizes debt instruments on the date on which they are originated. The instruments are initially measured at fair value.

(b) Classification and subsequent measurement

The Port Authority classifies its bonds at amortized cost as the documented investment strategy requires the instruments to be held to collect contractual cash flows to maturity, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Derecognition

The Port Authority derecognizes investments when the contractual rights to the cash flows from the investment expires. On derecognition, if not held to maturity, the difference between the carrying amount at the date of derecognition and the consideration received is recognized in profit or loss.

(d) Amortised cost measurement

The following is a breakdown of the investments:

	Cost	2023 Fair Value	Cost	2022 Fair Value
Guaranteed investment certificates	2,100,000	2,100,000	1,850,000	1,850,000
Accrued interest	148,796	148,796	110,531	110,531
Bonds and debentures				
-maturing within one year	6,034,498	5,929,933	5,596,087	5,471,739
-maturing between 1 and 5 years	3,710,768	3,642,037	4,013,214	3,851,089
-maturing in more than 5 years	2,710,527	2,574,997	2,675,716	2,429,384
	14,704,589	14,395,763	14,245,548	13,712,743
Short term investments	6,983,294	6,878,729	6,456,618	6,332,270
Long term investments	\$ 7,721,295	\$ 7,517,034	\$ 7,788,930	\$ 7,380,473

The bonds and debentures, which are held in provincial and federal crown and corporate issues, have effective yields ranging from approximately 1.10% to 6.02% (2022 - 1.10% to 5.30%).

The guaranteed investment certificates, which are held to maturity, have interest rates ranging from 4.25% to 5.58% (2022 - 3.19% to 5.25%) and maturity dates ranging from May 2024 to December 2025 (2022 - August 2023 to August 2025).

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

5. Long Term Investments (cont'd)

(e) Risks

The Port Authority is exposed to credit risk relating to its bond holdings in its investment portfolio. The Port Authority mitigates its credit risk in respect of investments in bonds by adhering to investment policies that comply with the requirements of the Canada Marine Act and the Port Authorities Management Regulations. These requirements restrict bond investments to those that have a AA rating or better according to either Moody's Investors Service or Standard & Poor's. The Port Authority's investment brokers monitor the bond ratings to ensure the bonds held meet the minimum rating requirement on the date of purchase. It is the intention of the Port Authority to hold all bond investments until maturity and as a result it does not involve itself in active trading of bonds or any other investments. The Port Authority is also exposed to credit risk arising from the cash being held at financial institutes being over the federally insured limit of \$500,000.

The maximum exposure to investment credit risk is the carrying value of investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit risk.

The following summarizes the industry concentration of investment credit risk:

	2023	2022
Provincial bonds	33.66%	40.39%
Municipal bonds	12.17%	13.56%
Banks and financial institutions	53.03%	44.90%
Corporate bonds	1.14%	1.15%
	100%	100%

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market interest rates. The Port Authority is exposed to interest rate risk arising from the possibility that changes in interest rates will effect the value of fixed income denominated investments when they are renewed.

Market risk arises from the Port Authority's use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Port Authority does not have direct exposure to equity investments in its portfolio; however, since the Port Authority invests in corporate bonds, it exposes itself to the fluctuations in price that are inherent in such a market.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

5. Long Term Investments (cont'd)

(f) Fair value hierarchy

The Port Authority applies a three-tier hierarchy framework for disclosing fair value of financial instruments, based on whether the inputs into the various valuation techniques are observable or unobservable. Observable techniques reflect market data obtained from independent sources, while unobservable inputs reflect management's assumptions. Changes in valuation techniques of financial instruments may result in transfers of assigned levels. The hierarchy of input is as follows:

Level I - Quoted prices in active markets for identical assets or liabilities;

Level II - Inputs other than quoted prices included in Level I that are observable, either directly or indirectly; and

Level III - Inputs that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Cash	\$ 2,580,228	\$ -	\$ -	\$ 2,580,228
Guaranteed investment certificates	2,100,000			2,100,000
Bonds and debentures	-	12,265,478	-	12,265,478
	\$ 4,680,228	\$ 12,265,478	\$ -	\$ 16,945,706
December 31, 2022				
Cash	\$ 2,423,011	\$ -	\$ -	\$ 2,423,011
Guaranteed investment certificates	1,850,000			1,850,000
Bonds and debentures	-	11,862,743	-	11,862,743
	\$ 4,273,011	\$ 11,862,743	\$ -	\$ 16,135,754

There has been no change in hierarchy levels during the year.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

6. Property, Plant and Equipment

On initial recognition, property, plant and equipment is valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Port Authority.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land, breakwalls, dredging and land reclamation contributed by the Government of Canada, which is not depreciated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The carrying amount of replaced property, plant and equipment is derecognized as replaced. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

Depreciation is recognized in comprehensive income and is provided on a straight-line basis, commencing when the asset is available for use, using rates based on the estimated useful life of the asset. Depreciation rates are as follows:

Wharf, terminal, and other buildings	-	2 to 5%
Rail trackage	-	4%
Marine equipment and storage	-	5 to 15%
Automotive equipment	-	30%
Other equipment	-	5 to 20%
Harbour park - infrastructure	-	5%

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Government Grants

Government grants are recognized at fair value when it is reasonably assured that the grant will be received and the Port Authority will comply with all attached conditions. Government grants relating to property and equipment are deducted from the cost therein and depreciation is recorded on a net basis.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

6. Property, Plant and Equipment (cont'd)

	Wharf, terminal and other buildings	Rail trackage	Marine equipment and storage	Automotive equipment	Other equipment	Harbour park infrastructure	Breakwaters, dredging and land reclamation	Land	Total
Year Ended December 31, 2023									
Cost, beginning balance	\$ 29,291,845	\$ 2,695,491	\$ 225,141	\$ 223,058	\$ 3,580,827	\$ 699,300	\$ 11,259,545	\$ 733,405	\$ 48,708,612
Additions	169,063	335,381	-	-	13,571	-	-	-	518,015
Cost, ending balance	29,460,908	3,030,872	225,141	223,058	3,594,398	699,300	11,259,545	733,405	49,226,627
Accumulated depreciation, beginning balance	16,785,661	1,360,050	216,157	223,058	2,165,383	574,022	-	-	\$ 21,324,331
Depreciation	507,805	78,666	604	-	153,348	10,783	-	-	751,206
Accumulated depreciation, ending balance	17,293,466	1,438,716	216,761	223,058	2,318,731	584,805	-	-	22,075,537
Net Book Value	\$ 12,167,442	\$ 1,592,156	\$ 8,380	\$ -	\$ 1,275,667	\$ 114,495	\$ 11,259,545	\$ 733,405	\$ 27,151,090

During the year, the Port Authority started construction of Marshalling Yard upgrades with an expected completion date in 2025. The net book value of the construction in progress is \$9,063 (2022 - Nil) which is not being amortized. An agreement with National Trade Corridors was signed to help fund the Marshalling Yard upgrades up to \$3,000,000.

During 2020 and continuing on through 2023, the Port Authority committed to purchasing property in the amount of \$900,000, subject to approval from the Minister of Transport.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

6. Property, Plant and Equipment (cont'd)

	Wharf, terminal and other buildings	Rail trackage	Marine equipment and storage	Automotive equipment	Other equipment	Harbour park infrastructure	Breakwaters, dredging and land reclamation	Land	Total
Year Ended December 31, 2022									
Cost, beginning balance	\$28,689,326	\$ 2,683,021	\$ 225,141	\$ 223,058	\$ 3,568,063	\$ 673,100	\$11,259,545	\$ 724,505	\$48,045,759
Additions	602,519	12,470	-	-	12,764	26,200	-	8,900	662,853
Cost, ending balance	29,291,845	2,695,491	225,141	223,058	3,580,827	699,300	11,259,545	733,405	48,708,612
Accumulated depreciation, beginning balance	16,282,001	1,285,902	215,553	222,683	2,009,336	563,785	-	-	20,579,260
Depreciation	503,660	74,148	604	375	156,047	10,237	-	-	745,071
Accumulated depreciation, ending balance	16,785,661	1,360,050	216,157	223,058	2,165,383	574,022	-	-	21,324,331
Net Book Value	\$12,506,184	\$ 1,335,441	\$ 8,984	\$ -	\$ 1,415,444	\$ 125,278	\$11,259,545	\$ 733,405	\$27,384,281

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

7. Payments in Lieu of Municipal Taxes

Under the Constitution Act, 1867, the federal government is exempt from local taxation. Thunder Bay Port Authority is an agent of the federal government for the purposes of Section 28 (2)(a) of the Canada Marine Act. To recognize the services it receives from the Municipality, the Port Authority pays its fair share of the cost of local government. Payments are estimated in accordance with the provisions of the Payments in Lieu of Taxes Act. Accruals for current year and any adjustments for prior years are evaluated each year and charges, if any, are made in the current period's financial statements based upon the best available information relating to valuation of property.

8. Gross Revenue Charge

Under its letters patent, the Port Authority is required to pay a gross revenue charge to the Minister of Transport equal to 2% of the calculated gross revenue, including investment income, for the fiscal year.

9. Pension Plan Expense

The Port Authority maintains a defined contribution pension plan for its full-time employees with more than six months of continuous service and part-time employees with more than two years of continuous service. Pension benefits are vested after two years of continuous membership in the plan. Pension expense is equal to the Port Authority's contribution for the year.

Pension expense of \$57,781 (2022 - \$61,462) is included in Administrative and nil (2022 - \$3,275) is included in Harbour and Harbour Park on the Statement of Comprehensive Income.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

10. Revenue Recognition

	2023	2022
Throughput, berthage and storage revenue	\$ 1,694,276	\$ 1,670,413
Shipping revenue	774,546	642,079
Lease revenue (Note 11)	1,402,346	1,350,269
	\$ 3,871,168	\$ 3,662,761

Terminal revenues include throughput, storage and leasing revenue. Harbour park revenues include leasing revenue, while intercity revenues include berthage and leasing revenue.

Throughput and storage revenues are recognized monthly based on goods handled and stored at Port facilities.

Lease revenue from leasing property and storage space in buildings is recognized monthly on a straight line basis over the period of the agreements. Any lease revenues that have been prepaid by tenants have been recorded as deferred rental income.

Berthage revenue is recognized over the period of time a vessel is docked.

Shipping revenue from vessels entering the Port is based upon cargo volumes and is recognized at the time the vessels leave the port.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

11. Operating Leases

The Port Authority leases out a number of warehouse and storage facilities under operating leases. A lease is an agreement whereby the Port Authority, the lessor, conveys to the tenant, the lessee, in return for a payment, or a series of payments, the right to use an asset, generally land and buildings, for an agreed period of time. Leases in which a significant portion of the risks and rewards of ownership are retained by the Port Authority are classified as operating leases. Operating lease rentals are recognized on a straight-line basis over the period of the lease. As at December 31, 2023 and 2022, the Port Authority did not have any finance lease agreements.

Future minimum lease receipts

The following table provides the future minimum lease receipts under non-cancellable operating leases in effect as at December 31, 2023:

	<u>2023</u>
Receiving in 2024	473,884
Receiving in 2025	191,486
Receiving in 2026	100,384
Receiving in 2027	83,387
Receiving in 2028	83,387
Receiving after 2028	<u>1,042,462</u>
	<u>\$ 1,974,990</u>

The following table provides the amount of lease rentals that were included in operating revenues for the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
Terminal	\$ 1,179,110	\$ 1,130,260
Harbour and Harbour Park	174,855	173,242
Intercity	48,381	46,767
	<u>\$ 1,402,346</u>	<u>\$ 1,350,269</u>

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

12. Directors and Key Management Remuneration

In accordance with disclosure required by Section 37(3) of the Canada Marine Act, the following amounts were paid to directors and key management during the year:

	2023	2022
Tracy Buckler, Director	25,963	16,669
Patrick Bushby, Director	32,913	20,099
Wade Robertson, Director	23,374	20,347
Bonny Skene, Chair	40,775	28,192
Dianne Miller, Chair of Audit Committee	33,501	24,024
Charla Robinson, Chair of Governance Committee	25,188	20,836
Tim Heney, Chief Executive Officer - salary	204,075	246,660
- benefits	17,783	22,480
Chris Heikenen, Chief Executive Officer - salary	41,402	-
- benefits	4,140	-

13. Capital and Liquidity Risk Management

The Port Authority's objective when managing capital is to maintain adequate levels of funding to support its operations and to maintain corporate and administrative functions. The Port Authority manages its capital structure and makes adjustments to it in light of economic conditions. As the Port Authority is a government business enterprise, its original source of capital is from the contribution of capital assets from the Canadian Government. The Port Authority is not exposed to any externally imposed capital requirements.

Liquidity risk is the risk that the Port Authority will not be able to meet financial obligations as they become due. The Port Authority's policy is to ensure that it will always have sufficient cash to meet its liabilities when they become due. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Port Authority strives to maintain a liquidity level that allows for sufficient funds to meet operational requirements so that obligations can be met as they become due. The Port Authority monitors cash balances regularly and has access to long-term investments, which can be readily converted into cash should it be required. The Port Authority's accounts payable and accrued liabilities are contractually due within the next twelve months.

14. Standards, Amendments and Interpretations Not Yet Effective

There are no other standards, interpretations or amendments issued, but not yet effective that the Port Authority anticipates may have a material effect on the financial statements once adopted.

Thunder Bay Port Authority Notes to Financial Statements

December 31, 2023 (expressed in CAD \$)

15. Contingencies

There are outstanding claims against the Port Authority that have been referred to legal counsel and reported to the Port Authority's insurers, as applicable. With respect to the insurable claims, the Port Authority expects that its liability, if any, will be limited to the amount of the insurance deductible.

Thunder Bay Port Authority Schedule of Expenses

For the year ended December 31 (expressed in CAD \$)	2023	2022
Terminal		
Equipment operator	\$ 26,612	\$ 77,006
Insurance	136,472	127,137
Miscellaneous	583	631
Mobile equipment repairs and maintenance	45,641	50,343
Professional fees	16,886	-
Property repairs and maintenance	384,284	475,770
Security	172,741	133,147
Utilities	172,856	203,791
	<u>\$ 956,075</u>	<u>\$ 1,067,825</u>
Harbour and Harbour Park		
Harbour services	\$ 57,592	\$ 14,875
Insurance	35,124	36,715
Miscellaneous	1,900	4,196
Professional fees	12,019	4,574
Vessel	3,505	4,195
Salaries, wages and benefits	-	40,672
	<u>\$ 110,140</u>	<u>\$ 105,227</u>
Intercity		
Insurance	\$ 4,825	\$ 4,221
Maintenance and repairs	928	9,877
Security	8,433	13,073
Utilities	15,971	16,819
	<u>\$ 30,157</u>	<u>\$ 43,990</u>
Administrative		
Automotive	\$ 10,426	\$ 13,297
Board travel, meetings and other	50,438	41,796
Honoraria	190,189	137,979
Insurance	50,527	19,009
Maintenance	1,990	4,025
Management travel, meetings and other	36,935	20,888
Office	296,227	159,315
Promotion	101,095	94,734
Professional fees	130,817	23,809
Salaries, wages and benefits	854,704	841,494
Seminars and training	20,473	13,813
	<u>\$ 1,743,821</u>	<u>\$ 1,370,159</u>

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