FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

ANNUAL REPORT
2021 | 2022

Canada

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Word From the Chair

Pascale Daigneault

The Federal Bridge Corporation Limited (FBCL) is facing no more important strategic priority at this juncture, than to pursue, with tenacity, and surmount the consequences of the COVID-19 pandemic. The Corporation's international bridge crossings are essential elements in Canada's economic trade, tourism and sources of supply. The sustained maintenance of their viability, their safety and security is of national importance.

In the global context of the pandemic that has come in waves since 2020, borders closed to non-essential travel, followed by restrictions imposed on domestic and international travel and movement. With each wave, a new, expanded or altered drawback to passenger traffic at international bridges resulted. Consequentially, FBCL's sources of revenue are a fraction of what they were pre-pandemic with far-reaching impacts on the Corporation's financial position. FBCL has been resolute, despite extraordinary challenges, in once again, more than meeting its mandate: the highest level of stewardship of its international bridges and associated structures that are safe and efficient for users. The Corporation, like so many others, continues to navigate prudently through these unprecedented issues.

FBCL has been subject to a special examination by the Office of the Auditor General (OAG) this year, a requirement of the *Financial Administration Act* (FAA). The OAG's final report, tabled in Parliament in May 2022, serves as a strong report card for FBCL's corporate management practices and its management of bridge assets and operations. The examination included a deep dive into matters of governance, strategic planning, risk management practices, management of bridge assets and bridge operations. FBCL is extremely proud of the positive results achieved. Most outstanding is that the Corporation, while in a time of crisis, completed this monumental task.

These results, combined with an unqualified financial audit opinion, positive internal audits and a persisting A+ (negative outlook, due to pandemic) credit rating from S&P Global Ratings are frankly remarkable when considering the ever-changing pandemic border restrictions and continuing low passenger traffic.

The Corporation has also continued the evolution and maturity of its Enterprise Risk Management program to leverage Board level engagement, defining a new risk appetite framework and enhancing risk guidance in all areas. This framework assists the Corporation in managing its risks when identifying and executing solutions.

From the perspective of leadership, the Corporation has maintained stable Board membership and a comprehensive skill matrix has been shared with the Minister of Transport to aid in filling a current vacancy. The Board of Directors is also proud to announce that it has established a road map for FBCL's first Environmental, Social and Governance (ESG) program development this year, beginning with common Board member education, consideration of value-driven purpose, and a plan toward full realisation.

This annual report shows four bridges evolving, four bridges recovering from another year of challenges while continuing to look forward to its future. It outlines the service of travellers and businesses and the continuity of operations to sustain Canada's trade and supply chain across all our international bridges in these ever-changing times. The Board is confident that FBCL's bridge operations will see a progressive return to a new normalcy. Thank you to all our partners, our clients, our employees, our stakeholders and our communities who have and continue to assist progressing FBCL forward!

P. Daigneault

Pascale Daigneault

Word From the Chief Executive Officer

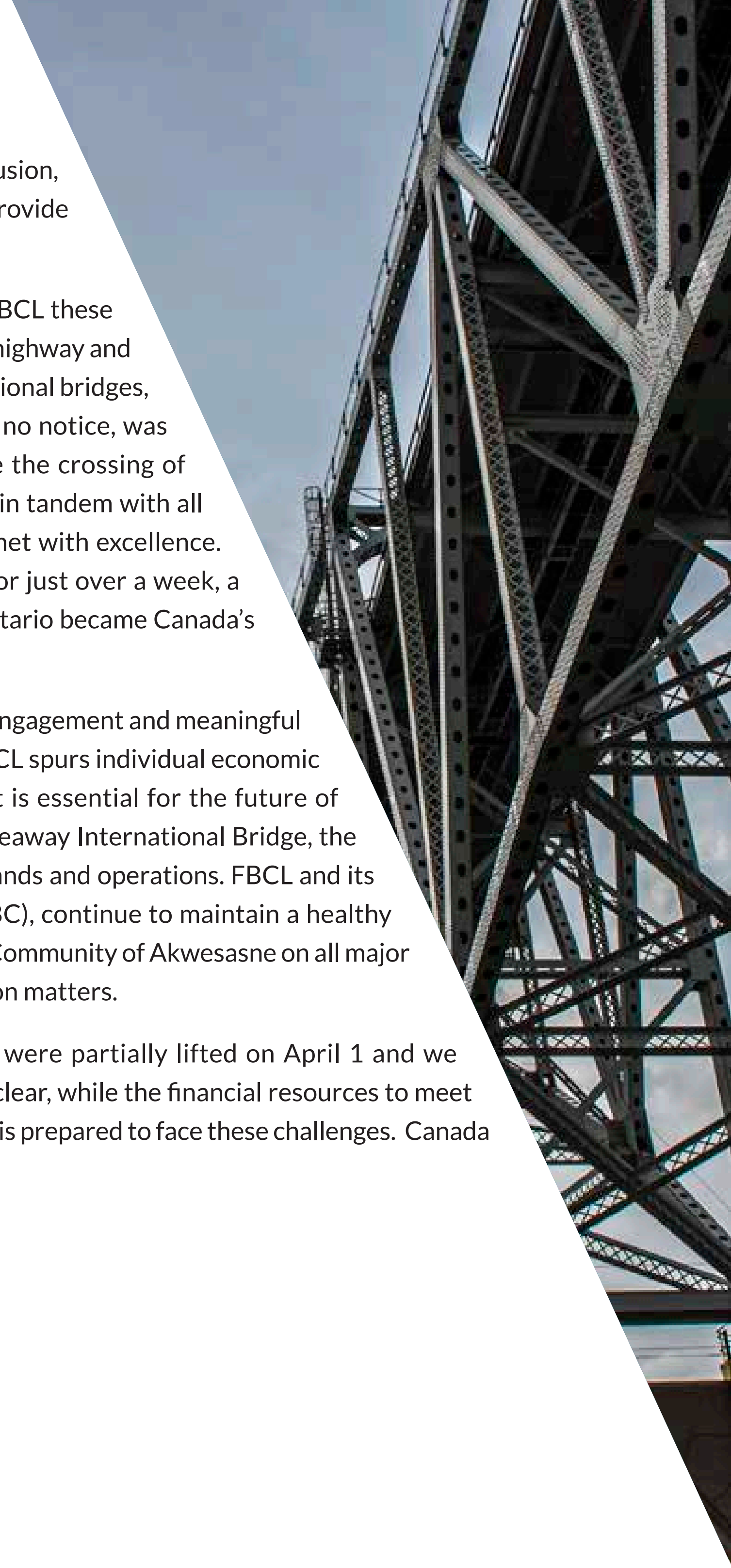
Throughout 2021-22, the FBCL team has demonstrated resiliency and continuous high achievements in a challenging and dynamic operating environment. They worked to keep all international bridge locations across our portfolio open, safe and secure, in support of Canada's economy, essential travellers and with constant vigilance for the protection of employees and customers. This team has outdone itself, in large part due to our workplace culture, values and individual employee expertise and dedication. The bi-national partners also excelled in their mandate delivery generating collaborative strength across the FBCL international bridge portfolio.

Natalie Kinloch

The under-current of our strategy execution was to be present, engaged and flexible, one day at a time. Targets were met, maintaining healthy and safe workplaces, conducting asset inspections and maintenance with positive results, deploying new corporate-wide technology, evaluating the impact of climate change and strengthening utilities, communication and security systems. These endeavours truly made possible by the continued implementation of resourceful administrative, operational and engineering solutions from all tiers of the Corporation, united to overcome exceptional challenges.

The Canada-US border was restricted for the full fiscal year with some varying elements due to the pandemic and continued to severely affect passenger traffic volumes. While the future looks better, this year's passenger traffic volume remained 75% lower than pre-pandemic, an improvement of 10% from the prior year. This translates to $12M, or nearly 30%, less revenue collected this year. This had a direct impact to the Corporation's ability to reinvest in its assets; however, the Government of Canada provided resources to ensure the continuity of critical bridge operations. We remain hopeful that the urge to get back to normal in 2022 will entice further cross-border travels but the Corporation remains well aware of headwinds.

The Corporation also embarked on a joint deployment of a new Toll Collection System for the Blue Water Bridge and the Sault Ste. Marie International Bridge with International Bridge Association (IBA) and Blue Water Bridge (MDOT), a first bi-national partnership of its kind. In workforce management, important changes enacted to the *Canada Labour Code* and the *Employment Equity Act* prompted a renewal of the *Workplace Harassment* and *Violence Prevention Policy* and the *Duty to Accommodate Policy* with heightened awareness and corporate-wide training as well as a deep dive assessment of equitable remuneration.



An amplification of the FBCL commitment to diversity and inclusion, employee mental health and building a connected workplace provide further value.

Citizen protests disrupted supply chains this winter and for FBCL these triggered the highest tangible risk to bridge operations. From highway and access point disruptions, to the closure of neighboring international bridges, FBCL was in the centre of a storm. Blue Water Bridge, with no notice, was required to handle double its commercial traffic and enable the crossing of approximately 50% of Canadian land border trade. Working in tandem with all stakeholders, the challenge was not only accepted but also met with excellence. FBCL and its Blue Water Bridge enabled Canada to thrive. For just over a week, a bridge long trusted to be the redundancy in Southwestern Ontario became Canada's lifeline.

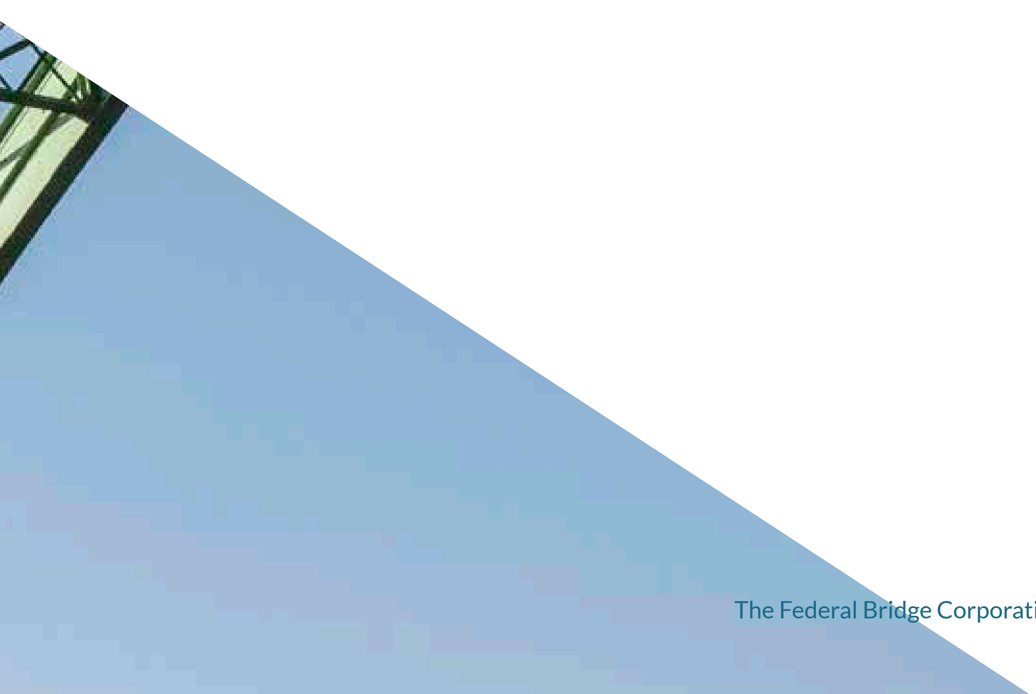
The FBCL team is persistently committed to host community engagement and meaningful Reconciliation with Indigenous Peoples. It is together that FBCL spurs individual economic well-being while promoting an inclusive social diversity that is essential for the future of Canada. Most specifically, at the Blue Water Bridge and the Seaway International Bridge, the Indigenous communities have long histories with the bridge lands and operations. FBCL and its subsidiary, the Seaway International Bridge Corporation (SIBC), continue to maintain a healthy dialogue with the Aamjiwnaang First Nation and the Mohawk Community of Akwesasne on all major projects and on various operational matters to address common matters.

As we embark on a new fiscal year, the border restrictions were partially lifted on April 1 and we continue to adjust. The path forward on mandate delivery is clear, while the financial resources to meet all requirements are less so. I am confident that the FBCL team is prepared to face these challenges. Canada can count on us.

On behalf of the FBCL team,

Natalie Kinloch

Natalie Kinloch



Corporate Profile

BACKGROUND

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

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

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

Mandate

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

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

a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;

b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and,

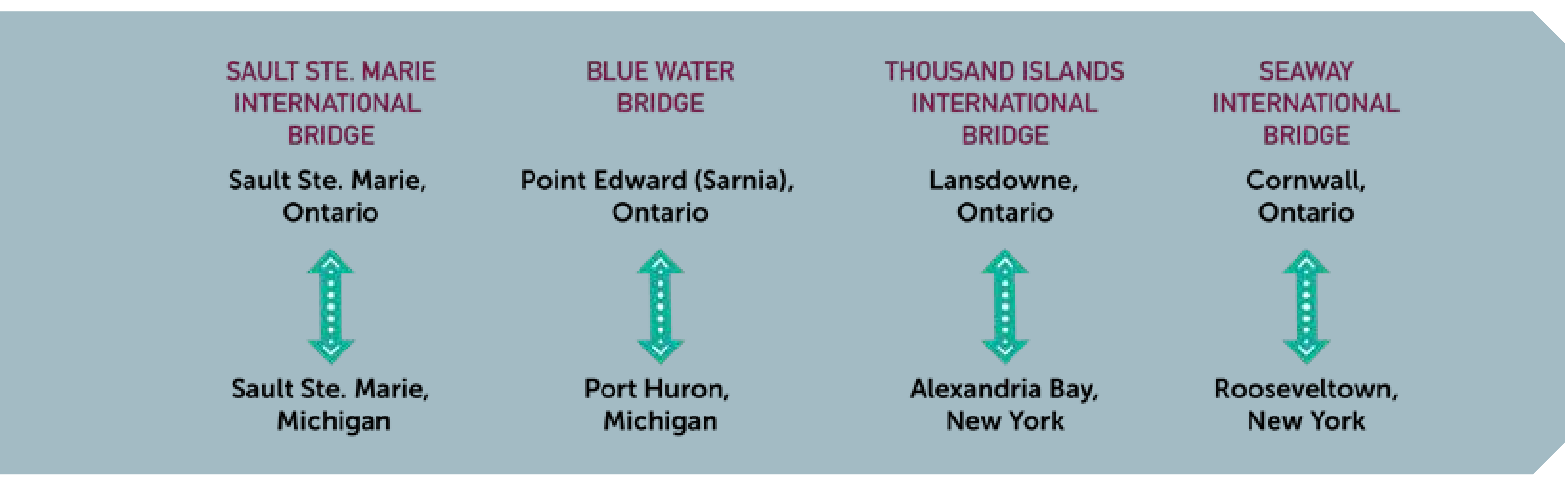
c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

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

Main Activities

In accordance with the Treasury Board Secretariat Policy on Results, FBCL's Core Responsibility statement is "Managing international bridges".

It reports to the Parliament of Canada through the Minister of Transport. The Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario and is headquartered in Ottawa, Ontario.



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

Strategic Authority

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

MISSION

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

VISION

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

PILLARS

FBCL's business processes and systems are based on five strategic pillars:

Mandate of unified bridge portfolio delivered proficiently by agile, innovative and skilled teams;

Stewardship of assets and infrastructure emphasising safety, security and asset lifecycle management;

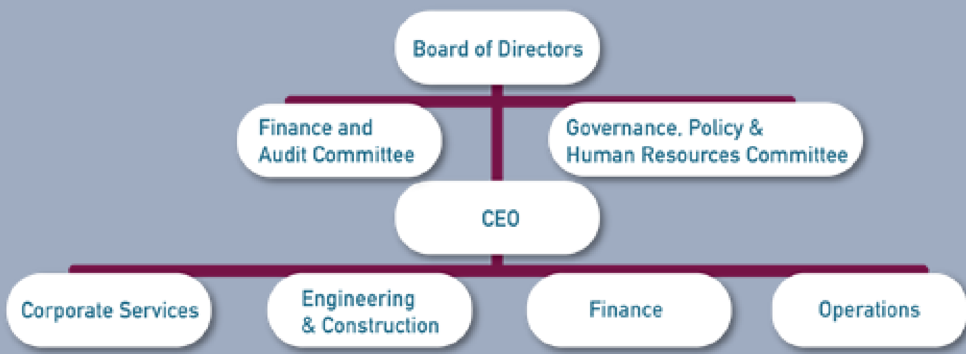
Technology adoption aligned with solid data-driven operational efficiency, limiting risk and resource expenditure;

Sustainability based on enhanced revenue, prioritised investment, toll optimisation and cost containment; and

Governance through strong corporate oversight, profound employee engagement and positive stakeholder relations.

Corporate Governance

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



Legislative authority

FBCL is a corporation constituted under the CBCA and listed in Schedule III Part I of the FAA and is an agent of Her Majesty, following the amalgamation of the predecessor corporation, also known as The Federal Bridge Corporation Limited with several other bridge corporations.

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

Public accountability

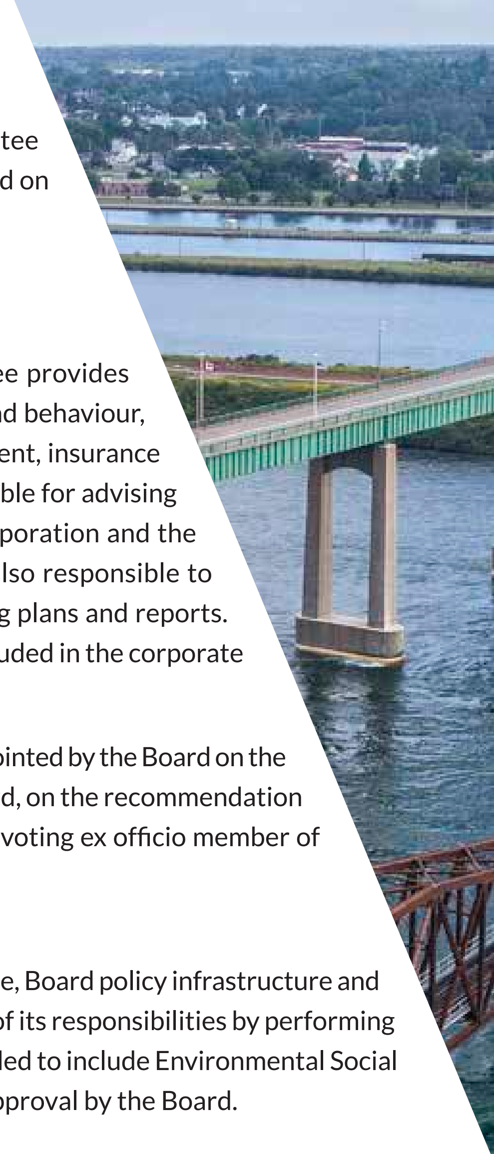
FBCL is governed by a Board of Directors that is accountable for oversight and strategic direction. The Chief Executive Officer is a member of the Board and is responsible for the day-to-day management and performance of the Corporation in addition to supporting the Board in its oversight role.

FBCL Board

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

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

The Board is currently supported in its role and responsibilities by the legally required Finance and Audit Committee as well as by a Governance, Policy and Human Resources Committee. The Board has established a Charter for each standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities. Committee membership is subject to change and presently serving committee members are listed on the Corporation's web site.



Committees

FINANCE AND AUDIT COMMITTEE

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

Membership: The Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

GOVERNANCE, POLICY AND HUMAN RESOURCES COMMITTEE

Mandate: This committee assists the Board in overseeing the Corporation's governance, Board policy infrastructure and human resources. The role of the Committee is to support the Board in the discharge of its responsibilities by performing due diligence on matters within its area of responsibility and has recently been expanded to include Environmental Social Governance matters. Its function is not to approve but make recommendations for approval by the Board.

Membership: This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

BOARD OF DIRECTORS REMUNERATION

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

The employment conditions of the Chief Executive Officer are provided by the Terms and Conditions of Employment for Full-Time Governor-in-Council Appointees. The salary range for the Chief Executive Officer position (CEO 3) is $188,500 - $221,700 (based on approved 2017-18 compensation for Crown corporation CEOs as outlined by Treasury Board). The Chief Executive Officer does not receive an annual retainer nor a per diem for attending Board meetings. The Governor-in-Council may also grant to the Chief Executive Officer performance pay of up to 15 percent of the base salary, according to the achievement of key performance objectives, as determined by the Board of Directors.

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

In 2021-22, Board members received the following reimbursements for expenses (continued on next page):

BOARD MEMBERS	Retainer Earned	Per Diems		Travel / Training Reimbursements	Total	Attendance			
						Board Meetings	Committee Meetings		Training / Recruitment
		Meetings /Travel	Training				GPHR	FAC	# of days
NOTES	a	a,b	c	d			f	g	
Pascale Daigneault - Sarnia, ON	$7,500	$7,375	$-	$1,906	$16,781	8/8	3/3	6/6	3/3
Karen Hill - Ohsweken, ON*	2,850	1,900	-	-	$4,750	4/6	1/2	-	0/1
John Lopinski - Port Colborne, ON	3,800	6,550	-	1,402	$11,752	8/8	3/3	6/6	1/1
Marie-Jacqueline Saint-Fleur - Montreal, QC	3,800	5,425	-	204	$9,429	7/8	-	6/6	1/1
Travis Seymour - Ottawa, ON	3,800	5,800	300	-	$9,900	8/8	2/2	5/5	3/3
Rakesh Shreewastav - Toronto, ON	3,800	5,500	300	2,678	$12,278	8/8	2/2	3/3	2/2
Natalie Kinloch (Note e) - Apple Hill, ON	n/a	n/a	n/a	n/a	$-	8/8			
Total	$25,550	$32,550	$600	$6,190	$64,890				

* Resigned on December 31, 2021

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

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

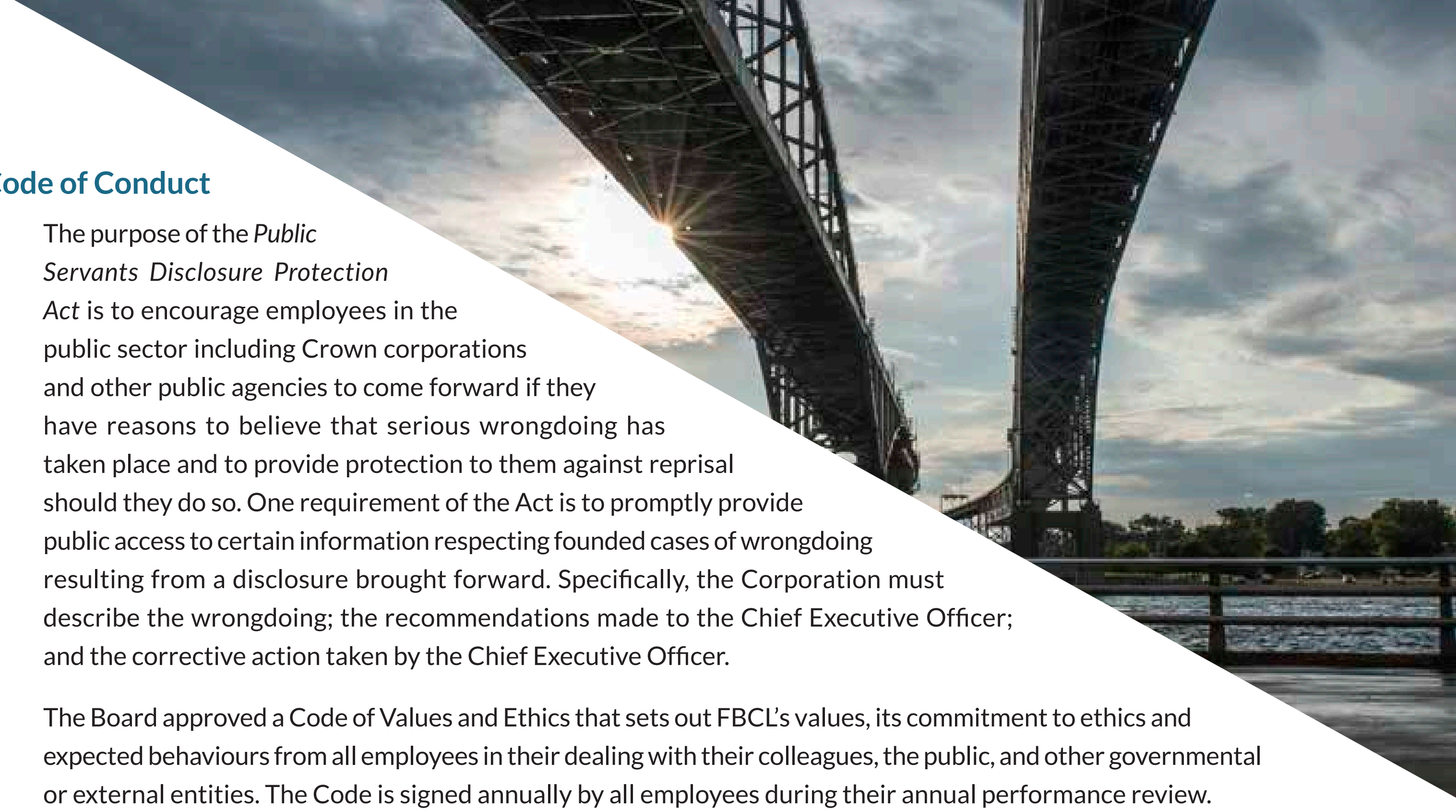
c. Per diems for training and conference attendance are paid in accordance with the equivalent rates applicable per Privy Council Orders 2015-81 and 2015-84.

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

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

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

g. FAC stands for Finance and Audit Committee.



Code of Conduct

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

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

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

Audit Regime

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

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

Special Examination

FBCL welcomed the findings of a 2022 special examination by the OAG.

The main objective of the audit was to determine whether the systems and practices at FBCL were providing it with reasonable assurance that the Corporation's assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively, as required by section 138 of the FAA. The FAA requires Crown corporations to undergo a special examination of their systems and practices at least once every 10 years.

In its report, the OAG concluded that they found no significant deficiencies for FBCL and that the corporation manages its bridge assets and operations well. The audit covered topics such as corporate governance, strategic planning, corporate risk management practices, management of bridge assets and bridge operations of the company.

The report is a strong report card for FBCL's corporate management practices and management of bridge assets and operations. These findings are even more important as the OAG completed its Special Examination works at the height of the corporation's pandemic response and in the midst of continuous adaptation to a volatile business environment.

Business and Performance

Portfolio Management

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

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

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

At an Overarching Corporate Level

As defined in the 2021 Speech from the Throne, the Government of Canada's priorities are focused on getting the pandemic under control; grow a more resilient economy; protecting the environment, supporting law enforcement, and continuing promoting diversity and inclusion including moving faster on the path of Indigenous reconciliation. The Minister of Transport has issued a new mandate letter to the Corporation on July 14, 2021.

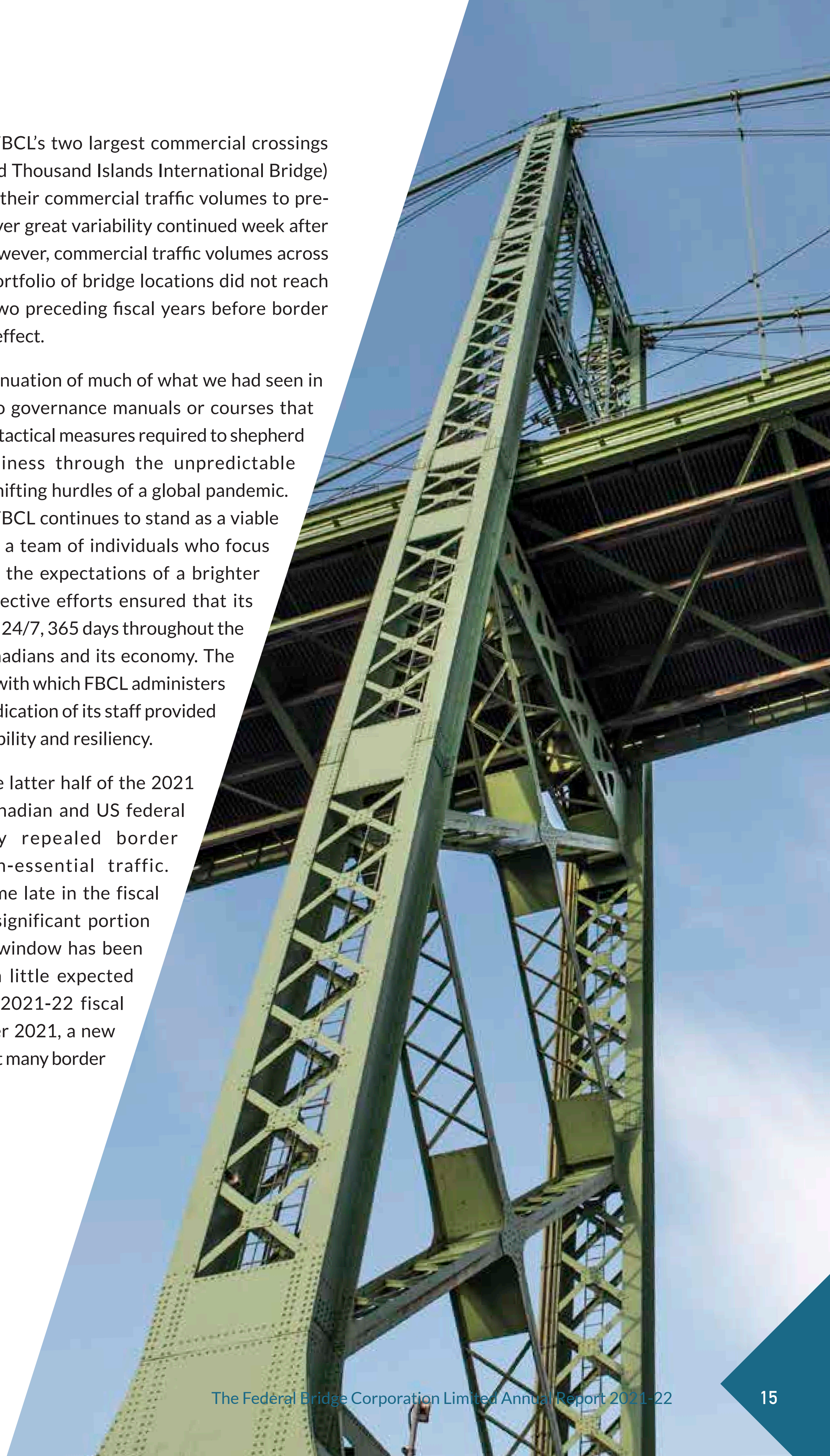
PANDEMIC IMPACT

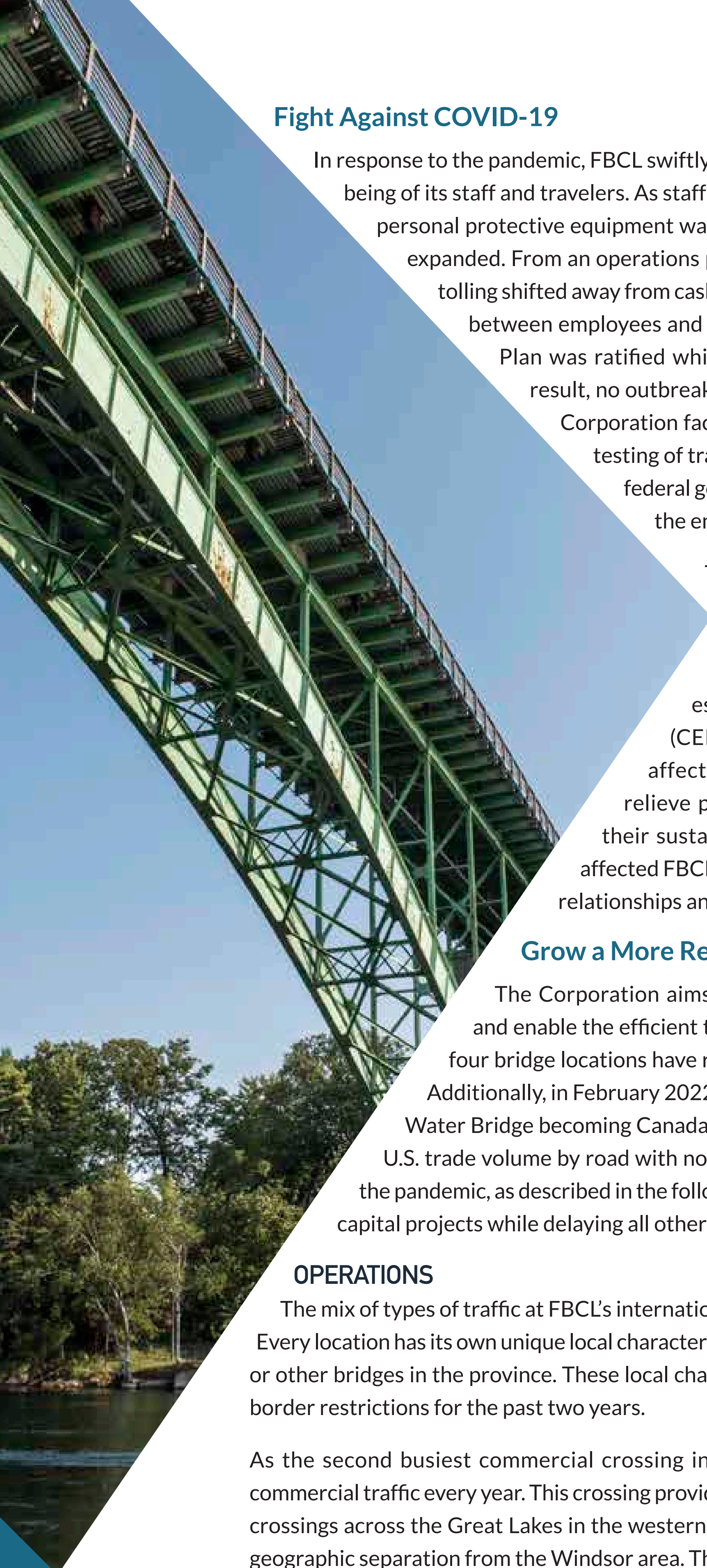
From the onset of the pandemic in March 2020, border restrictions came into effect. FBCL's primary revenue source, tolling, was decimated. The corporation was able to draw upon reserves in order to see itself through the immediate devastating impacts and ensure continuity of bridge operations at all four locations. These impacts were as drastic as up to 97% loss of passenger traffic volume at some bridge locations, and up to 60% loss of commercial traffic volume.

By late Fall of 2020, FBCL's two largest commercial crossings (Blue Water Bridge and Thousand Islands International Bridge) had largely recovered their commercial traffic volumes to pre-pandemic times, however great variability continued week after week. In aggregate, however, commercial traffic volumes across the whole of FBCL's portfolio of bridge locations did not reach normal levels of the two preceding fiscal years before border restrictions came into effect.

2021-22 was the continuation of much of what we had seen in 2020-21. There are no governance manuals or courses that detail the strategic and tactical measures required to shepherd an international business through the unpredictable constraints and ever shifting hurdles of a global pandemic. Over two years later, FBCL continues to stand as a viable corporation, featuring a team of individuals who focus on doing their best in the expectations of a brighter tomorrow. FBCL's collective efforts ensured that its bridges remained open 24/7, 365 days throughout the year in support of Canadians and its economy. The overarching prudence with which FBCL administers its business and the dedication of its staff provided a foundation of adaptability and resiliency.

Over the course of the latter half of the 2021 calendar year, the Canadian and US federal governments slowly repealed border restrictions for non-essential traffic. However, changes came late in the fiscal year when the most significant portion of the tourism travel window has been foregone, resulting in little expected overall effect on the 2021-22 fiscal year. By mid-December 2021, a new pandemic wave brought many border restrictions back.





Fight Against COVID-19

In response to the pandemic, FBCL swiftly implemented a spectrum of measures to protect the well-being of its staff and travelers. As staff shifts were staggered to allow for better social distancing, personal protective equipment was distributed and sanitising methods and resourcing were expanded. From an operations perspective, many clear plastic barriers were erected and tolling shifted away from cash towards forms of payment that would limit the exchanges between employees and customers. A Business Continuity and Disaster Recovery Plan was ratified while all security and emergency plans were updated. As a result, no outbreaks occurred within FBCL's operational premises. Later, the Corporation facilitated the Government of Canada's deployment of rapid testing of travelers at two of its locations and aligned its policies to the federal government requiring mandatory COVID-19 vaccination for the entire workforce.

The Corporation has continued to build on its positive tactical relationships nationally and regionally with government partners, in addition to ongoing strategic collaboration with Transport Canada. Prior to establishment of the Canada Emergency Rent Assistance (CERA) program, FBCL had already reached out to tenants affected by border restrictions to facilitate mechanisms to relieve payment pressure from lease agreements and to ensure their sustainability and continued operations. While these actions affected FBCL revenues, they have resulted in strengthened commercial relationships and goodwill.

Grow a More Resilient Economy

The Corporation aims to maintain safe and secure international trade routes and enable the efficient transit of people and goods. Throughout the pandemic, all four bridge locations have remained opened 24 hours per day – seven days per week. Additionally, in February 2022 disruptions at other border crossings resulted in the Blue Water Bridge becoming Canada's trade lifeline by absorbing nearly 50 percent of Canada-U.S. trade volume by road with no notice. In addition to maintaining operations throughout the pandemic, as described in the following paragraphs, the Corporation has invested into critical capital projects while delaying all other capital projects.

OPERATIONS

The mix of types of traffic at FBCL's international crossings are as varied as the types of bridges at FBCL. Every location has its own unique local characteristics that set it apart from other bridges in FBCL's portfolio, or other bridges in the province. These local characteristics have been highlighted and exacerbated by the border restrictions for the past two years.

As the second busiest commercial crossing in the province, the Blue Water Bridge relies heavily on commercial traffic every year. This crossing provides Canada with a strong alternative for commercial border crossings across the Great Lakes in the western part of the province, and a required alternative due to its geographic separation from the Windsor area. The connectivity on both sides of the international border to major highways at this location helps to not only move goods and freight between the two countries, but also provides a popular crossing for passenger traffic made up primarily of cross-border tourists. All of this crossing's resources and stakeholder collaboration were required in February 2022 as one week of protests disrupted trade routes resulting in nearly 50% of Canada's import and exports handled by land to be processed at this location. This situation was managed with the best possible means and outcome thanks to the collaborative relationship with all levels of law enforcement.

In the eastern part of the province, the Thousand Islands International Bridge also benefits from the strongest commercial traffic volumes among bridges in the area. This is not only due to the major highway connectivity on both sides of the border, but also from significant recent investments in border customs facilities by both the Canadian and U.S. federal governments. Passenger traffic at this location has a strong base of local traffic who live in and around the Thousand Islands, but is also supported by strong amount of seasonal tourism in the area and expands the use of the crossing as a gateway either into New York state, or Eastern Ontario.

Both crossings in Sault Ste. Marie and Cornwall (the Seaway International Bridge) operate in much different environments than the other two crossings. While there is a small base of local commercial traffic (less than 10% of usual total traffic) that use these border crossings, they both highly dependent upon the local passenger traffic of the cross-border communities. A further nuance of the Seaway International Bridge crossing is the Crown-mandated free passage obligation afforded to the Indigenous community here. This normally accounts for up to 70% of traffic not paying any toll for this crossing. This has risen to 90% during the pandemic.

CAPITAL INITIATIVES

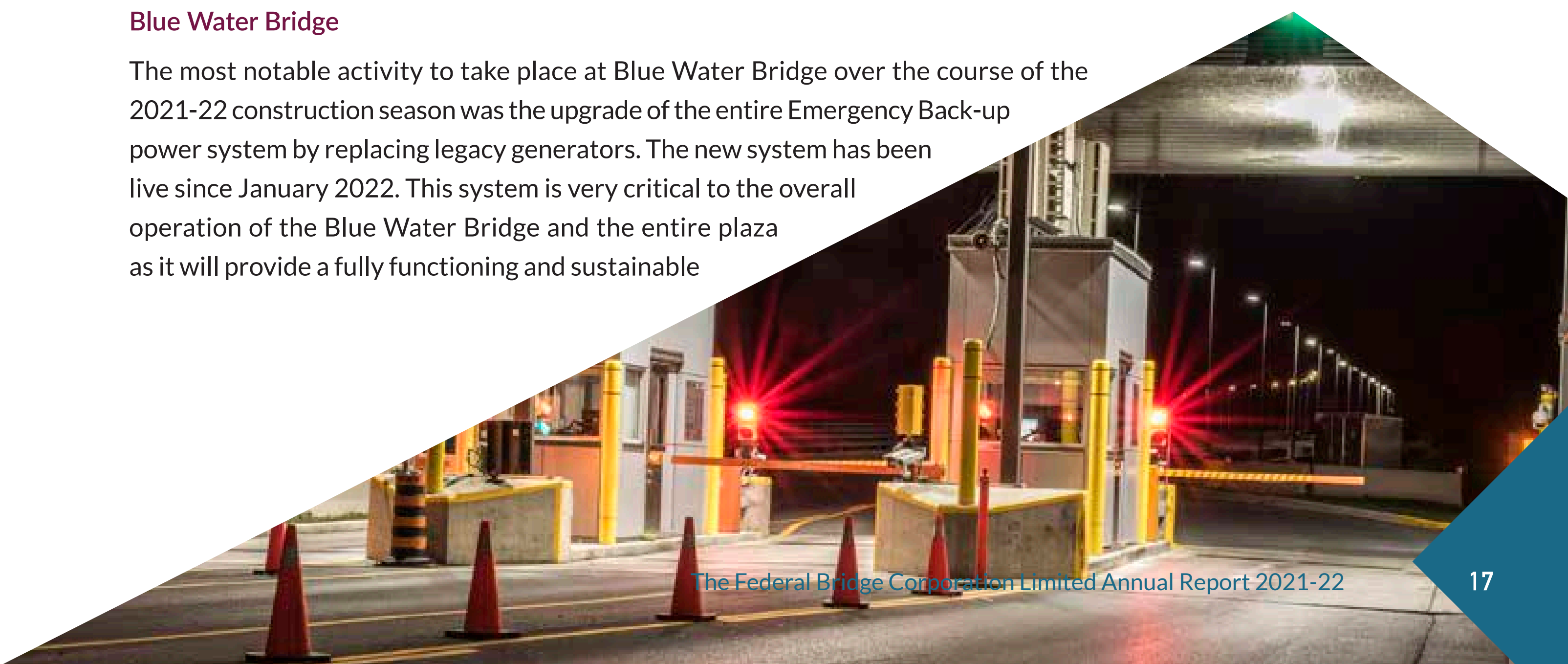
As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and at times, complete full or partial replacement of bridge and bridge plaza assets. Annual bridge inspections for all four crossings generated favourable results. All bridges were determined to be in fair to good overall condition, with some recommendations for regular maintenance, specific works, and future capital projects. The bridge inspection reports were submitted to Transport Canada in accordance with the *International Bridges and Tunnels Act* (IBTA) reporting requirements. Notable projects by bridge location include:

Sault Ste. Marie International Bridge

Regular bridge and facilities maintenance were carried out. A number of improvements to the Sault Ste. Marie International Bridge and Canadian Plaza security systems components including related assets were also completed. This includes adding upgraded high definition camera coverage under Canadian spans as recommended by Transport Canada during previous site security reviews, increasing CCTV camera central image server storage capacities, expanding data retention capacity and the replacement and modernisation of existing camera equipment beyond their end of life cycle.

Blue Water Bridge

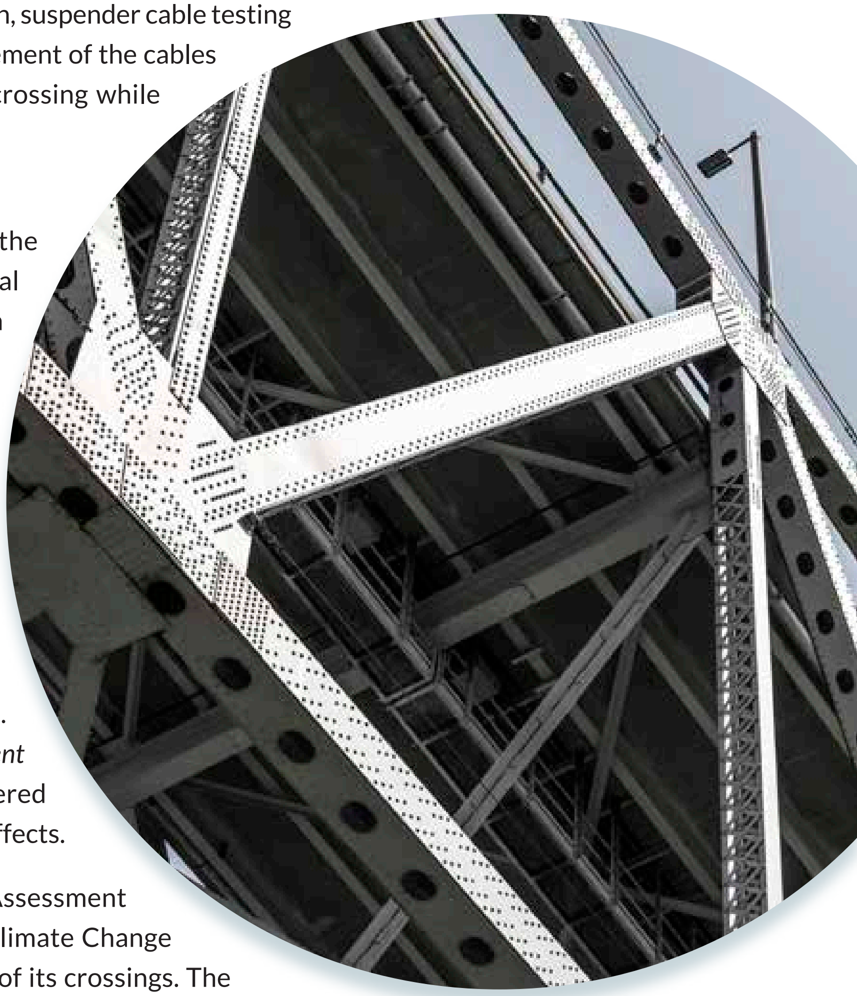
The most notable activity to take place at Blue Water Bridge over the course of the 2021-22 construction season was the upgrade of the entire Emergency Back-up power system by replacing legacy generators. The new system has been live since January 2022. This system is very critical to the overall operation of the Blue Water Bridge and the entire plaza as it will provide a fully functioning and sustainable



emergency back-up power system. In addition, modernisation of the security and traffic CCTV camera system was substantially completed. This modernisation will increase the effectiveness of the Security Operation Centre including security of the Blue Water Bridge site and support the situational awareness for Operations and Maintenance teams while improving their abilities to respond to the changing conditions and traffic.

Thousand Islands International Bridge

Following the completion of recent major renewal activities, efforts have shifted to regular bridge and facilities maintenance activities. In addition, suspender cable testing was carried out in order to plan for proactive replacement of the cables that will prolong the viable operational life of the crossing while reviewing maintenance facilities for future needs.



Seaway International Bridge

Regular bridge and facilities maintenance remain the primary ongoing focus for the Seaway International Bridge. In this context, a $3.9M project to replace a mobile traveler maintenance platform under the South Channel Bridge was substantially completed in March 2022.

Protecting the Environment

FBCL maintained its commitment to conducting its operations in a responsible and sustainable manner that safeguards and, where feasible and practicable, promotes continual improvement of the environment to its employees, customers and community partners. In accordance with section 82 of the *Impact Assessment Act*, all projects implemented by FBCL were considered unlikely to cause significant adverse environmental effects.

With support from the Transportation Asset Risk Assessment (TARA) Program, FBCL completed a Weather and Climate Change Risk Assessment and Impact Analysis study at each of its crossings. The assessment examined the current conditions and future projected weather and climactic patterns affecting FBCL bridges, roadways, buildings and other assets and infrastructure as well as delivered a detailed analysis and interpretation of risk areas. The effects of weather and climate change on the relationship and interactions FBCL has with its customers was also evaluated providing the corporation with baseline data to adequately mitigate risk.

The Corporation is shifting to align with the concept of Environmental, Social and corporate Governance (ESG). As a public entity, the Corporation has already incorporated many key ESG themes in its strategy, operations and reporting throughout the year although not labelled as such.

Promoting Diversity (Including Moving Faster on the Path of Indigenous Reconciliation)

The Government is committed to addressing systemic inequities and disparities that remain in our workforce and institutions. It will collaborate with various communities, and actively seek out and incorporate the diverse views of Canadians. This includes women, Indigenous Peoples, Black and racialised Canadians, newcomers, faith-based communities, persons with disabilities, LGBTQ2 Canadians, and in both official languages. The Government remains committed to ensuring that public policies are informed and developed through an intersectional lens, including applying frameworks such as Gender-based Analysis Plus (GBA Plus) and the quality of life indicators in decision-making.

FBCL's staff volume is too low for a statistically significant analysis of any of its employment parameters. While not driven by specific employment targets, FBCL benefits from a broadly diverse workforce. FBCL is a model employer in a number of notable employment categories including but not limited to gender and linguistic diversity of both staff and Board of Directors. More specifically, bilingualism is actively used at work, there is very visible and equitable representation from women in positions of authority; and other diversity factors such as age, disabilities, ethnicity (including Indigenous peoples) and cultural background are well represented.

WORKPLACE DEMOGRAPHICS	FBCL (2021)	SIBC (2021)	FEDERAL PUBLIC SERVICE (2020)
Board of Directors			
Designated groups	85%	38%	n/a
Location			
Employees in regions	84 %	100 %	58 %
National Capital Region	16 %	0 %	42%
Employment status			
Full-time	84 %	68 %	83 %
Part-time	14 %	32 %	11 %
Gender			
Employee Women	47 %	50 %	55 %
Executive Women	20 %	0 %	50 %
Leadership Women	35 %	33 %	Not currently reported
Official Language			
Indicate English as first language	88%	87 %	71 %
Indicate French as first language	12 %	13 %	29 %

FBCL promotes a healthy and respectful workplace that is intrinsically tied to diversity and inclusion. Instilling such a culture requires acceptance and participation by all employees at all levels. FBCL supports its employees in the achievement of related objectives through multiple methods. The 'tone from the top' sets clear expectations that behaviour inconsistent with FBCL's culture is not tolerated. This direction is reinforced by corporate policies concerning behaviour and conduct in the workplace, such as harassment prevention, workplace violence prevention, values and ethics, and internal dialogue on topics such as mental health and wellness. Furthermore, FBCL is also undertaking a comprehensive review and enhancement of its health and safety program in alignment with its culture.

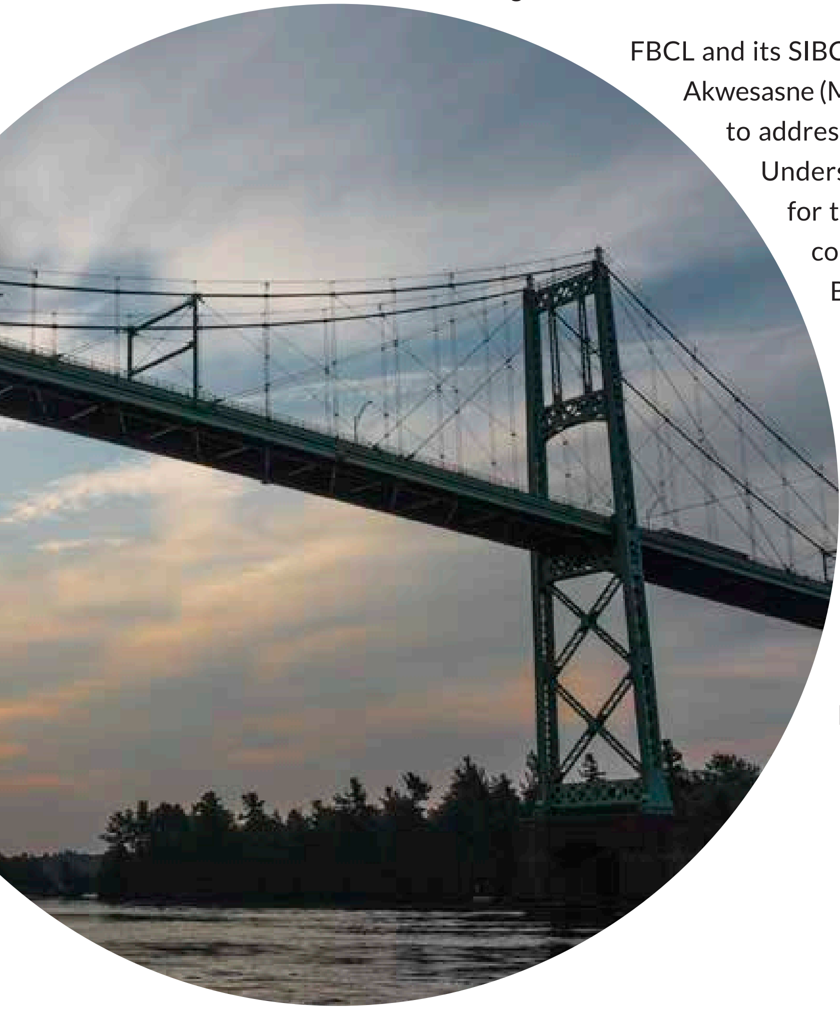
FBCL's operational facilities comply with the accessibility legislation, building codes and similar requirements in effect within their local footprints. FBCL endeavours to monitor the continued accessibility of its facilities, as is relevant to each intended purpose, with an aim to improve accessibility to staff, external stakeholders and customers when and where required.

This year, Canadians were horrified by the discovery of unmarked graves and burial sites near former residential schools. The Government has identified its duty to work collectively and for Canadians as individuals to work the path of reconciliation with First Nations, Inuit and Métis Peoples. The government indicated its intent to implement the United Nations Declaration on the Rights of Indigenous Peoples and to work in partnership with Indigenous Peoples to advance their rights.

Through community engagement with regional Indigenous groups, FBCL spurs individual economic well-being and promotes an inclusive social diversity that is essential for the future of Canada. This community collaboration also supports environmental protection of the lands and waterways adjoining bridge facilities.

In Point Edward, the Blue Water Bridge resides in an area of significant historical importance for the Aamjiwnaang First Nation. A Memorandum of Understanding is in place with this community that reflects a common respect of the region's history and establishes a protocol of consultation for certain projects and a partnership when Indigenous discoveries are made. Ongoing dialogue with Aamjiwnaang First Nation leadership on current issues permit a respectful and cohesive relationship.

In Cornwall, there are historical agreements in place, varying interpretations of acquired rights and a land claim over the original expropriation of Akwesasne Reserve land for the construction of the crossing and other components of the Saint Lawrence Seaway. Notable within these land claims is a request for the transfer of as much territory as possible to Indigenous control. FBCL is actively engaged in its support for the Crown's efforts to establish a definitive settlement agreement with the Mohawk Council of Akwesasne regarding its land claims.



FBCL and its SIBC subsidiary maintain dialogue with the Mohawk Council of Akwesasne (MCA) on all major projects and on various operational matters to address identified issues. The Corporation has a memorandum of Understanding in place with MCA for its projects that provides for the inclusion of minimum works to be executed by Mohawk contractors and workers. FBCL, and its Seaway International Bridge Corporation Limited (SIBC) subsidiary in Cornwall, has a long history of positive contribution to its local community as a reliable source of employment for members of the local Indigenous community.

In Cornwall, Crown-mandated free passage for members of the Mohawk community represented some 90% of all traffic valued at $6.5M in this fiscal year (70% pre-pandemic). These factors combined with local economic factors, results in the Cornwall location not being financially self-sufficient and requiring government support to maintain bridge operations.

Risk Management

The enterprise risk management process at FBCL is comprised of four main components:

- the Corporate Risk Profile;
- the Corporate Risk Appetite Statement Framework;
- the Corporate Risk Registry; and,
- a three-year risk based audit plan.

FBCL considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, its committees, the Chief Executive Officer, and all employees are accountable for managing risk within their area of responsibility. Risk management policies ensure a consistent, comprehensive and enterprise-wide risk management approach that is integrated into planning, decision-making and operational processes.

The Board is accountable with the Chief Executive Officer for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- Provides direction on risk management, including risk tolerance;
- Provides corporate leadership on risk management and responsibility for strategic risks in the Corporate Risk Profile;
- Ensures that the key risks have been identified and that appropriate systems and resources to manage these risks have been put in place;
- Ensures that information systems and management practices meet corporate needs and give the Board confidence in the integrity of information produced; and
- Communicates high residual risks to the Minister of Transport.

The Board of Directors has adopted the following risk profile and tolerance matrix that has been adapted from the commonly recognised Paisley Consulting Governance, Risk and Compliance assessment methodology.

		LIKELIHOOD What's the chance of the risk occurring?				
CONSEQUENCE How severe could the outcomes be?		**Rare** 1	**Unlikely** 2	**Moderate** 3	**Likely** 4	**Almost Certain** 5
	Severe 5	**5** Moderate	**10** Major	**15** High	**20** Severe	**25** Severe
	High 4	**4** Moderate	**8** Moderate	**12** Major	**4** High	**20** Severe
	Major 3	**3** Low	**6** Moderate	**9** Moderate	**12** Major	**3** High
	Moderate 2	**2** Low	**4** Low	**6** Moderate	**8** Moderate	**10** Major
	Rare 1	**1** Low	**2** Low	**3** Low	**4** Moderate	**5** Moderate

▼: Critical ▲: High ■: Medium ●: Low ↔: Stable ↑: Increasing Risk ↓: Declining Risk

	Risk Description		Mitigations Strategies
Financial Sustainability	Risk that financial instability may occur, due to a significant reduction in revenue generation, unexpected expenditures or mismanagement.	▲↑	Active monitoring of expenditures to budget, prioritisation and review of spending. Managing corporate financial sustainability in context of the COVID-19 pandemic and SIBC on-going viability; On-going debt management; Full consideration of other revenue opportunities; Continuity of work with Transport Canada on developing options to deal with long-term Crown mandated free passage impacting SIBC viability.
Public and Asset Security	Risk that bridge security may be compromised due to intentional acts such as terrorism, protests, vandalism, and criminal activities. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	▲↔	Close monitoring of special interest groups, their communications and media reports; Ongoing monitoring of First Nations issues and port running at SIBC. FBCL's international bridges security plans in place. Maintaining excellent communication protocols between FBCL, bridge operators, partners and local police forces; MOUs with Transport Canada, as per International Bridges and Tunnels Act (IBTA) security measures;
Cybersecurity	Risk that technology security compromises may occur, due to human error, unintentional consequences, equipment failure, natural disasters and deliberate attacks.	■↔	Complete revision of cybersecurity program to be deployed and satisfying most up to date recommendations; Onboarding and training staff members with a special focus on security prevention; System documentation and IT plans provide an appropriate level of quality assurance; Infrastructure design and deployed based on best practices.
Technology	Risk that technology systems may be inadequate, antiquated, poorly designed, and inferior may occur, due to lack of planning, insufficient investment, lack of IT skills and poor business decisions.	■↓	Continuous hardware and software updates as part of a life cycle management program; New toll collection system being deployed to support requirements; Monitor and ensure appropriate testing and release management are maintained; Introduction of a clear change management program; Accesses are audited and managed as per internal control policies;
Organisational	Risk that organisational threats may occur, due to a transition in executive leadership, underlying management and labour performance difficulties.	■↔	Managing corporate financial sustainability in context of COVID-19 pandemic and SIBC on-going viability with partner, Great Lakes Seaway Development Corporation (GLS); Maintaining key policies in place including financial delegation, banking, investments, procurement, code of values and ethics, risk management, etc.; Ensuring normal staffing procedures in conjunction with succession planning processes will fill voids.

	Risk Description		Mitigations Strategies
Fraud	Risk that fraud and corruption are committed due to intentional act(s) by one or more individual employees that could lead to the loss of public funds or property.	■ ↓	Blue Water Bridge and Cornwall have security cameras in toll booths; In-depth internal controls for cross-balancing and minimisation of cash transactions; New proposed conflict of interest procedures with additional attestation to the Board.
Public Safety	Risk that compromised public safety instances may occur, due to accidents, incidents, natural disasters or workplace injuries.	■ ↔	Active COVID-19 protocols and policies in all FBCL facilities; Controlling risks to personnel during COVID-19 pandemic Emergency Action Plans in place (i.e. fire, medical and other first responders); Employee Safety training, Health and Safety Coordinator and Committee on staff; Continuous update of Emergency Action Plans; Continuous employee training and awareness sessions.
Workforce Management	Risk that workforce management issues may occur, due to labour disruption, insufficient human resources, a lack of skilled employees, the development of a toxic workplace environment and the lack of an appropriate compensation structure.	●	FBCL has contingency plans to maintain the safe and secure operation of the bridge in the event of a labour disruption.
Partnerships / Stakeholders	Risk that actions by partners and stakeholders may occur, due to environmental factors and business decisions.	●	Active engagement strategy with key stakeholders and border partners.
Reputation	Risk that negative public perception of the Corporation may occur, due to the inability to foster a positive and productive relationships with neighbouring communities, stakeholders and the public.	●	Execution of Community ConneXion charitable outreach activities to build positive local engagement; Active media engagement strategy including regular bridge facilities tours; Active stakeholder engagement with border partners;
Infrastructure	Risk that compromised bridge safety (asset integrity) instances may occur, due to accidents, incidents, natural disasters or maintenance failures.	●	Detailed maintenance and repair programs are developed for each location based on cyclical inspection reports to ensure appropriate planning, resource allocation and delivery. Full compliance with bridge inspections requirements.
Environmental, Social, and Governance	Risk that FBCL does not manage matters related to environmental and social sustainability development, including risks related to climate change.	● ↑	Board of Directors and Senior Management Team are drafting first steps in the overall ESG framework.

Corporate Services

Corporate Services comprises all of the internal business-management functions of the Corporation. These services include IT support, information management, finance, security, human resources, legal services, communications, audit, and corporate risk management. Each of these functions are essential facilitators to the continued success of our operations.

By continuing to drive internal efficiencies, the Corporation continues to focus on its core mandate in support of all Canadians. This includes the continued investments in technology with an extensive focus on server and networking infrastructure and delivery of new digital tools, the most important being the conversion to continuous and secure accessibility to corporate resources by remote workers who continue to represent 30% of the workforce as well as upgrades to the financial management systems. The enhanced and integrated Human Resources, payroll and time management system that was implemented before the pandemic continues to be an invaluable asset considering how the workforce and recruiting has changed since the pandemic began. This provides a way for recruitment of permanent and part time roles, and scheduling staff without the need for close physical interactions.

A health and safety study was conducted in 2019 and a project was undertaken shortly thereafter to create a corporate wide policy program and standards. This is a three year project that progressed well throughout the 2021-22 year. The full project is expected to be completed in 2022. This is deemed critical to the continuing corporate success and complements the Corporation's emphasis on the promotion of mental health and wellness as well as providing a safe and secure work environment for our employees.

In support of the compliance and growth of the workforce, efforts have been expended to develop an employee learning and self-training portal.

Additionally, in early 2022, the corporation conducted an employee engagement and satisfaction survey to generally favourable outcomes that were consistent with the prior evaluation cycle.

FBCL Employee Engagement Survey Results

2019-2022 Notable Summaries of Perceptions

	2019/2020	2020/2021	2021/2022
Participation	88%	66%	97%
Valued	82%	81%	90%
Direct Manager	72%	N/A	83%
Diversity	86%	80%	86%
Engagement	86%	90%	91%
Pride	92%	90%	90%

Performance Assessment

MAJOR OBJECTIVE	ACTIVITIES	EXPECTED RESULTS	PERFORMANCE MEASURES	STATUS
PEOPLE	Attract and retain skills and experience	Diverse pool of skill sets	Skills map gap action plan and execution progress	**On target** Full staffing and retention of key functional domains
	Employee development	Healthy and respectful workplace	Plan implemented and execution progress	**On target** Training program compliance
	Employee engagement	Labour goodwill	Increasing scores in employee satisfaction surveys	**On target** Positive survey results and input comparable to prior year
	Labour	Labour goodwill	Renewed collective bargaining agreement established	**Completed** Collective agreement in place to November 2023
	Community engagement	Positive organisational reputation	Activities and partnerships with local community groups	**On target** Staff involvement in donations and continued charitable activities
ASSETS	Asset Management Program Development	Asset management system in place	Core of asset planning and budgets defined by asset management program	**Progressing** Significant advancement and targeted evaluations proceeding.
	Identification of potential climatic deficiencies that could disrupt long term growth	Climate resiliency	Development of climate impact action plan and progress of its action items	**Completed** Actionable climate impact assessment report
	Blue Water Bridge Master Plan	Definition of future course of action for site	Plan completed and execution progress	**Completed** Plan finalised with stakeholder concurrence

MAJOR OBJECTIVE	ACTIVITIES	EXPECTED RESULTS	PERFORMANCE MEASURES	STATUS
SUSTAINABILITY	Corporate Financial Sustainability	- Corporate survival during pandemic after exhaustion of internal cash reserves - Establishment of a lasting mechanism for compensation for the publicly imposed duties resulting from toll-exempt, Indigenous crossings and to maintain the solvency of subsidiary SIBC	Progress on funding frameworks	**Progressing** Continued, funded operations for SIBC and funded capital secured through 2022-23 to 2024-25.
	Toll Rate Strategies	Continued fiscal stability and operational funding	Revenue sufficiency, traffic trends and market shares	**Not achieved** Pandemic impact significantly reduced toll revenue despite successful toll rate strategy
	Improve toll collection management	Modernised toll management and payment collection systems	-Implementation of systems and/or revised vehicle classification -Possible partnerships with tolling entities	**On target** Deployment of new tolling system is being developed and is scheduled to go live by end of the 2022 calendar year
	Maintain or increase customer amenities and services	In-demand services available at FBCL bridges	Increase in lease and other diversified non-toll revenues	**Not achieved** Primary tenants highly affected by pandemic traffic loss necessitating support in rent relief
TECHNOLOGY	Real-time predictive traffic analysis	Improved staff and activity scheduling	Deployment of consolidated data aggregation and analysis solution	**Progressing** Dependency on Toll Collection System data reliability assessment in progress
	Technology master plan	Course of action for direction of technological assets	Plan completed and execution progress	**Completed** Five year technology master plan has been approved
	Customer-oriented data mining	Data driven decision-making and promotional campaigning	Core of operational and marketing activities defined by data analytics	**Progressing** Dependency on Toll Collection System data reliability
	Data Integrity	Secure data	Absence of data breaches	**On target** Secure, protected data

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) outlines FBCL's financial results and operational changes for the year ended March 31, 2022. This MD&A should be read in conjunction with FBCL's audited annual consolidated financial statements and accompanying notes for the year ended March 31, 2022. The consolidated financial statements and notes have been prepared in accordance with IFRS and are expressed in thousands of Canadian dollars. All information is current as of June 24, 2022.

Forward-looking statements

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

Materiality

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

Financial Highlights 2021-22 at a glance

REVENUE 2021-22: $31,627 2020-21: $27,240 TOTAL INCREASE $4,387 (16%) PRE-PANDEMIC COMPARISON 2021-22: $31,627 2019-20: $43,106 TOTAL DECREASE $11,479 (27%)	From March 2020 to August 2021, the Canada-US border was closed to all non-essential traffic. Starting August 2021, fully vaccinated Americans were permitted to enter into Canada, with specific conditions, and the U.S. Government reciprocated in November 2021. The stipulations for crossing the border constantly evolved for the remainder of the fiscal year resulting in much uncertainty for travelers. The Corporation's bridges experienced a direct correlation between changes in border restrictions and passenger traffic volumes and thus revenue. The border restrictions to non-essential travel do not directly impact the cross-border movement of commercial vehicles. However, the evolving border restrictions and closures imposed on various manufacturing and retail facilities impacts the demand for goods and their movement. Further, in February 20222, the Blue Water Bridge accommodated redirected commercial traffic due to approximately one-week of protest disturbances at the neighbouring Ambassador Bridge. This year's passenger traffic volume is still 75% lower than pre-pandemic, whereas in 2020-21 it was 85% lower. Commercial traffic volumes are in the normal range.
GOVERNMENT FUNDING 2021-22: $9,150 2020-21: $6,035 PRE-PANDEMIC COMPARISON 2021-22: $9,150 2019-20: $NIL TOTAL INCREASE $9,150 (100%)	In response to border restrictions imposed to limit the spread of COVID-19, the Corporation was eligible for emergency government funding up to $18,497 (2021: $9,432) to cover critical revenues shortfalls and for necessary capital asset acquisitions. This funding was withdrawn only as necessary and as reconciled to FBCL's Amended 2020-25 Corporate Plan amongst other conditions. With the lifting of border restrictions and other events such as the closure of the Ambassador Bridge, toll revenues were higher than previously budgeted. Consequently, a limited amount of $8,730 was received by the Corporation during the year for operations and $400 for capital acquisitions.

EXPENSES 2021-22: $48,155 2020-21: $49,430 (RESTATED) TOTAL DECREASE $1,275 (2.6%) PRE-PANDEMIC COMPARISON 2021-22: $48,155 2019-20: $48,625 TOTAL DECREASE $470 (1.0%)	As noted above, emergency government funding was obtained in the last two fiscal years. At the onset of the pandemic, the Corporation reviewed all of its expenditures in order to only incur costs that were critical to the daily operations and postpone any costs that could be delayed to future years. Consequently, expenses for the current and prior year are consistent as they represent the minimal costs required to operate the portfolio of four international bridges and meet legislative facilities requirements for CBSA and CFIA. The primary decrease in expenditures is due to lesser interest expense due to bonds payable principal value being reduced annually.

Analysis of Financial Results

CONSOLIDATED STATEMENT OF OPERATIONS

The following section provides information on key variances within the Consolidated Statement of Comprehensive Income (Loss) for 2021-22 compared to 2020-21:

Consolidated Statement of Comprehensive Income ($000's)	March 31 2022	March 31 2021 (Restated)	Variance favourable (unfavourable)	
	$	$	$	%
Tolls and services and Thousand Islands International Bridge revenue	**29,530**	24,213	5,317	22.0%
Leases and permits	**1,871**	1,378	493	35.8%
Other (interest, gain on investments, other)	**226**	1,649	(1,423)	-86.3%
Total revenue	**31,627**	**27,240**	**4,387**	16.1%
Operations	**9,392**	8,926	(466)	-5.2%
Thousand Islands International Bridge expense	**5,336**	5,455	119	2.2%
Maintenance	**14,127**	15,102	975	6.5%
CBSA & CFIA operations	**7,935**	7,827	(108)	-1.4%
Administration	**7,533**	7,523	(10)	-0.1%
Additional funding of SIBC operations	**834**	1,169	335	28.7%
Total expenses	**45,157**	**46,002**	**845**	1.8%
Operating loss before government funding and interest	**(13,530)**	**(18,762)**	**5,232**	-27.9%
Government funding	**14,597**	7,400	7,197	97.3%
Interest expense	**(2,998)**	(3,428)	430	-12.5%
Net loss	**(1,931)**	**(14,790)**	**12,859**	-86%
Other comprehensive income				
Actuarial gain (loss)	**924**	(702)	1,626	-231.6%
Investment revaluations gain	**20**	(559)	579	-103.6%
Total comprehensive loss	**(987)**	**(16,051)**	**15,064**	-93.9%

Revenues

Tolls and Thousand Islands International Bridge toll revenue: Toll revenues are affected by traffic volume, by the Canadian dollar exchange rate vs the US dollar, and changes in toll rates.

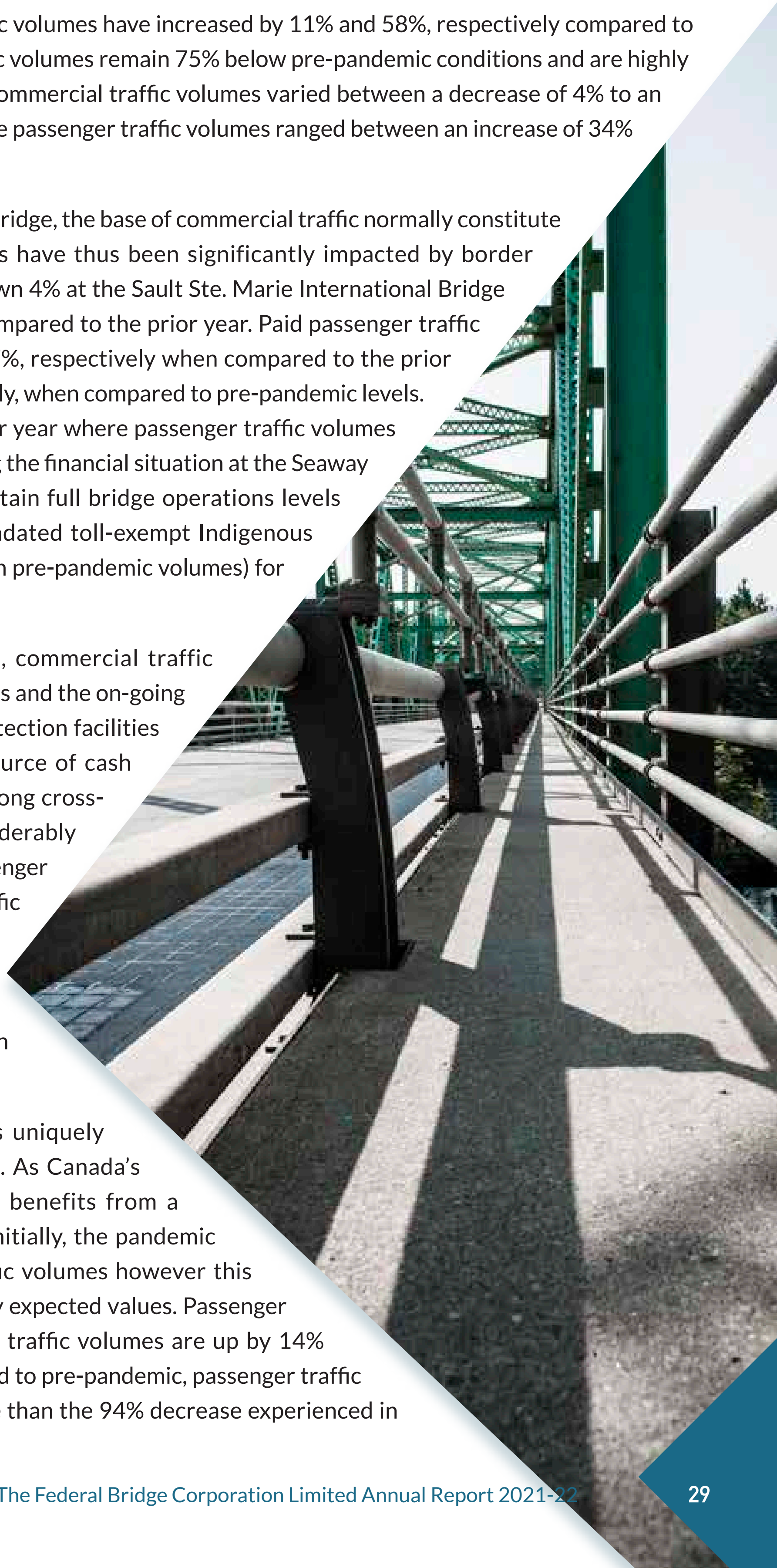
TRAFFIC VOLUMES

During the year, overall truck and passenger traffic volumes have increased by 11% and 58%, respectively compared to the prior year. While an increase, passenger traffic volumes remain 75% below pre-pandemic conditions and are highly volatile to border restrictions. Individual bridge commercial traffic volumes varied between a decrease of 4% to an increase of 14%. The variance for individual bridge passenger traffic volumes ranged between an increase of 34% to 217%.

At the Sault Ste. Marie and Seaway International Bridge, the base of commercial traffic normally constitute only 5% of traffic loads. These bridge locations have thus been significantly impacted by border restrictions. Commercial traffic volumes were down 4% at the Sault Ste. Marie International Bridge and up 4% at the Seaway International Bridge compared to the prior year. Paid passenger traffic volumes at these locations were up 103% and 37%, respectively when compared to the prior year but remain at 89% and 77% lower, respectively, when compared to pre-pandemic levels. This represents a slight betterment from the prior year where passenger traffic volumes were 95% and 83% lower, respectively. Worsening the financial situation at the Seaway International Bridge is the requirement to maintain full bridge operations levels in support of the more than 90% of Crown mandated toll-exempt Indigenous travelers that depend on the bridge (70% based on pre-pandemic volumes) for necessities.

For the Thousand Islands International Bridge, commercial traffic typically make up about 20% of the crossing's users and the on-going construction of new US Customs and Border Protection facilities on Wellesley Island have helped with a vital source of cash flow. Despite these advantages, the normally strong cross-border tourism industry in this region was considerably affected by the on-going border restrictions. Passenger traffic volumes are down 34% and commercial traffic volumes are up by 9%, compared to the prior year. When compared to pre-pandemic, passenger traffic volumes remain 53% lower, slightly more favourable than the 65% decrease experienced in the prior year.

Within the portfolio, the Blue Water Bridge is uniquely positioned to deal with this pandemic's impacts. As Canada's second busiest commercial border crossing, it benefits from a commercial traffic user base of some 35-40%. Initially, the pandemic caused dramatic reductions to commercial traffic volumes however this base has returned to within seasonal and annually expected values. Passenger traffic volumes are up by 217% and commercial traffic volumes are up by 14% when compared to the prior year. When compared to pre-pandemic, passenger traffic volumes are down 82%, which is more favourable than the 94% decrease experienced in the prior year.



CANADIAN VS. US DOLLAR EXCHANGE RATE

Throughout the year, the exchange rate fluctuated by as much as C$0.09 against the US$ (2021 – C$0.17). The exchange rate fluctuated between a low of C$1.20 to US$1.00 to a high of C$1.29 to US$1.00 with an average rate for the year of C$1.25 to US$1.00 (2021 - the exchange rate fluctuated between a low of C$1.25 to US$1.00 and a high of C$1.42 to US$1.00 with an average rate for the year of C$1.32 to US$1.00). The Corporation reviews the currency parity of the toll rates at its bridge locations to ensure that the rates are fair in both currencies and may adjust the rates during the year in order to minimise any foreign currency loss on toll revenues.

CHANGES IN TOLL RATES

Toll rates were updated at the bridges in Sault Ste. Marie and Cornwall effective April 1, 2019. Toll rates at the Point Edward and Thousand Islands crossings were updated effective April 1, 2021.

Leases and permits: In addition to the impact on toll revenue, border restrictions have significantly affected the Corporation's lease and tenant revenue, as the majority of these revenues are contingent on sales.

Other income and investment revaluations: Of the total difference of $1,423, interest and gains from sale of investments are $1,200 lower this year when compared to the prior year. This is the result of nearly all investments being utilised to fund operations during the current fiscal year.

Actuarial gain (loss): The actuarial gain or loss is primarily dependent on fluctuations in the market discount rate. A higher rate results in a lower employee benefit obligation while a lower rate results in a higher obligation. At the end of March 2022, the Bank of Canada increased the rates resulting in an actuarial gain. The rate as at March 31, 2021, versus March 31, 2020, was lower resulting in an actuarial loss.

Expenses

The Consolidated Statement of Comprehensive Income presents operating expenses by function as this represents how management monitors its expenses internally against budgets.

Operations: Operations expense relate to the collection of toll revenue, security and traffic management. The difference is primarily due to changes in depreciation.

Thousand Islands International Bridge: TIIB expenses represent the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands. Costs are consistent with the prior year.

Maintenance: Maintenance expenses relate to the maintenance, upkeep and repairs of the Corporation's assets. Costs have decreased by $665 as specific studies on environmental impacts and storm water management were completed in the prior year and funded by government.

Canada Border Services Agency (CBSA) & Canadian Food Inspection Agency (CFIA): The Corporation is required per legislation to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue. Costs are consistent with the prior year.

Administration: Administration expenses relate to the management and oversight of the operations of the individual crossings and the Corporation. Costs are consistent with the prior year.

Additional funding of SIBC operations: Government funding was allocated to sustain the whole of SIBC's operations for the past two fiscal years. Historically, the Corporation recognises 50% of revenues and expenses of SIBC in accordance with the international agreement. However, due to border restrictions, the remaining 50% of the deficit has been funded by the Canadian government and therefore the remaining deficit is included as an expense.

Interest: As the Corporation makes regular payments on its bank loans and bonds payable, the interest expense decreases. Additional savings on interest expenses are also experienced as bank loans are repaid as they mature.

Government funding

As part of the *Appropriation Act No. 1, 2021–22* and *Appropriation Act No. 2*, 2021-22, FBCL was authorised to receive up to $11,407 in Government funding to support the continued safe operation in 2021-22 of the Sault Ste. Marie International Bridge, the Blue Water Bridge, the Thousand Islands International Bridge and the Seaway International Bridge, as well as $7,090 for capital projects. This Government funding was required given the reduction of the Corporation's revenues as a result of the significant drop in traffic (and associated toll collections) following the prolonged cross-border border restrictions related to COVID-19. During the year, FBCL was only able to claim $9,150 in appropriations, due to certain restrictions placed upon the funding.

Comparison to Corporate Plan

The following is a summary of actual revenues and expenses as compared to the Corporate Plan (2021-22 to 2025-26) Amendment:

Consolidated Statement of Comprehensive Income ($000's)	Budget 2022	March 31, 2022	Variance favourable (unfavourable)	
	$	$	$	%
REVENUES AND GOVERNMENT FUNDING				
Tolls and Thousand Islands International Bridge tolls	27,242	**29,530**	2,288	8.4%
Other revenue	1,714	**2,097**	383	22.3%
Government funding	14,285	**14,597**	312	2.2%
Total Revenues and Government Funding	43,241	**46,224**	2,983	6.9%
OPERATING AND INTEREST EXPENSES				
Operations	5,915	**5,326**	589	10.0%
Thousand Islands International Bridge expense	4,976	**3,604**	1,372	27.6%
Maintenance	6,654	**5,710**	944	14.2%
CBSA & CFIA operations	4,115	**3,742**	373	9.1%
Administration	7,022	**6,623**	399	5.7%
Additional funding of SIBC operations	917	**834**	83	9.1%
Depreciation	18,124	**19,318**	(1,194)	-6.6%
Interest	3,133	**2,998**	135	4.3%
Total Operating and Interest expenses	50,856	**48,155**	2,701	5.3%
Net loss	(7,615)	**(1,931)**	5,684	-74.6%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following is a summary of the Consolidated Statement of Financial Position comparing the current year to the prior year and to the Corporate Plan (2021-22 to 2025-26) Amendment:

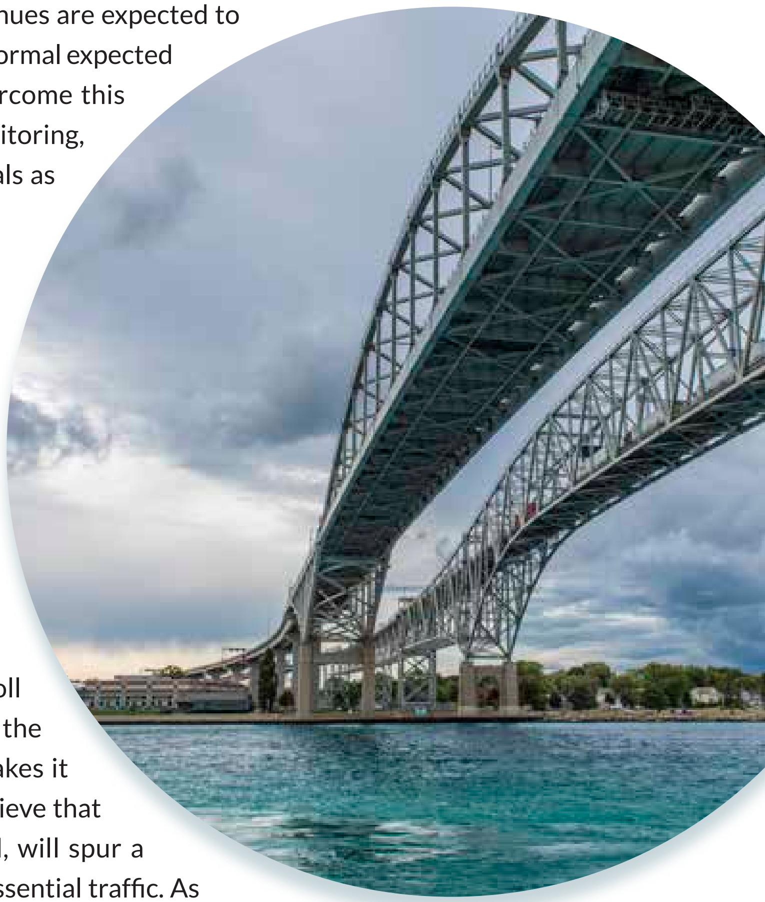
Consolidated Statement of Financial Position ($000's)	Budget	March 31 2022	March 31 2021 (Restated)	Variance (actual vs prior year)	
		$	$	$	%
Assets					
Financial assets	9,545	**16,630**	6,763	9,867	145.9%
Non-financial assets	368,578	**365,356**	376,422	(11,066)	-2.9%
Other assets	1,397	**1,451**	3,027	(1,576)	-52.1%
Total assets	379,520	**383,437**	**386,212**	**(2,775)**	-0.7%
Current assets	*10,765*	**17,899**	*9,597*	*8,302*	86.5%
Non-current assets	*368,755*	**365,538**	*376,615*	*(11,077)*	-2.9%
Liabilities					
Deferred government funding	100,026	**97,423**	102,870	(5,447)	-5.3%
Deferred revenue	3,680	**3,556**	3,676	(120)	-3.3%
Long-term employee benefits	8,380	**8,087**	8,380	(293)	-3.5%
Long-term debt	51,342	**51,494**	50,170	1,323	2.6%
Other liabilities	4,186	**6,281**	3,533	2,749	77.8%
Total liabilities	167,614	**166,841**	**168,629**	**(1,788)**	-1.1%
Current liabilities	*17,347*	**19,157**	*20,485*	*(1,327)*	-6.5%
Non-current liabilities	*150,267*	**147,684**	*148,144*	*(461)*	-0.3%
Total equity	211,906	**216,596**	**217,583**	**(987)**	-0.5%

Cash flow and liquidity

In the prior fiscal year, with the onset of the COVID-19 pandemic (March 2020), the Corporation had a strong cash and investment balance of $27,229, which permitted the continuity of its operations for the majority of the fiscal year at three of its four bridge locations with government funding being allocated in the fourth quarter. For the Seaway International Bridge, emergency funding was provided by government for the fiscal year. Additionally, to further sustain itself, the Corporation secured a loan of $10,000 to primarily cover the cost of the bond payments in 2022-23.

In 2021-22, the Corporation was approved for government funding of $18,497 in order to assist with the deficit in toll revenues and the depleted cash reserve affecting all bridge locations. The Corporation needed to access $9,150 of this funding to sustain its bridge operations.

With border restriction loosening on April 1, 2022, toll revenues are expected to start to rebound to pre-pandemic levels with a full return to normal expected to occur over 24 months. The Corporation expects to overcome this difficult financial period with continued budgetary cost monitoring, careful planning and ongoing liaison with government officials as the business environment evolves.



Financial Risk

The Corporation's financial risks are assessed regularly by Standard & Poor's Financial Services LLC (S&P). In July of 2021, S&P Global Ratings affirmed its long-term issuer credit and senior unsecured debt ratings on the Corporation as 'A+' based on its assessment of the Corporation. Due to uncertainty associated with easing of border restrictions to non-essential cross-border travel, they also maintained their "negative" outlook that was established near the start of the global pandemic. S&P disclosed that "Although commercial traffic, which accounts for about 60% of the corporation's toll revenues, has returned close to normal as trade continues, the uncertainty about the duration of the border restriction makes it difficult to forecast a recovery pattern. Nevertheless, we believe that the continued vaccine rollout, along with pent-up demand, will spur a rebound in passenger traffic once the border opens for nonessential traffic. As a result, we believe that FBCL's key financial metrics will begin to improve toward levels reflective of the current rating beyond 2022."

The overall level of FBCL's debt is forecasted to decline as bi-annual bond payments continue. FBCL began the year with one outstanding loan and its strategy is to repay these loans as they become due, maintaining a strong debt service coverage ratio, at the same time. This strong debt management strategy is to allow for debt payments over the life of the loans, and to minimise the need for additional indebtedness. With the impact of COVID-19, FBCL is closely monitoring its cash and investments to determine the most prudent path forward. With this uncertainty, FBCL secured all required approvals, which allowed the Corporation to borrow up to $10,000 in February 2022.

Capital investments

Decisions related to the timing of capital investments continued to be re-evaluated and adjusted during the fiscal year in order to conserve cash for operations. Some on-going projects were completed due to existing bi-national partner commitments and/or the urgency of essential infrastructure activities.

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and, at times, complete replacement of bridge and bridge plaza assets. The most significant parts of projects detailed below were incurred during the fiscal year.

BLUE WATER BRIDGE	SEAWAY INTERNATIONAL BRIDGE	SAULT STE. MARIE BRIDGE	THOUSAND ISLANDS BRIDGE
Significant projects completed during the fiscal year include: • replacement of backup emergency power generators; • HVAC replacement at the Duty Free store; • CCTV camera modernisation; and • Remaining VMS signs. The Corporation started to prepare for the deployment of a new toll collection system. The new toll system is scheduled to go live in September 2022.	The replacement of the South Channel Bridge travelers was substantially completed. The travelers allow for routine maintenance and inspections of the structure. Work has commenced on the construction of replacement rocker arms for the South Channel Bridge. The rocker arms are expected to be installed during the 2022-23 construction season.	Work was completed on the security modernisation of the plaza. A new toll collection system is being developed and is scheduled to be deployed in August 2022. The project is a joint collaboration with IBA, MDOT – US BWB operator and the Corporation (BWB location).	Work was completed on the security modernisation of the plaza.

REPORT ON ANNUAL EXPENDITURES FOR TRAVEL, HOSPITALITY, AND CONFERENCES FOR 2021-22

Effective July 2015, Crown corporations have been instructed per section 89 of the FAA to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with their legal obligations. The Corporation has complied and continues to comply with this directive. As per the Treasury Board requirements, this report provides information on the total annual expenditures for each of travel, hospitality, and conferences for the Corporation for the fiscal year ending March 31, 2022.

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

Annual expenditures for Travel, Hospitality, and Conferences of the Corporation:

Year ending March 31 ($000's)	**2022**	2021
	$	$
Travel	**34**	13
Hospitality	**2**	-
Conferences	**-**	-
Events	**-**	-
Total	**36**	**13**

Travel costs are significantly lower than pre-pandemic years due to limited travelling due to COVID-19.

COMPLIANCE WITH DIRECTIVE ON PENSION PLANS

FBCL is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, FBCL is to ensure that the pension plans will provide:

i. a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017; and

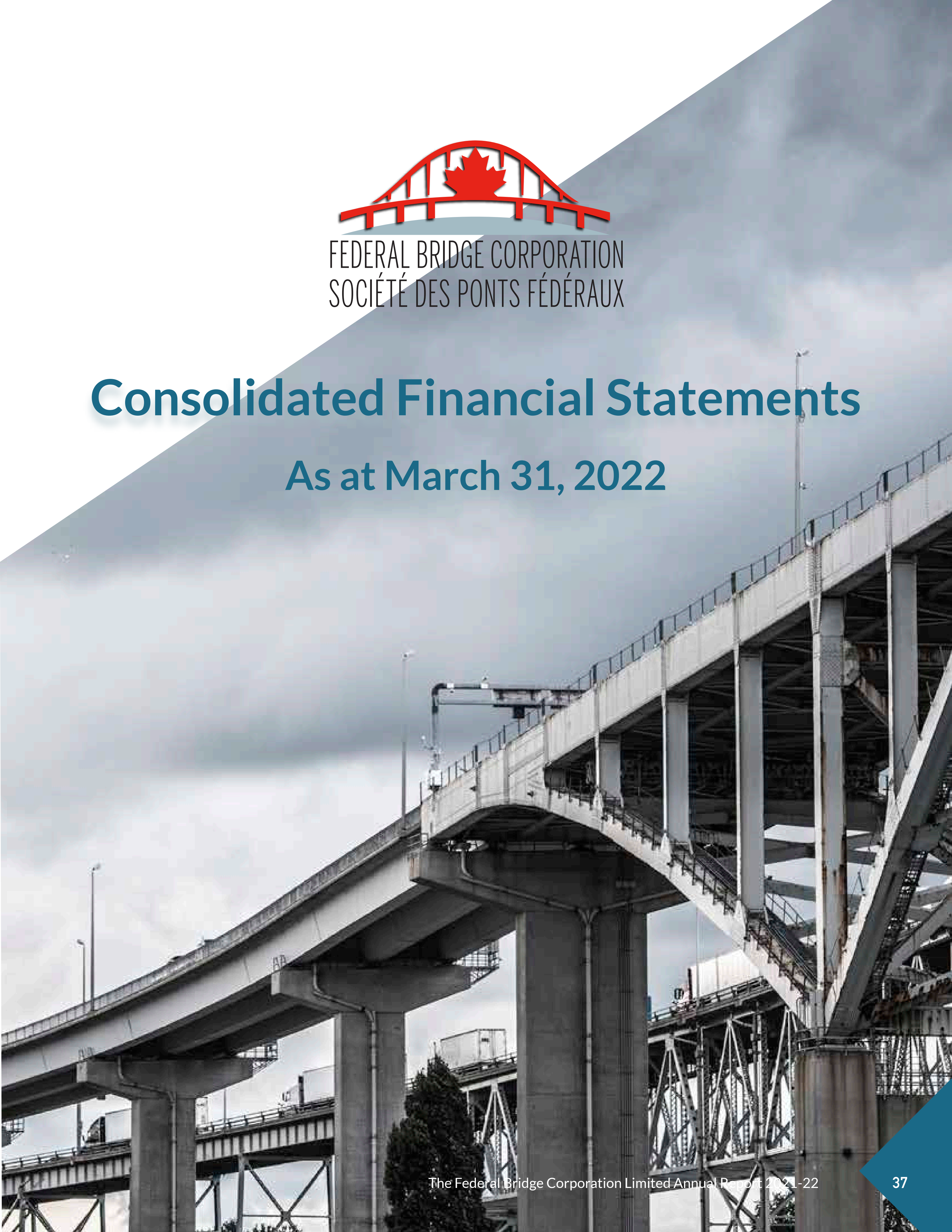
ii. for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan.

FBCL has complied and continues to comply with this directive.

FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

Consolidated Financial Statements

As at March 31, 2022



The Federal Bridge Corporation Limited
March 31, 2022

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Management's Responsibility for Financial Statements

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

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

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

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

Natalie Kinloch

Natalie Kinloch
Chief Executive Officer

Richard Iglinski
Chief Financial Officer

June 23, 2022

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

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Federal Bridge Corporation Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Compliance with Specified Authorities

Opinion

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

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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

Catherine Lapalme

Catherine Lapalme, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
23 June 2022

Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

As at	Notes	March 31 2022	March 31 2021 (Restated - Note 3)	April 1, 2020 (Restated - Note 3)
		$	$	$
Assets				
Current Assets				
Cash and cash equivalents	8	**8,802**	5,020	7,382
Investments	9	**6,247**	248	17,847
Trade and other receivables	10	**1,581**	1,495	936
Prepaids		**1,269**	2,834	346
Total Current Assets		**17,899**	9,597	26,511
Non-Current Assets				
Property and equipment	11	**347,258**	358,281	363,292
Investment properties	12	**18,038**	18,080	18,751
Intangible assets	13	**60**	61	69
Lessor inducement		**182**	193	204
Investments	9	**-**	-	2,000
Total Non-Current Assets		**365,538**	376,615	384,316
Total Assets		**383,437**	**386,212**	**410,827**
Liabilities				
Current Liabilities				
Trade and other payables		**4,702**	2,065	4,041
Employee benefits		**1,199**	1,131	1,327
Holdbacks	14	**380**	337	88
Deferred revenue	15	**2,493**	2,462	2,476
Loans payable	16	**400**	2,542	132
Bonds payable	17	**6,312**	5,914	5,540
Lease liability	18	**221**	189	182
Deferred government funding	19	**3,450**	5,845	3,504
Total Current Liabilities		**19,157**	20,485	17,290
Non-Current Liabilities				
Deferred revenue	15	**1,063**	1,214	1,366
Loans payable	16	**9,567**	-	2,943
Bonds payable	17	**34,094**	40,406	46,320
Lease liability	18	**900**	1,119	1,323
Deferred government funding	19	**93,973**	97,025	100,731
Employee benefits	20	**8,087**	8,380	7,220
Total Non-Current Liabilities		**147,684**	148,144	159,903
Equity				
Share capital - 2 shares @ no par value	21	**-**	-	-
Retained earnings		**216,584**	217,591	233,083
Accumulated other comprehensive income (loss)		**12**	(8)	551
Total Equity		**216,596**	217,583	233,634
Total Equity and Liabilities		**383,437**	**386,212**	**410,827**
Contingent liabilities	25			
Commitments	26			

Approved by the Board of Directors

Director

Director

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

Consolidated Statement of Comprehensive Income for the year ended March 31 *(in thousands of Canadian dollars)*

	Notes	2022	2021 (Restated - Note 3)
		$	$
Revenue			
Tolls and services		**25,048**	20,542
Leases and permits		**1,871**	1,378
Thousand Islands International Bridge revenue		**4,482**	3,671
Interest		**42**	313
Gain on sale of investments		**(44)**	885
Other		**228**	451
Total Revenue		**31,627**	27,240
Expenses			
Operations		**9,392**	8,926
Thousand Islands International Bridge expenses		**5,336**	5,455
Maintenance		**14,127**	15,102
Canada Border Security Agency & Canadian Food Inspection Agency operations		**7,935**	7,827
Administration		**7,533**	7,523
Additional funding of SIBC operations	6	**834**	1,169
Total Expenses	22	**45,157**	46,002
Operating Loss Before Government Funding		**(13,530)**	(18,762)
Government Funding			
Amortisation of deferred capital funding	19	**3,752**	3,503
Funding with respect to operating expenses	19	**10,845**	3,897
Total Government Funding		**14,597**	7,400
Non-Operating Items			
Interest expense		**(2,998)**	(3,428)
Total Non-Operating Loss		**(2,998)**	(3,428)
Net loss		**(1,931)**	(14,790)
Other Comprehensive Income (Loss)			
Items that will not be reclassified subsequently to net income			
Actuarial gain (loss)	20	**924**	(702)
Items to be reclassified to net income when specific conditions are met			
Revaluation (loss) gain on fair value through other comprehensive income investments		**(24)**	326
Cumulative loss (gain) reclassified to income on sale of fair value through other comprehensive income investments		**44**	(885)
Total Other Comprehensive Income		**944**	(1,261)
Total Comprehensive Loss for the Year		**(987)**	(16,051)

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

Consolidated Statement of Changes in Equity for the year ended March 31 *(in thousands of Canadian dollars)*

	Notes	Retained Earnings (Restated - Note 3)	Accumulated Other Comprehensive Income (Loss)	Total (Restated - Note 3)
		$	$	$
Balance as at April 1, 2020 (Restated - Note 3)		233,083	551	233,634
Total Comprehensive Income (Loss):				
Net loss (Restated - Note 3)		(14,790)	-	(14,790)
Other Comprehensive Income (Loss):				
Actuarial loss	**20**	(702)	-	(702)
Revaluation gain on fair value through other comprehensive income investments investments		-	326	326
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		-	(885)	(885)
Total Other Comprehensive Income		(702)	(559)	(1,261)
Total Comprehensive Loss (Restated - Note 3)		(15,492)	(559)	(16,051)
Balance at March 31, 2021 (Restated - Note 3)		217,591	(8)	217,583
Total Comprehensive Income (Loss):				
Net loss		*(1,931)*	-	*(1,931)*
Other Comprehensive Income (Loss):				
Actuarial gain	**20**	924	-	924
Revaluation loss on fair value through other comprehensive income investments investments		-	(24)	(24)
Cumulative loss reclassified to income on sale of fair value through other comprehensive income investments		-	44	44
Total Other Comprehensive Income		924	20	944
Total Comprehensive Loss		(1,007)	20	(987)
Balance at March 31, 2022		**216,584**	**12**	**216,596**

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

Consolidated Statement of Cash Flows for the year ended March 31 *(in thousands of Canadian dollars)*

	Notes	2022	2021 (Restated - Note 3)
		$	$
Cash Flows from Operating Activities			
Net loss		**(1,931)**	(14,790)
Adjustments for:			
Amortisation of deferred capital funding	19	**(3,752)**	(3,503)
Depreciation of property and equipment	11	**18,578**	17,908
Depreciation of investment properties	12	**717**	713
Depreciation of intangible assets	13	**23**	19
Loss (gain) on disposal of assets		**1**	(26)
Loss (gain) on sale of investments		**44**	(885)
Change in employee benefits		**699**	262
Foreign exchange gain (loss)		**(23)**	32
		14,356	(270)
Changes in Working Capital:			
Trade and other receivables		**(86)**	(548)
Lessor inducement		**11**	11
Prepaids		**1,565**	(2,488)
Trade and other payables		**2,260**	(1,140)
Government funding received relating to prepaid expenses	19	**(2,095)**	2,095
Deferred revenue	15	**(120)**	(166)
		1,535	(2,236)
Net Cash (Used by) Generated by Operating Activities		**15,891**	(2,506)
Cash Flows from Investing Activities			
Payments for property and equipment		**(7,810)**	(13,498)
Payments for investment properties		-	(42)
Payments for intangible assets		**(22)**	(11)
Government funding related to acquisitions of property and equipment received		**400**	43
Proceeds on disposal of property and equipment		-	29
Proceeds on sale of investments		**69**	22,719
Purchase of investments		**(6,092)**	(2,794)
Net Cash (Used by) Generated by Investing Activities		**(13,455)**	6,446
Cash Flows from Financing Activities			
Proceeds from loans payable		**10,000**	-
Repayment of loans payable		**(2,575)**	(533)
Repayment of bonds payable		**(5,915)**	(5,540)
Repayment of lease liability		**(187)**	(197)
Net Cash Generated by (Used by) Financing activities		**1,323**	(6,270)
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currency		**23**	(32)
Net increase (decrease) in cash and cash equivalents		**3,782**	(2,362)
Cash and cash equivalents at the beginning of the year		**5,020**	7,382
Cash and Cash Equivalents at the End of the Year	**8**	**8,802**	**5,020**
Supplemental disclosure on cash flow information			
Interest received included in operating activities		**115**	387
Interest paid included in operating activities		**2,837**	3,973

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

1. Authority And Activities

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

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

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

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

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

(a) to ensure that the pension plans will provide

(i) a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,

(ii) for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and,

1. Authority and Activities (continued)

(b) to outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

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

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

(a) to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations; and,

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

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

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

The consolidated financial statements were approved and authorised to issue by the Board of Directors on June 23, 2022.

2. Basis of Presentation and Significant Accounting Policies

STATEMENT OF COMPLIANCE

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

BASIS OF PREPARATION

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

INTERESTS IN JOINT OPERATIONS

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

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

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

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

ACCOUNTING FOR THE THOUSAND ISLANDS INTERNATIONAL BRIDGE

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

The Corporation is responsible for the ownership and major maintenance of the bridges on the Canadian side of the border and as a result, the acquisitions of property and equipment and investment properties are recognised as assets by the Corporation. The Corporation has no interest in the assets or liabilities of TIBA.

GOVERNMENT FUNDING

Normally, the Corporation is financed using its own operating income with the Corporation receiving federal government funding for specific acquisitions of major property and equipment and investment properties from time to time. However, due to restrictions at the Canada-US border imposed because of COVID-19, the Corporation has obtained federal government funding for operations in the current year. Approved government funding drawdowns not received at year-end are recognised as receivables in the Consolidated Statement of Financial Position.

Government funding is recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the periods in which the Corporation recognises as expenses the related costs for which the funding is intended to compensate.

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

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

REVENUE RECOGNITION

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

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

Leases and permits revenue is recognised when services are rendered. Minimum lease payments, including lease incentives, relating to operating leases that the lessee is required to make, excluding contingent rent, are recognised on a straight-line basis over the life of the non-cancellable portion of the lease while contingent rent is recognised when earned. These revenues include payments received from tenants including Duty Free stores, commercial custom brokers, logistics companies, and travel and tourism office. All of the Corporation's leases in which the Corporation is the lessor are operating leases.

Deferred revenue represents tolls paid in advance by passenger vehicle users and commercial trucking companies, which represent contract liabilities per IFRS 15 – *Revenue from Contracts with Customers*, and also includes a prepaid minimal lease payment, which is accounted as leases under IFRS 16 – *Leases*, relating to an operating lease for a commercial tenant whose operations were expanded. Deferred revenues that will be recognised greater than one year after the reporting period are considered non-current deferred revenue.

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

FUNCTIONAL PRESENTATION OF EXPENSES

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

- Maintenance: expenses related to the maintenance, upkeep, and repair of the Corporation's assets;
- Operations: expenses related to the collection of toll revenue, security, and traffic management;
- Thousand Islands International Bridge: represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands (see note 4 and note 7);
- CBSA & CFIA operations: The Corporation is required to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue; and,
- Administration: the expenses related to the management and oversight of the operations of the Corporation.

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

FOREIGN CURRENCIES

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes highly liquid investments with maturities of three months or less from the date of acquisition.

PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

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

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

Type of Asset	Straight-line
Bridges and roads	5 – 75 years
Vehicles and equipment	5 – 33 years
Buildings	10 – 70 years
Right-of-use	Lease term
Property improvements	10 – 30 years
Investment properties	10 – 70 years
Intangible assets	5 years

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

Assets in the course of construction are carried at cost. Cost includes design, engineering and professional fees, material inputs and capitalised salaries. Such assets are classified to the appropriate categories of property and equipment, investment properties or intangible assets when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. Appropriateness of depreciation methods and estimates of useful lives and residual values are assessed on an annual basis. In order to establish useful lives for these assets, management uses its judgment to determine the componentisation of property

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

and equipment, investment properties and intangible assets. A component is accounted for separately if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

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

IMPAIRMENT

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

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

It has been determined that investment properties represent CGU's that could have an impairment analysis, whereas bridge operations (as a separate CGU) could not have an impairment calculation completed.

CONTINGENCIES AND PROVISIONS

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

LEASES – AS A LESSEE

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Corporation changes its assessment of whether it will exercise an extension or termination options. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in net income if the carrying amount of the right-of-use asset has been reduced to zero.

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

EMPLOYEE BENEFITS

Retirement and Other Post-Employment Benefits

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

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

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

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

Defined benefit costs are categorised as follows:

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

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

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

Short-Term and Other Long-Term Employee Benefits

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

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

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

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

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

FINANCIAL INSTRUMENTS

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

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

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

(i) Classification of Financial Instruments

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

ASSET/LIABILITY	CLASSIFICATION	SUBSEQUENT MEASUREMENT
Investments	Fair value through other comprehensive income	Fair value through other comprehensive income
	Amortised cost	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Holdbacks	Amortised cost	Amortised cost
Loans payable	Amortised cost	Amortised cost
Bonds payable	Amortised cost	Amortised cost

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

(ii) Effective Interest Method

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

(iii) Financial Assets

Financial assets at fair value through other comprehensive income

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

Financial assets at amortised cost

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

Impairment of Financial Assets

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

Derecognition of Financial Assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

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

(iv) Financial Liabilities

All financial liabilities are measured at amortised cost.

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

3. Restatement of prior years

In the course of preparing the March 31, 2022, annual consolidated financial statements adjustments were identified relating to the prior year. This included the prospective application of the calculation of depreciation of certain property and equipment and investment properties. Previously, changes in useful lives made at yearend were applied on the first day of the following fiscal year, whereas now changes to useful lives made at yearend are applied on the first day of the current fiscal year.

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

3. Restatement of prior years (continued)

The following changes to the Consolidated Statement of Financial Position as at April 1, 2020, and March 31, 2021, were required:

	MARCH 31, 2021			APRIL 1, 2020		
	As restated	Adjustment	As previously reported	**As restated**	Adjustment	As previously reported
	$	$	$	**$**	$	$
Property and equipment	**358,281**	(1,935)	360,216	**363,292**	(1,416)	364,708
Investment properties	**18,080**	(3)	18,083	**18,751**	(26)	18,777
Total non-current assets	**376,615**	(1,938)	378,553	**384,316**	(1,442)	385,758
Total assets	**386,212**	(1,938)	388,150	**410,827**	(1,442)	412,269
Retained Earnings	**217,591**	(1,938)	219,529	**233,083**	(1,442)	234,525
Total equity	**217,583**	(1,938)	219,521	**233,634**	(1,442)	235,076
Total equity and liabilities	**386,212**	**(1,938)**	**388,150**	**410,827**	**(1,442)**	**412,269**

The following changes to the Consolidated Statement of Comprehensive Income for the year ended March 31, 2021, were required:

	MARCH 31, 2021		
	As restated	Adjustment	As previously reported
	$	$	$
Operations	**8,926**	654	8,272
Maintenance	**15,102**	(158)	15,260
Total expenses	**46,002**	496	45,506
Operating loss before government funding	**(18,762)**	(496)	(18,266)
Net loss	**(14,790)**	(496)	(14,294)
Total comprehensive loss for the year	**(16,051)**	**(496)**	**(15,555)**

The following changes to the Consolidated Statement of Changes in Equity for the year ended March 31, 2021, were required:

	MARCH 31, 2021 (RETAINED EARNNGS)			MARCH 31, 2021 (TOTAL)		
	As restated	Adjustment	As previously reported	**As restated**	Adjustment	As previously reported
	$	$	$	**$**	$	$
Balance as at April 1, 2020	**233,083**	(1,442)	234,525	**233,634**	(1,442)	235,076
Net loss	**(14,790)**	(496)	(14,294)	**(14,790)**	(496)	(14,294)
Total comprehensive loss	**(15,492)**	(496)	(14,996)	**(16,051)**	(496)	(15,555)
Balance as at March 31, 2021	**217,591**	**(1,938)**	**219,529**	**217,583**	**(1,938)**	**219,521**

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

3. Restatement of prior years (continued)

The following changes to the Consolidated Statement of Cash Flows for the year ended March 31, 2021, were required:

	MARCH 31, 2021		
	As restated	Adjustment	As previously reported
	$	$	$
Net loss	**(14,790)**	(496)	(14,294)
Depreciation of property and equipment	**17,908**	519	17,389
Depreciation of investment properties	**713**	(23)	736

The changes listed above have impacted the disclosure in notes 11, 12 and 22.

Note 11: Property and equipment impacts

In addition to the adjustments listed above, certain accumulated depreciation and depreciation balances were updated. The following is the cumulative impact on note 11:

- Bridges and Roads: April 1, 2020, accumulated depreciation increased by $1,415 to $73,994 (previously stated - $72,579), the depreciation for the year ended March 31, 2021, decreased by $200 to $9,666 (previously stated - $ 9,866). March 31, 2021, accumulated depreciation increased by $1,215 to $83,114 (previously stated - $81,899).
- Buildings: April 1, 2020, accumulated depreciation increased by $1 to $27,867 (previously stated - $27,866), the depreciation for the year ended March 31, 2021, decreased by $1 to $4,102 (previously stated - $ 4,103). March 31, 2021, accumulated depreciation remained at $31,876.
- Vehicles and Equipment: The depreciation for the year ended March 31, 2021, increased by $720 to $2,712 (previously stated - $ 1,992). March 31, 2021, accumulated depreciation increased by $720 to $16,672 (previously stated - $15,952).

Note 12: Investment properties impacts

In addition to the adjustments listed above, certain accumulated depreciation and depreciation balances were updated. The following is the cumulative impact on note 12:

- April 1, 2020 accumulated depreciation increased by $26 to $6,679 (previously stated - $6,653). The depreciation for the year ended March 31, 2021 decreased by $23 to $713 (previously stated - $ 736). March 31, 2021 accumulated depreciation increased by $3 to $7,291 (previously stated - $7,288).

Note 22: Expenses by nature impacts

Depreciation of property and equipment at March 31, 2021, has increased by $519 to $17,908 (previously stated - $17,389) and depreciation of investments properties decreased by $23 to $713 (previously stated - $736). This results in total expense being increased by $496 to $46,002 (previously stated - $45,506)

4. Key Sources of Estimation Uncertainty and Critical Judgments

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

USE OF ESTIMATES AND JUDGMENTS

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

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

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

PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

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

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

LONG-LIVED ASSETS VALUATION

The Corporation performs impairment testing on its long-lived assets, when circumstances indicate that there may be impairment. Management judgment is involved in determining if there are circumstances indicating that testing for impairment is required, and in determining the grouping of assets to identify their CGU for the purpose of impairment testing.

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

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

EMPLOYEE BENEFIT PLANS

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

LEASES – AS A LESSEE

In determining whether a contract meets the definition of a lease, management makes significant judgements regarding whether an identified asset is present, the Corporation has the right to obtain substantially all of the

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

economic benefits, and the Corporation has the right to direct the use of the asset. In addition, management uses judgment to allocate the value of the lease between lease and non-lease components by allocating the total value of the lease to each component based on their stand-alone costs. Management also uses judgement in determining the minimum lease payments, which takes into consideration whether renewal options will be reasonably exercised or not at the inception of the lease.

LEASES – AS A LESSOR

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

JOINT ARRANGEMENTS

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

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

THOUSAND ISLANDS INTERNATIONAL BRIDGE

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

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

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

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

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

CONTINGENCIES AND PROVISIONS

In determining a reliable estimate of the obligation, management makes assumptions about the amount, likelihood, and timing of outflows, as well as the appropriate discount rate. Factors affecting these assumptions include the nature of the provision, the existence of a claim amount, opinions or views of legal counsel and other advisers, experience in similar circumstances, and any decision of management as to how the Corporation intends to handle the obligation. The actual amount and timing of outflows may deviate from assumptions, and the difference might materially affect future consolidated financial statements, with a potentially adverse impact on the consolidated results of operations, financial position and liquidity.

5. Future Changes in Accounting Policies

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

IAS 1 – CRITERION FOR CLASSIFYING A LIABILITY AS NON-CURRENT

IAS 1, *Presentation of Financial Statements*, has been revised to incorporate amendments to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The effective date for this amendment is for annual periods beginning on or after January 1, 2023, with earlier adoption permitted.

IAS 1 – CONCEPT OF MATERIAL ACCOUNTING POLICIES RATHER THAN SIGNIFICANT ACCOUNTING POLICIES

IAS 1, *Presentation of Financial Statements*, has been revised to incorporate amendments to require entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for this amendment is for annual periods beginning on or after January 1, 2023, with earlier adoption permitted.

IAS 8 – CLARIFICATION BETWEEN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, has been revised to introduce a definition of accounting estimates and provide other clarifications to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for this amendment is for annual periods beginning on or after January 1, 2023, with earlier adoption permitted.

6. Joint Operations

The Corporation has entered into a joint operation with GLS for operation of toll bridges across the St. Lawrence River between Cornwall, Ontario, Canada and Rooseveltown, New York, U.S. through a wholly-owned subsidiary of the Corporation, SIBC. Although the Corporation owns 100% of the shares of SIBC there is a governing agreement that grants the Board of Directors of SIBC with the full power to manage the affairs of SIBC. Since the Corporation and GLS each appoint 50% of the Directors, the Corporation concluded it has joint control of SIBC with GLS. Although the joint arrangement is structured as a separate vehicle, the Corporation considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SIBC has been classified as a joint operation. The consolidated financial statements

6. Joint Operations (continued)

of the Corporation include its share of the assets, liabilities, revenues and expenses of SIBC. As per the Joint Venture agreement, SIBC's annual surplus is to be distributed equally between FBCL and GLS and consequently the Corporation's Consolidated Statement of Comprehensive Income typically includes 50% of SIBC revenues and expenses.

In both the current and prior year, the Corporation has claimed parliamentary appropriations from the Government of Canada to fully fund SIBC revenue shortfalls (see Note 19). This funding was provided to fund the entirety of the SIBC crossing, both the Corporation's share of net expenses, and the partner's (GLS) share. Included in the Consolidated Statement of Comprehensive Income is the 50% FBCL share of the joint arrangement as well as $834 (2021 - $1,169) in expenses to cover the SIBC remaining deficit in accordance with the funding arrangement.

The Corporation's share of SIBC's cash and cash equivalents is adjusted to account for the difference in the equity distribution between the Corporation and the U.S partner, GLS, in the amount of $1,066 (2021 - $2,483). The amounts owed to the U.S. partner of SIBC bear interest at a rate which varies between 0% and 0.11% (2021 – 0% and 0.57%) and is payable on demand.

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

7. Thousand Islands Bridge Authority

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

As at March 31, 2022, $4,813 of revenues (2021 – $2,169) are yet to be collected by the Corporation from TIBA and $4,773 (2021 – $2,607) is owed by the Corporation to TIBA to cover operating costs. The net of the revenues less expenses, property and equipment acquisitions of $36 (2021 - $2), prepaid expenses of $16 (2021 - $219), and cash payments made of $1,125 (2021 - $588), for the twelve months ending February 28 (2021 – six months) as well as March 31, 2022, is $1,112 and is included in trade and other receivables (2021 - $41 is included in trade and other receivables and an amount for the month of March of $111 is included in trade and other payables). Additionally, $41 remains outstanding from February 28, 2021.

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

8. Cash and cash equivalents

As at March 31	2022	2021
	$	$
Cash	**4,984**	3,668
Cash equivalents	**3,818**	1,352
Total cash and cash equivalents	**8,802**	5,020

9. Investments

As at March 31	2022	2021
	$	$
Investments carried at amortised cost		
Deposit certificates	**293**	-
Total investments carried at amortised cost	**293**	-
Investments carried at fair value through other comprehensive income		
Government of Canada bonds	**4,072**	43
Provincial bonds	**777**	96
Corporate bonds	**1,105**	109
Total investments carried at fair value through other comprehensive income	**5,954**	248
Total investments	**6,247**	248
Less: Current portion	**6,247**	248
Non-current portion	**-**	-

The average term to maturity for the Corporation's bonds is 1.1 years (2021 – 10.7 years), and they earn an average effective interest rate of 1.73% (2021 – 3.55%). The average term to maturity for the Corporation's deposit certificates was 365 days in 2022, and earned interest at an average annual rate of 0.6% in 2022 (2021 - there were no deposit certificates).

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

10. Trade and Other Receivables

As at March 31	2022	2021
	$	$
Federal departments and agencies	**1**	1,069
Trade receivables	**1,580**	426
Total trade and other receivables	**1,581**	1,495

11. Property and Equipment

Cost	Land	Bridges and roads	Vehicles and equipment	Buildings	Right-of-use Assets	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$	$
Balance, April 1, 2020	14,810	269,671	33,498	144,098	1,622	31,223	2,739	497,661
Additions	27	69	1,114	54	4	278	11,365	12,911
Disposals	-	(556)	(2,661)	(93)	-	(2,775)	-	(6,085)
Transfers	-	-	389	356	-	7,241	(7,986)	-
Balance, March 31, 2021	14,837	269,184	32,340	144,415	1,626	35,967	6,118	504,487
Additions	2	25	84	-	3	136	7,981	8,231
Disposals	(1)	-	(3,971)	(97)	-	(1,037)	-	(5,106)
Transfers	-	1,323	6,721	144	-	976	(9,839)	(675)
Balance, March 31, 2022	**14,838**	**270,532**	**35,174**	**144,462**	**1,629**	**36,042**	**4,260**	**506,937**

Accumulated depreciation	Land	Bridges and roads	Vehicles and equipment	Buildings	Right-of-use Assets	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$	$
Balance, April 1, 2020 (Restated - Note 3)	-	73,994	16,617	27,867	210	15,681	-	134,369
Elimination on disposal of assets	-	(546)	(2,657)	(93)	-	(2,775)	-	(6,071)
Depreciation (Restated - Note 3)	-	9,666	2,712	4,102	210	1,218	-	17,908
Balance, March 31, 2021 (Restated - Note 3)	-	83,114	16,672	31,876	420	14,124	-	146,206
Eliminated on disposal of assets	-	-	(3,971)	(97)	-	(1,037)	-	(5,105)
Depreciation	-	9,571	3,204	4,105	210	1,488	-	18,578
Balance, March 31, 2022	**-**	**92,685**	**15,905**	**35,884**	**630**	**14,575**	**-**	**159,679**
Net book value, March 31, 2022	**14,838**	**177,847**	**19,269**	**108,578**	**999**	**21,467**	**4,260**	**347,258**
Net book value, March 31, 2021 (Restated - Note 3)	14,837	186,070	15,668	112,539	1,206	21,843	6,118	358,281

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

11. Property and Equipment (continued)

At year-end, the Corporation reviews the estimated useful lives of its capital assets and updates the useful lives as at April 1 of the current fiscal year. As at March 31, 2022, the Corporation revised the estimated useful lives of the toll system, bridge assets and various trucking equipment (2021 – estimated useful lives of the generator and various trucking equipment). These changes in useful lives are considered changes in accounting estimates and have been applied on a prospective basis starting on April 1, 2021. These changes in useful lives result in an increase in annual depreciation expense as high as $808 (Bridges and Roads, Vehicles and Equipment and Buildings) and a decrease in annual depreciation expense as low as $177 (Bridges and Roads, Vehicles and Equipment and Buildings) and impact the fiscal years ending March 31, 2022, to March 31, 2089, with fiscal 2022 having the highest increase in depreciation expense. (2021 – as high as an increase of $683 and as low as a decrease of $167 impacting fiscal years ending March 31, 2021, to March 31, 2032, with fiscal 2021 having the highest increase).

12. Investment Properties

	Investment Properties
	$
Cost	
Balance, April 1, 2020	25,430
Additions	42
Disposals	(101)
Balance, March 31, 2021	25,371
Additions	675
Disposals	(159)
Balance, March 31, 2022	**25,887**
Accumulated depreciation	
Balance, April 1, 2020 (Restated - Note 3)	6,679
Disposals	(101)
Depreciation expense (Restated - Note 3)	713
Balance, March 31, 2021 (Restated - Note 3)	7,291
Disposals	(159)
Depreciation expense	717
Balance, March 31, 2022	**7,849**
Net book value, March 31, 2022	**18,038**
Net book value, March 31, 2021 (Restated - Note 3)	18,080

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

Rental income for the year ended March 31, 2022, amounts to $1,710 (2021– $1,217) and is included within ‘leases and permits’. Contingent rent of $374 (2021 - $337) is included in rental income. There were no significant investment properties that were vacant at March 31, 2022 (2021 – no significant investment properties that were vacant).

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

12. Investment Properties (continued)

Fair value of the investment properties have been determined based on a valuation performed by an independent valuator who is a current member of the Appraisal Institute of Canada with the exception of the fair value of land, which was evaluated internally. The fair value is $27,611 and was determined as at March 31, 2022 based on March 31, 2021, valuations extrapolated to March 31, 2022, using the Consumer Price Index and adjusted for obsolescence (2021 - $26,805 based on external valuation performed as at March 31, 2021). The fair value of the properties have not been determined on transactions observable in the market because of the nature of the properties and the lack of comparable data. The fair value was determined by estimating the replacement cost of the building and also reduced by obsolescence, considering inputs such as the type of building, age, condition and region that the building is in as well as the mechanical systems attached.

13. Intangible Assets

	Intangible Assets
	$
Cost	
Balance, April 1, 2020	336
Additions	11
Disposals	(243)
Balance, March 31, 2021	104
Additions	22
Disposals	-
Balance, March 31, 2022	**126**
Accumulated depreciation	
Balance, April 1, 2020	267
Depreciation expense	19
Disposals	(243)
Balance, March 31, 2021	43
Depreciation expense	23
Disposals	-
Balance, March 31, 2022	**66**
Net book value, March 31, 2022	**60**
Net book value, March 31, 2021	61

The Corporation's intangible assets consist primarily of software and does not hold any internally generated intangible assets.

14. Holdbacks

The Corporation temporarily retains an amount on the total due to contractors to ensure that the latter fulfills its obligations pertaining to warranty, rectification and correction of defects in work. The contracts call for the Corporation to pay holdbacks upon substantial completion of the individual contracts. Holdbacks relate to various projects at all bridge locations (2021 – relate to various projects at all bridge locations).

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

15. Deferred Revenue

As at March 31	2022	2021
	$	$
Contracts with customers		
Debit cards	**65**	64
Passenger vehicles tokens/tickets	**411**	422
Prepaid commercial/commuter vehicles	**1,821**	1,787
Total contracts with customers	**2,297**	2,273
Leases		
Current prepaid facility rentals	**196**	189
Non-current prepaid facility rentals	**1,063**	1,214
Total leases	**1,259**	1,403
Total deferred revenue	**3,556**	3,676
Less: Current portion	**2,493**	2,462
Non-current portion	**1,063**	1,214

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

As at March 31	2022	2021
	$	$
Balance, start of year	**2,273**	2,286
Tolls received during year that have not been recognised in revenue	**1,319**	1,277
Tolls received in previous years that are recognised in revenue	**(1,295)**	(1,290)
Balance, end of year	**2,297**	2,273

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

16. Loans Payable

As at March 31	2022 Carrying cost	2021 Carrying cost
	$	$
$10,000 term facility payable monthly		
$10,000 @ 2.811% locked until February 11, 2027	**9,967**	-
$15,000 term facility payable monthly		
$4,000 @ 4.42% locked until July 27, 2021	**-**	2,542
Total loans payable	**9,967**	2,542
Less: Current portion	**400**	2,542
Non-current portion	**9,567**	-

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

	Principal	Interest	2022 Total
	$	$	$
2023	400	277	677
2024	400	263	663
2025	400	253	653
2026	400	241	641
2027	8,367	212	8,579
Thereafter	-	-	-
	9,967	1,246	11,213

The Corporation maintains one (2021 – one) credit facility with a Canadian chartered bank in the total amount of $10,000 (2021 - $15,000). The facility has been approved by the Minister of Finance as part of the Corporation's borrowing plan. The credit facility is a reducing term facility, which originally was drawn for $10,000 (2021 - $15,000) on a fixed rate, non-current basis with periodic payments of interest and principal not to exceed a maturity of 25 years. This facility carries the same security as the full bond issuance (note 17). At March 31, 2022, $9,967 remained drawn (2021 - $ 2,542).

17. Bonds Payable

As at March 31	2022 Carrying cost	2021 Carrying cost
	$	$
Series 2002-1 bonds maturing	**40,406**	46,320
July 9, 2027 payable semi-annually on January 9 and July 9		
Total bonds payable	**40,406**	**46,320**
Less: current portion	**6,312**	5,914
Non-current portion	**34,094**	40,406

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

17. Bonds payable (continued)

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

	Principal	Interest	2022 Total
	$	$	$
2023	6,312	2,574	8,886
2024	6,737	2,149	8,886
2025	7,191	1,695	8,886
2026	7,675	1,211	8,886
2027	8,192	694	8,886
Thereafter	4,299	144	4,443
	40,406	8,467	48,873

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

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

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

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

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

iii) The Corporation shall maintain its corporate existence pursuant to the CBCA and maintain its existence as an agent Crown corporation or an agent parent Crown corporation under the *Financial Administration Act* (Canada). In addition, The Corporation shall at all times comply in all material respects with the requirements of the CBCA, the *Financial Administration Act* (Canada), the *Economic Action Plan 2013 Act, No. 2* and all other applicable laws and governmental orders or regulations.

iv) The Bonds shall constitute direct, unsecured, and unconditional obligations of the Corporation, and as such constitute direct, unsecured, and unconditional obligations of Her Majesty in right of Canada.

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

18. Lease Liability

The Corporation leases its head office at 55 Metcalfe, in Ottawa, ON. The rental contract is for a fixed term ending December 31, 2026, with no renewal options and no variable lease payments. The contract contains both a lease and non-lease component based on their relative stand-alone prices. However, only the lease component is included in the lease liability (also see Note 27). During the year, the Corporation incurred $311 (2021 - $340) for leased properties which is comprised of $33 (2021 - $38) of interest expense, $91 (2021 - $101) of operating costs (included in maintenance) and $187 (2021 - $201) as a reduction in the lease liability.

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

18. Lease Liability (continued)

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

As at March 31	Principal	Interest	Total
	$	$	$
2023	221	27	248
2024	227	21	248
2025	233	15	248
2026	239	8	247
2027	201	2	203
	1,121	73	1,194

The current portion of the lease is $221 (2021 - $189) and the non-current portion is $900 (2021 – $1,119).

19. Government Funding

As part of the *Appropriation Act No. 1, 2021–22* and *Appropriation Act No. 2*, 2021-22, FBCL was authorised to receive up to $11,407 in Government funding to support the continued safe operation in 2021-22 of the Sault Ste. Marie International Bridge, the Blue Water Bridge, the Thousand Islands International Bridge and the Seaway International Bridge, as well as $7,090 for capital projects. This Government funding is required given the reduction of the Corporation's revenues as a result of the significant drop in traffic (and associated toll collections) following the prolonged cross-border travel restrictions related to COVID-19.

In 2020-21, as part of the Government of Canada's *Public Health Events of National Concern Payments Act* (PHENCPA) enacted under the *COVID-19 Economic Response Act, No.2*, on July 8, 2020, the Corporation was authorised to receive up to $2,556 by the legislation's repeal date of December 31, 2020, to cover the revenue shortfalls experienced by SIBC due to COVID-19 and ensure the continued safe operation of the bridge. The unclaimed amounts under this statutory legislation were re-profiled as part of the government's budgetary process and authorised for drawdown by March 31, 2021, through *Appropriation Act No. 5, 2020–21* and *Appropriation Act No. 6, 2020–21*. In 2020-21, the Corporation was also authorised to receive up to $6,876 in funding for critical operating requirements (COVID-19) available for drawdown by March 31, 2021, through *Appropriation Act No. 6, 2020–21* and as part of the government's Supplementary Estimates (B) and (C) for 2020-21, the Corporation was eligible to receive up to $340 from the Department of Transport to undertake a climate risk assessment through the Transportation Assets Risk Assessment Program.

With relation to SIBC, the Corporation claimed $1,668 (2021- $2,381) in funding of which $1,668 (2021 - $2,338) was transferred to SIBC to cover its revenue shortfall and no funds were used to purchase capital assets (2021 –$43). Prior year transferred funds for capital assets are to be transferred to SIBC in future years to cover the revenue shortfalls caused by the amortisation of the related tangible capital assets purchased. The Corporation also claimed $7,482, net of reimbursement, (2021 - $3,348) of the $18,497 (2021 - $6,876), $7,082 for operations (2021 - $3,348) and $400 for capital (2021 – nil) for the remaining three bridge locations and head office. No other requests were made in the year and therefore no additional funding was received (2021 - $305 for climate risk assessment).

There is also a stipulation that if FBCL's toll revenues in 2021-22 are higher than originally forecasted in FBCL's Amended 2020-25 Corporate Plan or if the American partner secured funding for SIBC for the fiscal year, then the Government funding of $18,497 is to be reduced by an equivalent amount. At March 31, 2022, there is a reimbursement of $2,180 in government funding to be repaid (2021 – no requirement to reimburse the government funding received), as a result of higher toll revenues actually received as compared to FBCL's Amended 2020-25 Corporate Plan.

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

19. Government Funding (continued)

As at March 31	2022	2021
	$	$
Government funding available	**18,497**	**9,772**
Government funding used for operating expenses - SIBC	**1,668**	**2,339**
Government funding used for purchase of capital assets - SIBC	**-**	**43**
Government funding used for operating expenses - FBCL	**7,082**	**3,653**
Government funding used for purchase of capital assets - FBCL	**400**	**-**
Total Government funding claimed	**9,150**	**6,035**
Unclaimed Government funding	**9,347**	**3,737**

Of the $6,035 claimed in government funding during 2020-21, $3,897 was recognised as revenue in 2020-21, $2,095 was recorded as deferred government funding related to operating expenses, and $43 was recorded as deferred capital funding. The amount of $2,095 has been recognised as revenues in 2021-22.

As at March 31	2022	2021
	$	$
Deferred government funding related to operating expenses		
Balance, beginning of year	**2,095**	-
Parliamentary appropriations used to fund operating expenses	**8,750**	5,992
Parliamentary appropriations for operating expenses recognised in net income	**(10,845)**	(3,897)
Balance, end of year	**-**	**2,095**
Deferred capital funding		
Balance, start of year	**100,775**	104,235
Government funding for capital expenditures received	**400**	43
Amortisation of deferred capital funding	**(3,752)**	(3,503)
Balance, end of year	**97,423**	**100,775**
Deferred government funding	**97,423**	102,870
Less: Current portion	**3,450**	5,845
Non-current portion	**93,973**	97,025

20. Employee Benefits

PENSION BENEFITS

The Corporation has contracted an outside firm to operate and administer an employee pension plan. Employees of the Corporation must join the pension plan, subject to eligibility requirements. The pension plan, which is a defined-contribution pension plan, is funded on a money-purchase basis with members contributing up to 11.5% of their annual earnings. In accordance with the plan, the Corporation is required to fund matching contributions up to 9.0% (2021 - up to 9.0%). During the year, the Corporation's pension contributions amounted to $401 (2021 – $381).

Additionally, employees of SIBC are enrolled in the Public Service Pension Plan (the Plan). Under the Plan, the President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year-end was a multiple of 1.00 for all employees (2021 - 1.00). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Corporation's portion of pension contributions amounted to $106 (2021 – $103) during the year.

The employees of SSMBA participate in the State of Michigan's defined benefit and defined contribution plans. SSMBA is required to make contributions to the defined benefit plan based on an actuarially determined rate. For the defined contribution plan, SSMBA is required to contribute 4.0% of payroll plus up to an additional match of 3.0%. The contribution requirements of the plan members and SSMBA are established and may be amended by state legislation. During the year, the Corporation's portion of pension contributions amounted to $239 (2021 – $275).

Contributions, for the fiscal year ending March 31, 2023, to the Public Service Pension Plan and the State of Michigan's defined benefit and defined contribution plans are anticipated to be consistent with the contributions made during the year.

OTHER BENEFITS

Other than the pension plan, the Corporation provides post-employment benefits to its eligible employees through health, dental, life insurance and an employee assistance program as well as other long-term benefits, which consist of service awards. Benefit costs related to current service are charged to income as services are rendered. The risks associated with these benefits include changes in discount rates, mortality rates, per capita claim costs and general inflation that can cause volatility in the Corporation's financial results. The actuarial valuation was performed as at March 31, 2022.

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

20. Employee Benefits (continued)

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

Defined benefit obligation	Post-employment	Other long-term
	$	$
Balance, April 1, 2020	7,151	69
Current service cost	404	6
Interest cost	284	3
Actuarial (gain)/loss - other	(207)	(11)
Actuarial (gain)/loss - financial assumptions	909	2
Benefits paid	(227)	(3)
Balance, March 31, 2021	8,314	66
Current service cost	563	7
Interest cost	299	2
Actuarial (gain)/loss - other	52	(2)
Actuarial (gain)/loss - financial assumptions	(976)	(2)
Benefits paid	(234)	(2)
Balance, March 31, 2022	**8,018**	**69**

Total post-employment non-pension related benefit plan is $8,087 (2021 - $8,380).

Changes in other comprehensive income during the year:

As at March 31	2022	2021
	$	$
Actuarial gains (losses) arising during the year	**924**	(702)

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

As at March 31		2022		2021
	Post-employment	**Other long-term**	Post-employment	Other long-term
	$	**$**	$	$
Current service costs	**563**	**7**	404	6
Interest cost	**299**	**2**	284	3
Actuarial loss/(gain)	**-**	**(4)**	-	(9)
Net post-employment expense recognised in year	**862**	**5**	**688**	-

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

20. Employee Benefits (continued)

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

As at March 31	2022	2021
Discount Rate, accrued benefit obligation	4.00%	3.40%
Discount Rate, benefit cost	3.40%	3.80%
Weighted average assumptions		
Initial weighted average health care trend	5.67%	5.67%
Ultimate weighted average health care trend	3.98%	3.98%
Year ultimate health care trend rate is reached	2036	2036
Mortality rates	CPM Public table generational improvements using MI - 2017 (2021 - CPM Public table generational improvement using MI - 2017)	

The assumed drug trend rate as of March 31, 2022, is 7.0% (2021 – 7.0%) per annum decreasing linearly to 4.0% (2021 – 4.0%) per annum in 2036 (2021 - 2036) fiscal year.

The assumed other health care trend rate as of March 31, 2022, is 4.0% per annum (2021 – 4.0%).

The assumed vision and dental trend rates as of March 31, 2022, are 0.0% and 4.0%, respectively (2021 – 0.0% and 4.0%).

The average expected maturity of the plan obligation is 20 years (2021 – 19 years).

SENSITIVITY ANALYSIS

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

As at March 31	2022	2021
	$	$
Discount rate - increase of 1 %	**(1,316)**	(1,430)
Discount rate - decrease of 1 %	**1,731**	1,900
Future mortality - increase of 1 year age	**(303)**	(325)
Future mortality - decrease of 1 year age	**306**	329
Trend rates - increase of 1 %	**1,658**	1,711
Trend rates - decrease of 1 %	**(1,281)**	(1,319)

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

21. Issued Capital

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

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

22. Supplementary Expense Information

Year ended March 31	2022	2021
	$	$
Depreciation of property and equipment	**18,578**	17,908
Salaries and employee benefits	**14,884**	14,843
Goods and services	**5,319**	5,270
Repairs and maintenance	**3,675**	4,144
Professional services	**1,127**	1,936
Additional funding of SIBC operations	**834**	1,169
Depreciation of investment property	**717**	713
Depreciation of intangible assets	**23**	19
Total Expenses	**45,157**	**46,002**

23. Related Party Transactions

Balances and transactions between the Corporation and its share of its joint operations have been eliminated on consolidation and are not disclosed in this note. Related party transactions relating to employee benefits are disclosed in note 20, and government bonds and deposit certificate investments are disclosed in note 9. These transactions have been recorded at the exchange amount, meaning the amount agreed to between parties.

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

TRANSACTIONS WITH GOVERNMENT RELATED ENTITIES

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

During the year, the parent Corporation recorded $9,150 of new government funding (2021 – $6,035). At March 31, 2022, the parent Corporation recorded $1 (2021 – $1,044) in accounts receivable with related parties and $2,180 (2021 – nil) in accounts payable with related parties.

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

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

Compensation of key management personnel was as follows:

Year ended March 31	2022	2021
	$	$
Short-term employee benefits	**1,208**	1,152
Retirement and other post-employment benefits	**76**	156
Total	**1,284**	**1,308**

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

24. Facility Rentals

The Corporation has entered into contracts with companies who rent space in its buildings at various crossings. Contingent rent, based on sales at the Duty Free Shops, are the largest components of the rent received by the Corporation from these lessees. One of these Duty Free stores has a fixed component of its rent. Contingent revenue recognised during the current year for these leases was $374 (2021 – $337). The lessee of the Duty Free Shop at the Point Edward crossing has also paid for the expansion of the building. This payment was recorded as deferred revenue and is recognised as revenue on a straight-line basis, amortised over the non-cancellable lease term.

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

As at March 31	2022	2021
	$	$
Within one year	**1,381**	1,072
After one year but not more than five	**2,904**	1,030
More than five years	**1,329**	-
Total	**5,614**	**2,102**

25. Contingent Liabilities

In the normal course of its activities, the Corporation is the claimant or defendant or is involved in certain pending claims or lawsuits. To the extent that a future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded in the consolidated financial statements. At March 31, 2022, there were no claims made against the Corporation (2021 – no claims).

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

26. Commitments for Expenditure

a) The Corporation has commitments totaling $5,010 (2021 – $5,593) including:

   i. Administrative contracts of $364 (2021 – $494) for internal audit, internet services and other contracts;

   ii. Capital project contracts of $3,551 (2021 – $3,834) for the purchase of property and equipment;

   iii. Maintenance contracts of $625 (2021 – $693) have been awarded; and

   iv. Rental agreement of $470 (2021 - $572) for the Ottawa office lease.

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

26. Commitments for Expenditure (continued)

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

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

As at March 31	2022	2021
	$	$
Within one year	**3,944**	4,513
After one year but not more than five	**596**	497
More than five years	**-**	11
Total	4,540	5,021

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

As at March 31	2022	2021
	$	$
Within one year	**98**	98
After one year but not more than five	**372**	392
More than five years	**-**	82
Total	470	572

The office space lease does not contain a renewal option.

27. Financial Instruments

FAIR VALUE

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

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

As at March 31			2022
	Value	Cost	Level
	$	$	
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	**5,954**	**5,954**	Level 2
Financial instruments measured at amortied cost			
Held-to-maturity investments Held-to-maturity investments	**293**	**293**	Level 2
Loans payable	**9,967**	**9,967**	Level 2
Bonds payable	**43,976**	**40,406**	Level 2

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

27. Financial Instruments (continued)

As at March 31			2021
	Value	Cost	Level
	$	$	
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	248	248	Level 2
Financial instruments measured at amortised cost			
Loans payable	2,563	2,542	Level 2
Bonds payable	54,322	46,320	Level 2

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

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

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

CREDIT RISK

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

The Corporation manages this risk by dealing only with members of the Payments Canada or the Government of Canada and by closely monitoring the issuance and collection of credit to commercial clients. The carrying amount reported on the Corporation's Consolidated Statement of Financial Position for its financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk. At March 31, 2022 there were no provisions recorded. The credit risk is not significant for the Corporation (2021 – not significant).

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

LIQUIDITY RISK

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

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

27. Financial Instruments (continued)

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

As at March 31				**2022**
	Carrying amount	**Less than 3 months**	**3 months to 1 year**	**Over 1 year**
	$	**$**	**$**	**$**
Trade and other payables	**4,702**	**4,103**	**599**	**-**
Holdbacks	**380**	**333**	**47**	**-**
Long-term debt payable	**60,087**	**172**	**9,391**	**50,524**
Lease liability (Note 18)	**1,197**	**67**	**181**	**946**
Total	**66,363**	**4,675**	**10,218**	**51,470**

As at March 31				2021
	Carrying amount	Less than 3 months	3 months to 1 year	Over 1 year
	$	$	$	$
Trade and other payables	2,064	1,377	687	-
Holdbacks	337	86	251	-
Long-term debt payable	60,338	66	11,400	48,872
Lease liability (Note 18)	1,414	65	157	1,192
Total	64,153	1,594	12,495	50,064

MARKET RISK

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is subject to interest rate risk on its cash and cash equivalents. A 1% variation in interest rates at March 31, 2022, would not be material.

Certain fair value through other comprehensive income investments bear interest at a fixed rate. Fair value through other comprehensive income investments also include bonds of the Government of Canada, provincial governments, and corporate banks with fixed rates of interest and an average term to maturity of 1.1 years (2021 – 10.7 years). The fair market value of these instruments is indirectly affected by fluctuations of the market interest rate. The impact of a hypothetical 1% variation in interest rates at March 31, 2022 would not be material.

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

27. Financial Instruments (continued)

A material variation in exchange rates during the year would significantly affect toll revenue as there is a direct correlation between the volume of traffic and the exchange rates. Assuming that volumes would not be impacted by the exchange rate, a hypothetical 1% weakening of the Canadian dollar during the course of the fiscal year would have had a $57 (2021 - $55) increase in recorded toll revenue. The Corporation's U.S. cash is held in different banks, due to the Corporation's U.S. bridge operating partners utilising locally available banks. At March 31, 2022, the Corporation's U.S. dollar bank balance was $1,110 (2021 - $1,039). A hypothetical 1% variance in the exchange rate at March 31, 2022 would not be material.

The Corporation manages this risk by periodically adjusting the toll rates for parity with the foreign exchange rate, and by converting currencies where applicable.

CAPITAL MANAGEMENT

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

As per legislative authorities, the maximum amount that the Corporation can borrow is $130,000 with Minister of Finance approval (2021 – $130,000).

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

28. COVID-19 and subsequent events

The duration and extent of the COVID-19 pandemic measures and related travel restrictions remain unclear at this time as they are constantly evolving. With every change in restrictions, the Corporation has seen an increase or decrease in toll revenues. It is not possible to reliably estimate the full effect on the Corporation at this time. The effects of COVID-19 significantly diminished the Corporation's revenue sources immediately. These revenue sources have only partially come back, that being commercial truck traffic, where essential goods have been able to cross the border throughout the pandemic. However, passenger vehicle traffic and lease revenue have significantly decreased, resulting in the Corporation having to use up its cash and investment reserve it had previously accumulated in order to fund future capital projects.

The Corporation has obtained government funding in both fiscal 2020-21 and 2021-22 to cover the revenue shortfalls experienced by SIBC due to COVID-19 and partially compensate for the critical operating requirements caused by COVID-19 (see Note 19) in relation to FBCL's other crossings. The Corporation, through the Government of Canada, has secured funding for the 2022-23 to 2024-25 fiscal years to support continued operations and capital asset acquisitions, as all cash and investments set aside for future capital projects have been depleted. The US federal government, through its 2022 Consolidated Appropriations Bill, has provided access to funding for GLS, of which a portion is expected to flow through to SIBC during the next fiscal year to address operating shortfalls brought on as a result of COVID-19.

The Corporation has considered the impact of this event on the valuation of its assets as at March 31, 2022, and has determined that assets are appropriately valued and that no impairments are required.

Directors and Officers

The Federal Bridge Corporation Limited

BOARD OF DIRECTORS

(as of March 31, 2022)

Pascale Daigneault	*Chairperson*
John Lopinski	*Vice-Chairperson*
Natalie Kinloch	*Director*
Marie-Jacqueline Saint-Fleur	*Director*
Andrew Travis Seymour	*Director*
Rakesh Shreewastav	*Director*
Vacant	*Director*
Jacques E. Pigeon	*Corporate Secretary*

Committees Of The Board Of Directors

FINANCE AND AUDIT COMMITTEE

Marie-Jacqueline Saint-Fleur	*Chairperson*
John Lopinski	*Member*
Andrew Travis Seymour	*Member*

GOVERNANCE, POLICY AND HUMAN RESOURCES COMMITTEE

Rakesh Shreewastav	*Chairperson*
John Lopinski	*Member*
Andrew Travis Seymour	*Member*

OFFICERS AND SENIOR MANAGERS

Natalie Kinloch	*Chief Executive Officer*
Warren Askew	*Chief Operating Officer*
Richard Iglinski	*Chief Financial Officer*
Thye Lee	*Vice-President, Engineering and Construction*
Rémi Paquette	*Chief Corporate Services Officer*

Directors and Officers *(continued)*

The Seaway International Bridge Corporation, Ltd.

BOARD OF DIRECTORS

(as of March 31, 2022)

Natalie Kinloch	*President*
Carrie Mann-Lavigne	*Vice-President*
Warren Askew	*Director*
Richard Iglinski	*Director*
Thomas Lavigne	*Director*
Kevin O'Malley	*Director*
Jeffrey Scharf	*Director*
Thye Lee	*Director*

Committees Of The Board Of Directors

MANAGEMENT COMMITTEE

Natalie Kinloch	*Chair*
Carrie Mann-Lavigne	*Member*

AUDIT COMMITTEE

Kevin O'Malley	*Chair*
Richard Iglinski	*Member*
vacant	*Member*

OFFICERS AND SENIOR MANAGERS

Natalie Kinloch	*President*
Carrie Mann-Lavigne	*Vice-President*
Richard Iglinski	*Treasurer*
vacant	*Assistant-Treasurer*
Wade Dorland	*Bridge Director*

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