

# HIGHWAY 104 WESTERN ALIGNMENT CORPORATION



Annual Report 2020–2021







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# FACTS AT A GLANCE

45 kilometres between Masstown and Thomson Station

Twinned, four lanes

Wide median: 22.6 metres

110 km/hour speed limit

Five full interchanges

Six major bridges

Five large tunnels under the road for access to land parcels, snowmobile trails and wildlife passages

18 kilometres of access roads

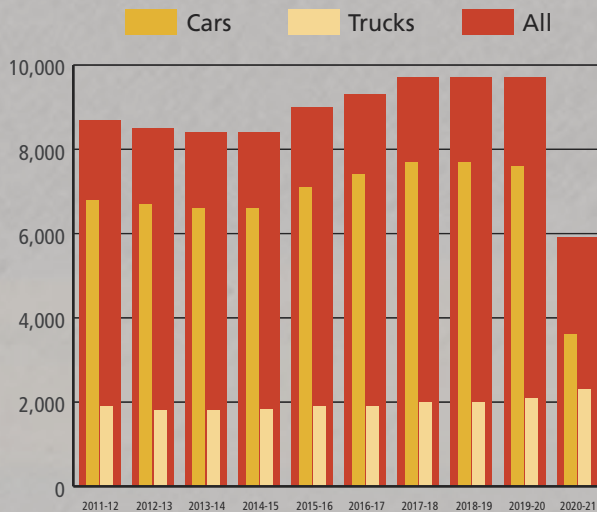
Constructed by Atlantic Highways Corporation, a subsidiary of Canadian Highways International Corporation, in 20 months. A national industry publication called Cobequid Pass the fastest highway ever to be designed and constructed in Canada.

The Highway 104 Corporation contracts the management of the toll plaza to Atlantic Highways Management Corporation Limited

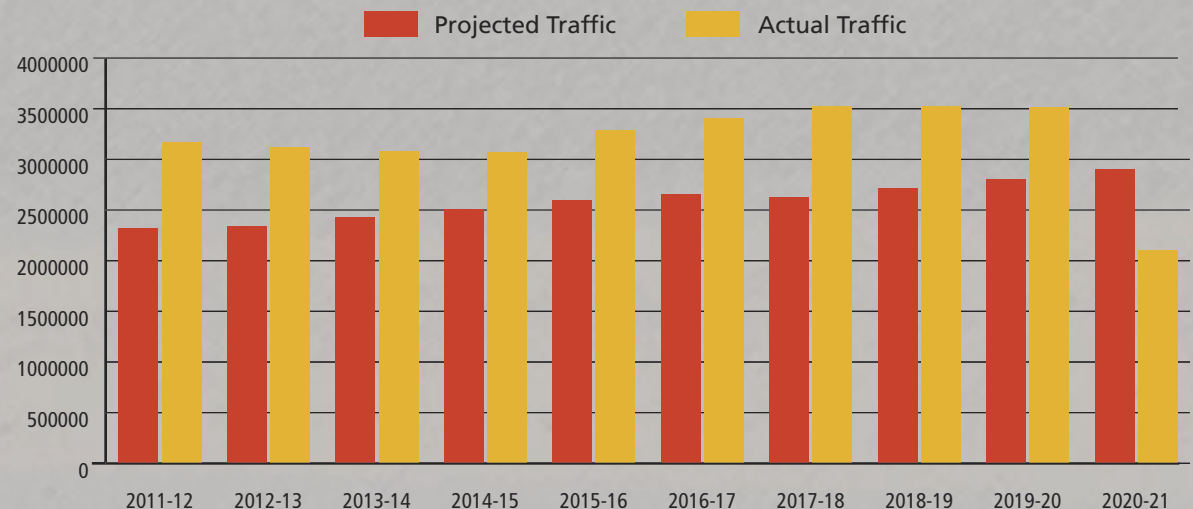
Opened November 15, 1997

Average daily traffic for 2020–21: 3,600 cars; 2,300 trucks

## Annual average daily traffic



## Projected traffic versus actual traffic









# LETTERS TO STAKEHOLDERS

## President's Letter

The Highway 104 Western Alignment Corporation has completed its 22nd year of operation providing a high level of highway operation and customer service.

Our customers continue to pay the same amount at the tolls, unchanged since 2004.

This can be attributed to a combination of sound financial management and higher than forecast automobile traffic volumes on the Cobequid Pass.

The Independent Maintenance Engineer(IME), WSP Canada, continues to monitor and update the original pavement renewal strategy and major maintenance contracts are tendered based on this strategy. The IME also plays a vital role in monitoring the condition of the roadway and reviewing the contracts called for capital maintenance activities, such as micro surfacing, structural repairs and paving contract.

The law firm of McInnis-Cooper supports Corporation activities through the provision of legal advice. This firm has been engaged by the Corporation for the entire life of the project.

The Bondholder's representative is Canada Life, who is our largest Bondholder. Canada Life provides financial oversight on behalf of the Bondholders.

KPMG continues to provide audit service and other financial advice to the Corporation.

The Corporation's road maintenance contractor, the Department of Transportation & Active Transit (NSTAT), provides summer and winter maintenance on the Cobequid Pass. The Corporation pays NSTAT an annual fee for highway maintenance activities. NSTAT also provides project management services to the Corporation for any capital contracts that are called for highway projects such as re-paving, micro surfacing and structure repairs.

The Corporation's management team consists of General Manager Darren Blundon, Controller Vicki Clark, CPA, CMA, and Administration Assistant Patricia Belleza, PCP.

The Corporation works with NSTAT's Government liaison, Janice Harland, as the Transportation Department continues to provide excellent service to the traveling public by maintaining the Cobequid Pass Toll Road as a first class highway facility.

The Corporation will continue to provide strong management and a safe, well maintained roadway for a quality driving experience.

**Peter Hackett, P.Eng.**



## General Manager's Letter

The Cobequid Pass is a 45 km section of 100 series twinned highway that provides an efficient, safe and well-maintained roadway.

This pivotal link enables people, goods and services to access the Province of Nova Scotia and is also a vital link for vehicle traffic travelling to the Province of Newfoundland.

Annual vehicle traffic volume for 2020-2021 was approximately 2.1 million due to a significant decline in automobile traffic primarily related to the Covid-19 pandemic. Truck traffic increased approximately 7.5% from the previous year, which helped maintain overall revenues.

Compared to original forecast projections from 1997, automobile traffic was down about 36%, while truck traffic is down 14% from the original estimates.

In 2020-2021, the Highway 104 Corporation continued with the 5 years micro-surfacing project and currently Inversa Systems are completing a thorough inspection of eight large, corrugated steel culverts.

A review was completed of Department of Transportation and Active Transportation and WSP bridge inspections. Five structures were selected for an independent, detailed inspection for the fall of 2021.

This report provides a broad overview of the history and administrative structure of the Corporation including traffic and financial operation of the Cobequid Pass for the fiscal 2020-2021.

The financial statements are presented in accordance with the International Financial Reporting Standards. The accompanying notes provide a thorough explanation of the financial details of the Corporation's Operations.

If you have any questions or comments regarding the Cobequid Pass or the Highway 104 Western Alignment Corporation, I look forward to hearing from you.

**Darren Blundon, BComm, CivilTech**  
**General Manager**



# ADMINISTRATION AND ACCOUNTABILITY

## Background

Creating the Highway 104 Western Alignment Corporation was key to constructing the Cobequid Pass Toll Highway. The Nova Scotia Government is the sole shareholder of the Corporation, which is categorized as a Government Business Enterprise. Its sole purpose, by statute, is to oversee the financing, design, construction, operation and maintenance of the Cobequid Pass.

The Corporation's mandate is to manage revenue collection, to maintain the schedule to repay investors, and to fund annual and long term maintenance until the debt is fully paid in 2026.

The Highway 104 Corporation is financially sustainable and responsible for its own debt, and does not have to rely on a Government debt guarantee. The Corporation's main source of revenue is tolls.

Because some public monies were involved in the highway's initial financing, and because the Highway 104 Corporation is wholly owned by the Crown, its annual operations may be scrutinized by the Auditor General of Nova Scotia. The Auditor General conducted audits of the Highway 104 Corporation in 1996 and again in 2002.

Operating independently of government, the Highway 104 Corporation is the entity that permitted non-recourse financing, meaning private investors can lay no claim on government assets or money in the unlikely event toll revenue should fail to provide a return on investment.

## Administration

One of the Corporation's primary administrative responsibilities is ensuring toll revenue is collected and distributed according to the agreements signed by the government of Nova Scotia, Atlantic Highway Management Corporation Limited (AHMCL), and Canada Life Limited, the Bondholder's Representative.

This responsibility includes maintaining budget control, issuing payment directives, and ensuring that parties to the agreements are meeting obligations in timely fashion. It also means keeping communication lines open and direct between all parties.

The administration of Highway 104 Western Alignment Corporation is led by its General Manager, Darren Blundon and by the Controller, Vicki Clark, CPA, CMA. Patricia M. Belleza, PCP provides administrative and accounting support.

## Accountability

The financial activities of the Corporation are carefully scrutinized by Canada Life Ltd, the Bondholder's Representative, and the Department of Transportation and Infrastructure Renewal (NS TIR). In addition, the Corporation engages KPMG LLP to provide audit reports in accordance with International Financial Reporting Standards.

Detailed monthly reports of the highway's financial operations are sent to the Executive Director Highway Engineering & Construction, who is the Department's liaison with the Corporation. This liaison keeps the Deputy Minister and the Minister informed of the Corporation's



activities. The Minister is well equipped to respond to questions from the public, Cabinet, Members of the Legislative Assembly, and the media, as is the Corporation's General Manager.

The Highway 104 Corporation, NSTAT, AHMCL and the Independent Maintenance Engineer are represented on a Joint Advisory Committee, which meets on a quarterly basis to review and discuss the operations of the Corporation.

The Corporation's Annual General Meeting is held in the Fall of each year.

## Maintenance

In fiscal 2020-21, the Corporation paid \$1.35 million to NSTAT to provide maintenance services to the Cobequid Pass Toll Highway under the terms of the Annual Maintenance Agreement. The majority of this work consists of snow and ice removal during the winter months. Also included are maintenance duties such as line painting, guardrail repair, mowing and litter removal.

Other capital work included \$1.1 million for micro-surfacing 17.3 kms of roadway in June 2020. Toll booth upgrades included installation of cameras, hardware replacement and testing for new tolling platforms, cashless tap terminals and convoy lane installation. Lane operation updates included replacement of three treadles, upgrades to the toll booths, gate arm repairs and a PA system for the toll booths. The UPS in the server room was upgraded, and new dehumidifiers installed in the server room along with emergency lighting in the building. Fibre-opt installation to both VMS signs in Oxford and Masstown was completed and fibre-opt cable has been installed to the Toll Plaza building.

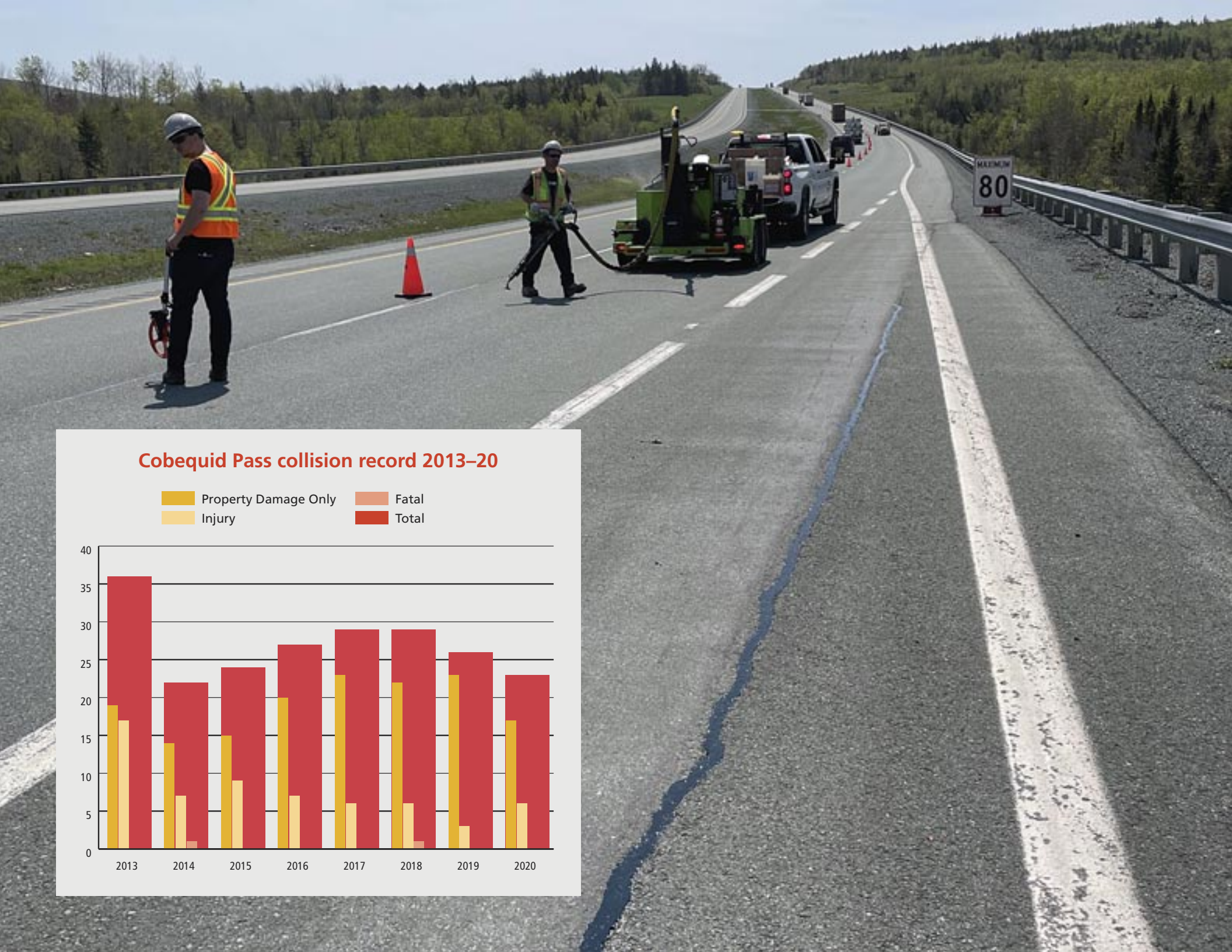
## Atlantic Highway Management Corporation

The toll operations are run by Atlantic Highway Management Corporation Limited (AHMCL), a subsidiary of Aecon. Wally Caldwell, PEng is the General Manager of AHMCL and David Ling is the Tolling Manager.

AHMCL currently employs about 40 people at the Toll Plaza, mostly from Cumberland and Colchester Counties.

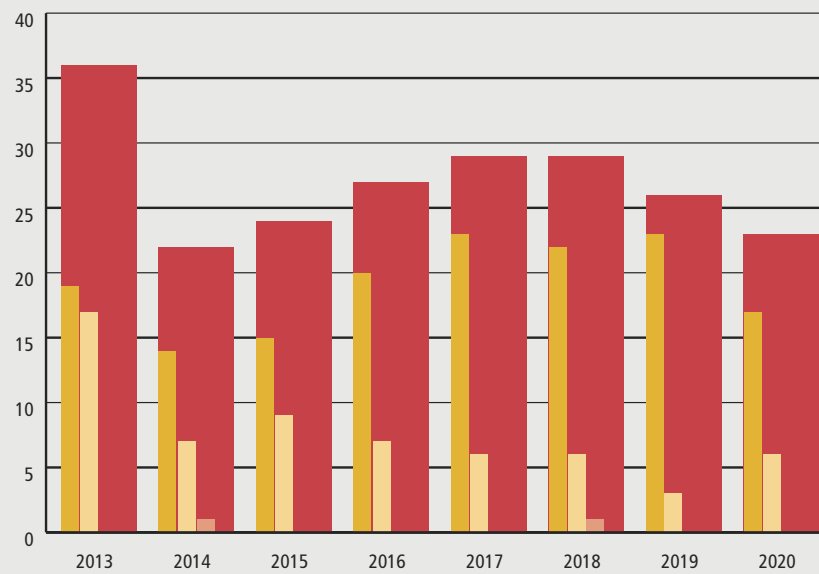






### Cobequid Pass collision record 2013–20

Property Damage Only    Fatal  
Injury    Total





# MAINTENANCE FUNDING

Cobequid Pass is the only highway in Nova Scotia that required a relatively small one-time initial investment from governments for its construction. It is also the only highway that covers the cost of its annual and long-term maintenance over a 30-year period.

The terms of agreement between the partners detail how toll revenue is used to repay investors, cover toll operations, and fund long and short-term maintenance.

## How the agreement works

Funding	Amount	Issued by
Senior Bond Issue	\$51.0 million	CIT Structured Finance
Junior Bond Issue <sup>1</sup>	\$9.9 million	CIT Structured Finance
Subordinate Notes <sup>2</sup>	\$5.5 million	Province of Nova Scotia
Total Borrowed	\$66.4 million	
Equity	\$1	Province of Nova Scotia
Interest Earning	Amount based on interest rates	From all investments and bank accounts
Federal Funding	\$27.5 million	Government of Canada
Provincial Funding	\$27.5 million	Government of Nova Scotia

Notes:

<sup>1</sup> Junior Bond Issue was retired September 30, 2007

<sup>2</sup> Subordinate Notes were retired September 30, 1999

## Operations

**The Project Account was established to:**

- Pay the 104 Western Alignment's ongoing administrative cost
- Pay operating and maintenance costs for the Cobequid Pass

Every month the Highway 104 Corporation transfers any cash balance from the Project Account into the Capital Reserve Account. By agreement, the Project Account keeps only a balance equal to two months of its operating/administrative budget.

**The sources of cash for the Project Account are:**

- Toll revenue
- Any cash not used during construction
- Interest Income
- Subsidy Income

**The Capital Reserve account is used to:**

- Pay Trustee fees
- Pay senior bond debt as per scheduled quarterly repayment dates
- Meet the minimum funding requirements of the Debt Service Reserve Account if required. (The Debt Service Reserve Account must be funded at one year of Senior Debt Payments, according to the amortization schedule, at any given time.)
- Meet the funding requirements of the Major Maintenance Reserve Fund



### The sources of cash for the Capital Reserve Account are:

- The Project Account: All monies in excess of two months operating and administrative budget are deposited to the Capital Reserve Account
- All excess funds in the Debt Service Reserve Account (DSRA). The DSRA, on any given bond principal and interest payment date, can only hold the scheduled Senior bond repayments for the following 12 month period.

### Senior Debt Service Coverage Ratio (DSCR)

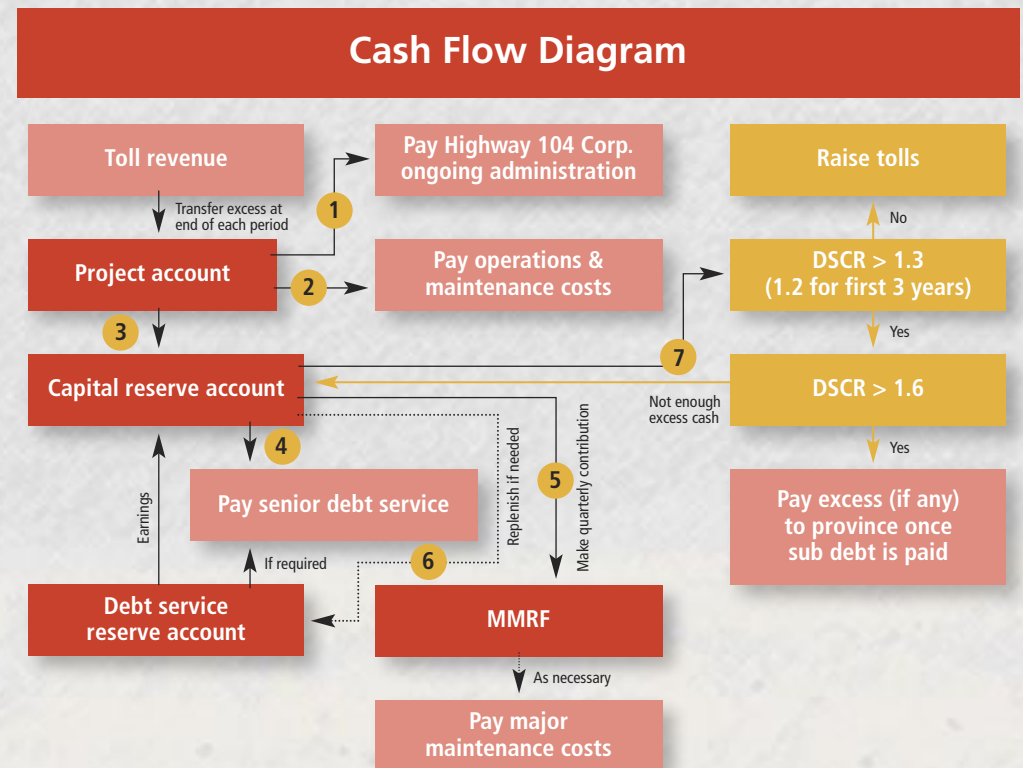
The Senior Debt Service Coverage Ratio must be 1.3:1.

If the Senior Debt Service Ratio is larger than 1.3:1 but less than 1.6:1 then all funds in excess of expenditures and bond repayment are accumulated in the Capital Reserve Fund where they are placed in permitted investments. If the Senior Debt Service Ratio is larger than 1.6:1, provisions in the agreements allow for some of the funds to be paid to the Province. The Province has declined to exercise this option, and has directed the Corporation to forego toll increases when possible.

### Major Maintenance Reserve Fund (MMRF)

The Major Maintenance Reserve Fund ensures that there are funds available to pay for major maintenance costs such as repaving.

The first contribution to the MMRF fund came from the Subordinate Notes, which were issued in November 1997. This was a total amount of \$500,000. The Financing Agreements require that specific quarterly contributions be made to the MMRF from the Capital Reserve Fund and these contributions are adjusted annually based on maintenance requirements.









# FINANCING

Cobequid Pass was built as a public-private partnership that allowed the government to make an affordable financial contribution to build this much-needed highway.

Construction cost: \$112.9 million

Provincial contribution: \$27.5 million

Federal contribution: \$27.5 million

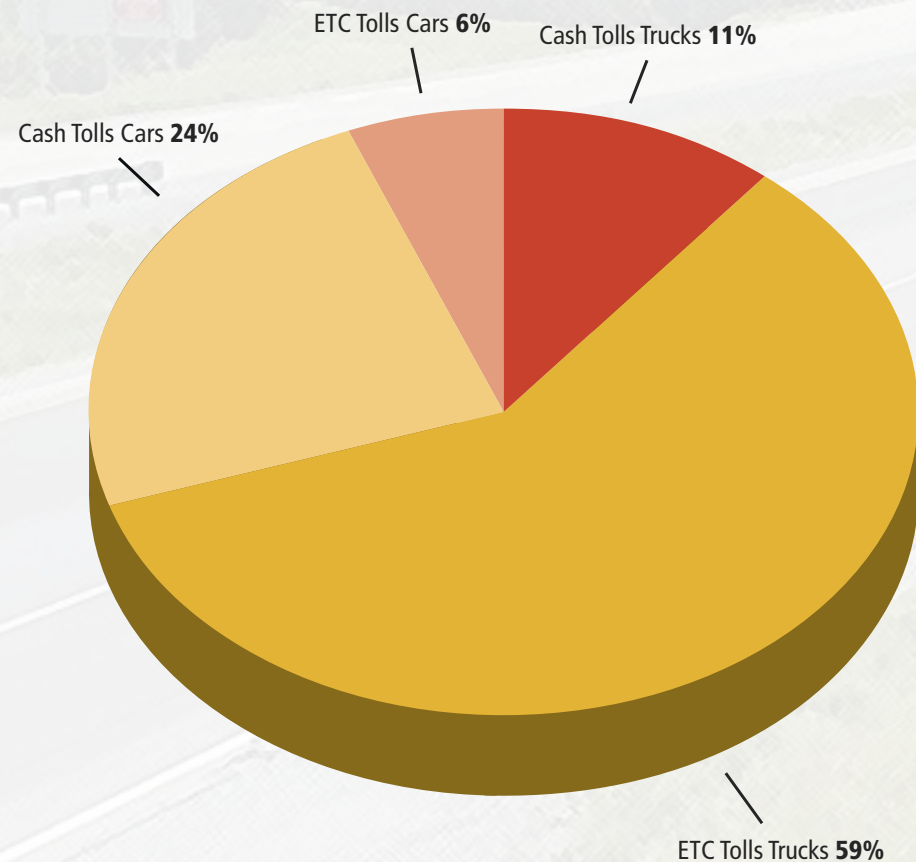
\$5.5 million in subordinate notes invested from the provincial pension fund

\$60.9 million provided by the sale of bonds to private investors underwritten by CIT Financial of Toronto

Toll revenues over 30 years will provide the investors a return; pay for toll operations; cover annual maintenance and contribute to long-term maintenance.

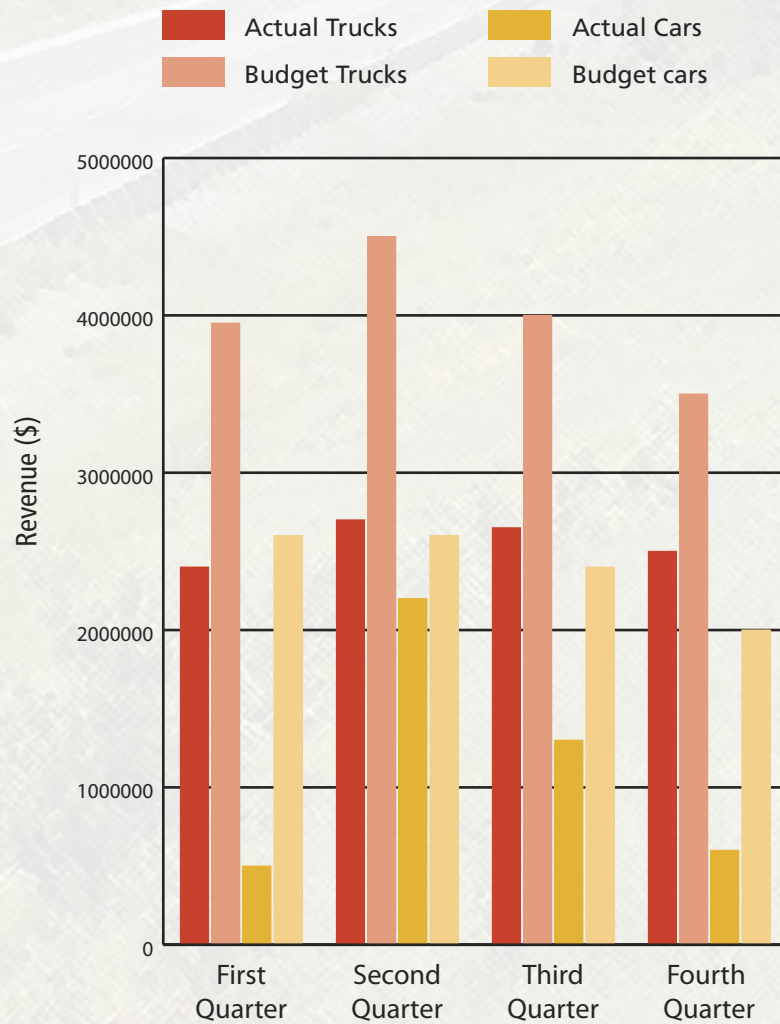
The money borrowed from the private sector by the Highway 104 Western Alignment Corporation through CIT Financial is borrowed on the security of tolls.

## Cash toll and ETC revenue





## Revenue versus day 1 projections for fiscal 2020-2021





# FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Highway 104 Western Alignment Corporation

### Opinion

We have audited the financial statements of Highway 104 Western Alignment Corporation (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its financial performance and 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity 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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### Auditors' 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 auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants  
Halifax, Canada  
May 28, 2021



## Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 726,966	\$ 701,734
Prepays and other (note 4)	617,203	575,336
Receivables (note 5)	1,015,022	1,079,671
	2,359,191	2,356,741
Non-current assets:		
Restricted assets (note 6)	88,732,171	84,176,399
Property, plant and equipment (note 7)	21,730,862	24,706,928
	110,463,033	108,883,327
	\$ 112,822,224	\$ 111,240,068
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,938,349	\$ 2,453,307
Current portion of long-term debt (note 9)	3,979,577	3,600,121
Deferred revenue	1,490,384	1,483,859
	7,408,310	7,537,287
Non-current liabilities:		
Long-term debt (note 9)	20,576,732	24,556,309
Deferred government grant	2,135,637	2,512,764
	22,712,369	34,606,360
Equity:		
Share capital	1	1
Reserve for restricted assets	84,365,921	79,810,149
Deficit	(1,664,377)	(3,176,442)
	82,701,545	76,633,708
Commitments (note 15)		
	\$ 112,822,224	\$ 111,240,068

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

Approved on behalf of the Shareholder:

 President

## Statement of Comprehensive Income

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Facility revenue	\$ 17,699,729	\$ 23,321,753
Expenses:		
Fees and banking services	410,016	372,993
Wages and benefits (note 10)	715,981	732,464
Toll collection	1,252,615	1,250,842
Facility maintenance, materials and supplies (note 11)	1,919,972	1,903,588
Engineering and professional fees (note 11)	159,243	169,262
Insurance	226,911	206,129
Other costs (note 11)	555,026	651,583
	5,239,764	5,286,861
Earnings from operations before the following items	12,459,965	18,034,892
Finance income (note 12)	471,214	1,688,520
Finance costs (note 12)	(2,730,381)	(3,073,720)
Net finance costs	(2,259,167)	(1,385,200)
Depreciation	4,511,299	(4,411,678)
Government grant amortization	378,337	378,334
Net income, being comprehensive income	\$ 6,067,836	\$ 12,616,348

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



# FINANCIAL STATEMENTS

## Statement of Changes in Equity

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Share capital (1 share)	\$ 1	\$ 1
Deficit:		
Beginning of year	\$ (3,176,442)	\$ (2,603,214)
Net income for the year	6,067,836	12,616,348
Transfer to restricted assets	(4,555,771)	(13,189,576)
End of year	(1,664,377)	(3,176,442)
Reserve for restricted assets:		
Beginning of year	79,810,149	66,620,574
Transfers from project account	12,672,000	18,468,000
Interest income	602,987	1,618,411
Long-term debt payments, including interest	(6,329,292)	(6,329,292)
Change in market value of restricted assets	(144,975)	26,248
Major maintenance payments, including HST to be recovered	(2,244,948)	(593,792)
End of year	84,365,921	79,810,149
Total equity	\$ 82,701,545	\$ 76,633,708

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

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Increase (decrease) in cash:		
Operating activities:		
Net income	\$ 6,067,836	\$ 12,616,348
Items not affecting operating cash:		
Government grant amortization	(378,337)	(378,334)
Depreciation	4,511,299	4,411,678
Net finance costs	2,259,167	1,385,200
Change in prepaids and other	(41,867)	(17,867)
Change in receivables	64,649	(129,065)
Change in accounts payable and accrued liabilities	(514,958)	(155,580)
Change in deferred revenue	6,525	101,580
	11,974,314	17,833,960
Investing:		
Interest received	914,436	2,102,716
Net cash increase in restricted assets	(4,998,993)	(12,021,984)
Purchase of property, plant and equipment	(1,535,233)	(2,011,845)
	(5,619,790)	(11,931,113)
Financing:		
Interest paid	(2,721,866)	(3,065,208)
Payment on long-term debt principal	(3,607,426)	(3,264,084)
	(6,329,292)	(6,329,292)
Increase (decrease) in cash	25,232	(426,445)
Cash, beginning of year	701,734	1,128,179
Cash, end of year	\$ 726,966	\$ 701,734

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



## Notes to Financial Statements

Year ended March 31, 2021

### 1. Reporting entity

The Highway 104 Western Alignment Corporation (the "Corporation") is a company domiciled in Canada. The registered office is located at 1741 Brunswick Street, Halifax, in the Province of Nova Scotia. The Corporation has been established for the purpose of financing, designing, constructing, operating and maintaining a 45 km stretch of highway (referred to as the Cobequid Pass) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia (the "Facility"). The Corporation has been designated a Government Business Enterprise in accordance with the Nova Scotia Provincial Finance Act. The Highway 104 Western Alignment Corporation Act, which authorizes the collection of tolls, states that toll collection will cease upon complete payment of all costs and liabilities relating to the Facility. This includes financing, design, construction, operation and maintenance, and any repair, improvement, replacement, alteration or extension. The forecasted repayment date of all cost and liabilities relating to the Facility is in 2026.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the President on May 28, 2021.

#### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for restricted assets that are measured at fair value through profit and loss.

#### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency for the Corporation.

#### (d) Use of estimates and judgments:

The preparation of the Corporation's financial statements in conformity with IFRS requires the use of accounting estimates and management's judgment to determine the appropriate application of accounting policies. Estimates and assumptions are required to determine the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognized in the period in which the estimate was revised and any future periods affected.

The following judgments and estimates are those deemed by management to be material to the Corporation's financial statements:

Judgments:

##### (i) Capitalization and componentization

Judgment is used when determining if components of a construction project are of a capital or repair nature and as to what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation. Among other factors, these judgments are based on past experience, as well as information obtained from the Corporation's internal and consulting engineers.

### Estimates

#### (i) Depreciation and amortization

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of residual value and useful lives are based on past experience, as well as information obtained from the internal and consulting engineers. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

#### (ii) Debt repayment

The contractual maturities and estimated interest payments on the long-term debt outlined in note 9 are impacted by the estimates and assumptions regarding the forecasted repayment dates. In addition, the forecasted repayment date impacts the estimated useful life of the components of property, plant and equipment as outlined in note 3(b) as the useful life of each asset is based on the utility of each asset to the Corporation.

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Financial instruments

##### *Initial measurement and classification*

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Trade receivables are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the Corporation becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at amortized cost or Fair Value Through Profit and Loss ("FVTPL") while a debt instrument is recognized at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

A debt instrument is measured at Fair Value Through Other Comprehensive Income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or if it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.



# FINANCIAL STATEMENTS

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled. The Corporation also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## Subsequent measurement

Financial assets at FVTPL	These assets, except derivatives designated as hedging instruments, are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Financial liabilities at amortized cost	These financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.
Debt instruments at FVOCI	These instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The Corporation's financial assets include short-term investments (held in restricted assets), cash and receivables. The Corporation's financial liabilities include accounts payable and accrued liabilities. Classification of these financial instruments is as follows:

Cash	Financial assets at amortized cost
Receivables	Financial assets at amortized cost
Restricted assets	Financial assets at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Long-term debt	Financial liabilities at amortized cost

## (i) Fair value measurement

The Corporation classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The inputs fall into three levels that may be used to measure fair value:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 – Applies to assets or liabilities for which there is no observable market data.

## Impairment of financial assets

The Corporation recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Corporation measures loss allowances at an amount equal to the lifetime ECLs in accordance with the 'simplified approach' available under the standard. Under this approach, loss allowances on trade accounts receivable are always measured at lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and includes forward-looking information.

The Corporation assumes that the credit risk on financial assets has increased if it is more than 30 days past due. The Corporation considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

## (b) Property, plant and equipment

### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalized as a part of the asset.

When the parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no economic benefits are expected to arise from the continued use of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other items in profit or loss.

### (ii) Repairs and maintenance

Repairs and maintenance costs are expensed as incurred, except when these repairs significantly extend the life of the asset or result in an operating improvement. In these instances the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. This method of depreciation most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.



The estimated useful lives for each of the asset categories are as follows:

Category	Useful life	Weighted average remaining useful life at March 31, 2021
Toll highway and road surface treatments	20–80 years	5 years
Tolling system	5 years	4 years
Toll plaza	40 years	5 years
Other assets	10 years	5 years

The Highway 104 Western Alignment Corporation Act, which authorizes the collection of tolls, states that toll collection will cease upon complete payment of all costs and liabilities relating to the Facility. As such, the useful life of each asset is estimated based on the utility of each asset to the Corporation.

(c) Impairment

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Corporation consists of a single cash generating unit (CGU), as the Corporation's assets do not generate separate cash inflows.

The recoverable amount of an asset or cash-generating unit 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 flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognized if the carrying amount of the CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Facility revenue

Facility revenue is recognized at the time a vehicle utilizes the highway. Customer prepayments of their electronic toll collection crossings are initially recorded as deferred revenue. When the customer utilizes the highway, revenue is recognized, and deferred revenue is reduced accordingly. Provincial subsidies, net of rebates, are recognized as facility revenue per the First Amendment to the Omnibus Agreement.

(e) Government grants

Government grants are recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are deferred and amortized to income over the expected project life or useful life of the asset commencing at the start of the operating period using the straight-line method.

(f) Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of financial assets at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(g) Accounting changes and recent pronouncements

(i) Application of new and revised standards

The Corporation adopted the following amendments to accounting standards during the year:

*IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Estimates and Errors*

On October 31, 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These amendments clarify the definition of 'material' and aligns the definition used within the IFRS Standards. The application of this amendment did not have a material impact on the Corporation.

(ii) New accounting standards not yet adopted

The IASB issued the following standards that have not been applied in preparing these financial statements as their effective date falls within annual periods beginning subsequent to the current reporting period.

*IAS 1 – Presentation of Financial Statements*

On January 23, 2020, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements* providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or noncurrent depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Corporation is currently assessing the financial impact of the amendments and expects to apply the amendments at the effective date.

*IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*

On May 14, 2020, the IASB issued an amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Corporation has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The Corporation is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

*IFRS 9 – Financial Instruments*

On May 14, 2020, the IASB issued an amendment to IFRS 9 *Financial Instruments* clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The Corporation is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.



# FINANCIAL STATEMENTS

## 4. Prepaids and other

	2021	2020
Advance to facility operator	\$ 552,034	\$ 524,404
Operating expenses	47,844	42,788
Inventory	17,325	8,144
	\$ 617,203	\$ 575,336

## 5. Receivables

	2021	2020
Due from the Province of Nova Scotia	\$ 631,207	\$ 729,027
HST receivable	233,712	266,364
Other trade receivables	150,103	84,280
	\$ 1,015,022	\$ 1,079,671

## 6. Restricted assets

	2021	2020
Capital reserve account	\$ 66,412,412	\$ 61,477,124
Major maintenance reserve account	15,982,168	16,274,495
Debt service reserve account	6,337,591	6,424,780
	\$ 88,732,171	\$ 84,176,399

Restricted assets are comprised of bank bearer deposit notes and bankers acceptances which are recorded at amortized cost and include accrued interest of \$57,626 (March 31, 2020 – \$351,346), have a weighted average term of 4.62 months to maturity (March 31, 2020 – 4.26 months), and a weighted average interest rate of 0.21% (March 31, 2020 – 1.46%). The following restricted accounts have been established in accordance to trust indenture agreements between the Corporation and the senior bondholders and an Omnibus Agreement between the Corporation and Province of Nova Scotia:

- (i) The capital reserve account has been established to provide funds to pay the interest and principal on the senior bonds. These funds are also available to pay the trustee and bondholders' representative fees to the extent they are not paid out of the project bank account. This account provides funding to the major maintenance reserve and the debt service reserve accounts. The capital reserve account is funded from excess funds transferred from the project bank account of the Corporation.
- (ii) The major maintenance reserve account has been established for the purpose of paying major maintenance repair and rehabilitation expenses. This reserve is funded from the capital reserve account in accordance with a maintenance budget recommended by the Independent Engineer through the terms of the major maintenance reserve fund agreement.
- (iii) The debt service reserve account has been established to provide a reserve of funds to be available for payments as they come due for the senior toll revenue bonds. Funds can only be transferred from this fund when funds in the capital reserve account are insufficient to pay senior toll revenue bond payments. The account should maintain sufficient reserves equal to 12 months of principal and interest payments due on the senior toll revenue bonds. The replenishment of the reserve comes from the capital reserve account.

## 7. Property, plant and equipment

	Toll Plaza	Tolling System	Toll Highway	Road Surface Treatments	Other Assets	Total
<b>Cost</b>						
Balance, April 1, 2020	6,704,706	4,893,418	107,739,948	32,982,901	50,498	152,371,471
Additions	86,788	487,826	3,080	957,539	—	1,535,233
Balance, March 31, 2021	6,791,494	5,381,244	107,743,028	33,940,440	50,498	153,906,704
Balance, April 1, 2019	6,411,332	4,072,937	107,736,078	32,088,780	50,498	150,359,625
Additions	293,374	820,481	3,870	894,121	—	2,011,846
Balance, March 31, 2020	6,704,706	4,893,418	107,739,948	32,982,901	50,498	152,371,471

### Depreciation

Balance, April 1, 2020	4,979,697	3,676,809	99,277,663	19,685,063	45,311	127,664,543
Depreciation for the year	296,006	429,155	1,410,346	2,374,927	865	4,511,299
Balance, March 31, 2021	5,275,703	4,105,964	100,688,009	22,059,990	46,176	132,175,842
Balance, April 1, 2019	4,709,016	3,161,858	97,867,820	17,469,726	44,445	123,252,865
Depreciation for the year	270,681	514,951	1,409,843	2,215,337	866	4,411,678
Balance, March 31, 2020	4,979,697	3,676,809	99,277,663	19,685,063	45,311	127,664,543

### Carrying amounts:

At March 31, 2020	1,725,009	1,216,609	8,462,285	13,297,838	5,187	24,706,928
At March 31, 2021	1,515,791	1,275,280	7,055,019	11,880,450	4,322	21,730,862

## 8. Accounts payable and accrued liabilities

	2021	2020
Trade payables	\$ 1,764,669	\$ 1,671,892
Accrued expenses	173,680	781,415
	\$ 1,938,349	\$ 2,453,307



## 9. Long-term debt

This note provides information about the contractual terms of the Corporation's interest-bearing loans and borrowings, which are measured at amortized cost and denominated in Canadian dollars.

	Nominal interest rate	Year of maturity	Face value	2021 Carrying amount	Face value	2020 Carrying amount
Senior toll revenue bonds	10.128%	2026	\$24,592,834	\$24,592,834	\$28,200,260	\$28,200,260
				2021		2020
Senior toll revenue bonds carrying amount				\$ 24,592,834		\$ 28,200,260
Deferred finance fees				(36,525)		(43,830)
				24,556,309		28,156,430
Current portion of long-term debt				3,979,577		3,600,121
				\$ 20,576,732		\$ 24,556,309

The senior toll revenue bonds are secured by a first charge and security interest over all present and future property and assets, including, but not limited to, cash and securities held in trust, rights under all material contracts, accounts receivable and interest.

There are certain annual financial covenants associated with the senior toll revenue bonds. The Corporation has complied with the financial covenants as of March 31, 2021.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	3-5 years	More than 5 years
<b>Non-derivative financial liabilities:</b>							
Secured bond issues	\$24,592,834	\$31,646,459	\$3,164,646	\$3,164,646	\$6,329,292	\$18,987,875	–
Accounts payables and accrued liabilities	1,938,349	1,938,349	1,938,349	–	–	–	–

The contractual cash flows included above are based on agreements in place with the secured bond issues. These contractual cash flows do not include the impact of possible prepayments.

A reconciliation of movements in long-term debt to cash flows arising from financing activities as provided below:

	2021	2020
Balance, April 1, 2020	\$ 28,156,430	\$ 31,413,209
Changes from financing cash flows:		
Repayment of principal	(3,607,426)	(3,264,084)
Other changes liability related:		
Amortization of deferred financing fees	7,305	\$ 7,305
	\$ 24,556,309	\$ 28,156,430

## 10. Wages and benefits

	2021	2020
Wages and benefits	\$ 635,952	\$ 650,832
Canadian Pension Plan (CPP) and EI remittances	80,029	81,632
	\$ 715,981	\$ 732,464

Wages and benefits include costs related to contract employees.

## 11. Expenses

### (a) Facility maintenance, materials and supplies

	2021	2020
Highway improvements	\$ –	\$ 20,525
Maintenance services	1,618,940	1,560,264
Maintenance materials and supplies	199,076	223,109
Technical services and warranties	101,956	99,690
	\$ 1,919,972	\$ 1,903,588

### (b) Engineering and professional fees

	2021	2020
Legal fees	\$ 6,961	\$ 32,414
Audit fees	30,240	35,864
Consulting fees	59,178	38,012
Engineering fees	62,864	62,972
	\$ 159,243	\$ 169,262

### (c) Other costs

	2021	2020
Training	\$ 2,230	\$ 18,877
Office supplies and stationery	16,788	21,073
Office equipment	86,204	82,024
Utilities	74,343	64,543
Travel and transportation costs	5,601	12,545
Enforcement	60,000	60,000
Security	17,805	38,255
Facility operator management fee	260,094	265,820
Meeting costs	5,811	10,066
Administrative costs	26,150	78,380
	\$ 555,026	\$ 651,583



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## 12. Finance income and finance costs

	2021	2020
Interest income on restricted assets	\$ 458,012	\$ 1,644,660
Interest income on bank deposits	13,202	43,860
Finance income	471,214	1,688,520
Interest expense on financial liabilities	(2,730,381)	(3,073,720)
Finance costs	(2,730,381)	(3,073,720)
Net finance costs recognized in profit or loss	\$ (2,259,167)	\$ (1,385,200)

## 13. Financial risk management

### Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Corporation's exposure to each of the above risks, its risk management framework and the Corporation's management of capital. Further quantitative disclosures are included throughout these financial statements.

### Risk management

Management has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

The Corporation's policies are established to minimize the risks faced by the Corporation, to set appropriate controls and to monitor risks. Management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Corporation's operations.

The Corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Corporation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Corporation standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, when possible
- requirements for the reconciliation and monitoring of transactions

- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when this is effective.

In the face of the COVID-19 pandemic, the Corporation adopted adequate preventive measures to ensure a safe work environment for employees, customers and clients.

### Credit risk

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	Year ended March 31, 2021	Year ended March 31, 2020
Restricted assets	\$ 88,732,171	\$ 84,176,399
Receivables	1,015,022	1,079,671
Cash	726,966	701,734
	\$ 90,474,159	\$ 85,957,804

The maximum exposure to credit risk for receivables at the reporting date by type of counterparty is outlined in note 5.

The aging of receivables at the reporting date was:

	2021	2020
Not past due	\$ 956,258	\$ 1,057,318
Past due 30-60	—	—
Past due 60-90	—	—
Over 90 days	58,764	22,353
	\$ 1,015,022	\$ 1,079,671

Based on a qualitative and quantitative analysis, taking into account historical losses on the Corporation's receivables, the composition of the Corporation's customers, and the aging of its current receivables, the Corporation estimates the expected credit loss to be nil at March 31, 2021.

Restricted asset investments consist of short-term money market investments. The Corporation has deposited these investments with reputable Canadian financial institutions, from which management believes the risk of loss is remote.

The Corporation's cash is held with a top tier commercial Canadian bank and a third party trustee.



### Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

Typically the Corporation ensures that it has sufficient cash and investments on hand to meet expected operational expenses for a period in excess of 365 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Interest rate risk

The Corporation is not exposed to interest rate risk on its long-term debt as it bears interest at a fixed rate. Interest rate risk on cash flows associated with investments and cash fluctuate due to changes in short-term market interest rates. The Corporation invests in fixed short-term investments guaranteed by the Government of Canada, provincial governments, or Schedule 1 banks.

## 14. Financial instruments

### Fair value versus carrying amounts

Except as detailed below, the carrying amounts of financial assets and financial liabilities recognized approximate their fair values. For cash, receivables, and trade and other payables, the carrying value approximates their fair values due to the short-term maturity of these instruments.

The fair value of the secured bond, and the carrying amount shown in the Statement of Financial Position is as follows:

		March 31, 2021		March 31, 2020	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities carried at amortized cost:					
Secured bond issues	9	24,556,309	31,472,677	28,156,430	36,296,593

		March 31, 2021			March 31, 2020		
		Fair value			Fair value		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities							
Long-term debt		—	—	31,472,677	—	—	36,296,593

There have been no transfers between the levels within the year. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 15. Commitments

The following are the estimated contractual obligations for the next five years:

	Capital	Service contract	Lease
2022	\$ 1,600,000	\$ 1,356,530	50,774
2023	1,600,000	—	51,219
2024	1,600,000	—	51,651
2025	1,600,000	—	34,913
2026	1,600,000	—	—
Total contractual obligations	\$ 8,000,000	\$ 1,356,530	188,557

### Capital

Capital commitments are based on the Major Maintenance Reserve Fund Agreement (the "Agreement") between the Corporation, the Trustee and the Bondholders' Representative to provide for the major maintenance work required during the operating period of the Facility. The Agreement requires the Corporation, on an annual basis, to engage an Independent Engineer to report on all major maintenance work to be completed in the upcoming year, as well as a major maintenance budget to determine the required annual amount to be deposited in the Major Maintenance Reserve Account.

### Service contract

The service contract consists of an agreement between the Corporation and the Nova Scotia Transportation Infrastructure and Public Works to provide annual roadway maintenance services which is renewed annually.





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## Lease

The lease is for the Corporation's office located at 1741 Brunswick Street, Halifax, N.S.

## 16. Related party transactions

Included in these financial statements are transactions with various Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Nova Scotia (the Corporation's controlling shareholder).

The Corporation has applied the modified disclosure requirements under IAS 24, Related Party Disclosures, which exempt government-related entities from providing all of the disclosures about related party transactions with government or other government-related entities.

All other transactions with parties under the control of the government are routine operating transactions carried out as part of the Corporation's normal day-to-day operations. These routine transactions are individually insignificant and include maintenance services (\$1,354,079; 2020 - \$1,318,000), enforcement costs (\$60,000; 2020 - \$60,000), and purchase of property, plant and equipment (\$48,677; 2020 - \$46,631).

## 17. COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian government, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slow-down. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown currently, as is the efficacy of the governments' interventions. The Corporation's management have implemented procedures in response to the COVID-19 pandemic, including employee and contractor education, monitoring of symptoms, increased sanitation practices, as well as employees working remotely when possible. The challenging economic climate over the past year has resulted in lower than expected toll revenue. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the future financial effect on the Corporation may include a reduction in revenue compared to pre-pandemic revenue.







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Customer Service

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