Global Transportation Hub

Annual Report for 2020-21

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Letters of Transmittal

The Honourable Jim Reiter

Minister Responsible for the Global Transportation Hub

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for the Global Transportation Hub Authority for the fiscal year ending March 31, 2021.

Honourable Jim Reiter

Minister Responsible for the Global Transportation Hub

Daniel Hersche

CEO of the Global Transportation Hub

The Honourable Jim Reiter, Minister Responsible for the Global Transportation Hub

Dear Minister:

I have the honour of submitting the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2021.

Daniel Hersche

CEO of the Global Transportation Hub

Overview of the Global Transportation Hub

The Global Transportation Hub (GTH) was established in accordance with The Global Transportation Hub Authority Act in August 2013 with a statutory mandate to:

(a support the economic and social development of Saskatchewan by planning, developing, constructing, managing, regulating, operating, marketing and promoting a competitive, economic, integrated and efficient transportation logistics hub that is consistent with safety and environmental standards;

(b perform any other duties and carry out any other functions that may be assigned to the authority by an Act or the Lieutenant Governor in Council.

The GTH is a natural solution and regional differentiator for investment attraction and business operations in the transportation and logistics, warehousing and distribution, and processing and manufacturing industries.

To date, companies located at the GTH have created 900 jobs and invested $485M in private sector capital spending. At full capacity, it is forecast that more 7,500 people will work at the GTH and private investment will exceed $5 billion.

Purpose-built industrial warehousing and manufacturing parks require superior logistics and utility infrastructure. New highway construction projects such as the Regina Bypass and the twinning of Dewdney Avenue to Pinkie Road are in place and will move us closer to realizing the benefits of having road systems connecting Regina to the GTH and beyond.

There were other success stories that speak to the positive momentum in the region. Residential and commercial development continues on Regina's west side – signs of economic spinoffs created by the Bypass.

Alignment with Government's Direction

The GTH is well positioned to contribute to many of the Province's growth goals identified in Saskatchewan's Growth Plan in the decade ahead.

Status in 2020-21

Meeting the Current Challenges

For more than a year, the global pandemic has crippled many sectors and stalled economies. However, the industrial market and the agri-food and agri-business sectors have been resilient in the face of debilitating adversity and are gaining more traction in southern Saskatchewan.

These are two key elements of the supply chain the GTH was designed to support. Creating value-added agri-food processing locally while delivering food to tables globally has highlighted the importance of safe and efficient transportation infrastructure.

More than 67 per cent of products produced in Saskatchewan are exported. The well-being of the Saskatchewan people relies heavily on an export and trade-based economy. Modern, safe and efficient export infrastructure is key to facilitating that trade and providing a path for our goods and natural resources to reach consumers and markets around the world.

Home to leading manufacturing, processing and distribution companies like Avena Foods and Loblaws Companies Ltd., the GTH is evolving to become a key transportation link for Saskatchewan to markets across Canada and around the world.

The importance of the distribution of food and fuel for consumers across Saskatchewan and worldwide has been reinforced through the pandemic over the past year. Essential services like this have been magnified throughout the pandemic and will play a role in a renewed interest in facilities like the GTH and its growth.

Bringing Stability to Sales and Management

Colliers is now firmly entrenched as manager, operator and marketer for the GTH. Colliers was introduced to this role in September 2019 and, with more than a full year at the helm, is poised to gain momentum and deliver success with land sales complemented by stable management of the site.

Together, Colliers and the GTH continued to aggressively pursue opportunities to enhance relationships with current and prospective clients in Saskatchewan and beyond. This pursuit is strengthened thanks to Colliers' presence and influence, in addition to infrastructure upgrades and new signs of development at the GTH and in west Regina.

Developments During the Year

The Regina Bypass has been fully operational for more than a year and its maturation allows greater efficiencies with traffic flow to and from the GTH. It also provides direct access to the Trans-Canada Highway and further realizes the strategic advantage of the GTH location.

The GTH experienced changes to its business directory over the past year, as three new entrants joined the footprint. A new entrant to the region, Refrigerative Supply, leased one of the largest buildings on the grounds at the Translink Logistics Centre, a building greater than 80,000 square feet.

Even though this is not a GTH-owned property, seeing this expansive property being utilized sheds a positive light on the GTH as a whole and shows potential tenants this is a bustling transportation hub. At present, there is no vacant space on the market at the GTH.

Additionally, at the Translink Logistics Centre at the GTH, another new client, Avena Foods assumed residency in a recently vacated space of more than 50,000 square feet.

The third new client to join the footprint was Trivan TLC Limited Partnership purchasing 19 acres of land which included the two existing buildings that made up the Translink Logistics Centre.

SaskPower began preliminary development on their site at the GTH, with additional progress expected to be made during fiscal 2021-22.

During the year, the GTH completed its first bi-annual review of the municipal water, wastewater, transportation infrastructure and services agreement with the City of Regina. We are pleased to report that this process went smoothly and has continued to build upon good relationships with the City of Regina, a key regional partner.

Enabling Savings and Sales

The impact of the operational changes made in the prior year reduced the net operating loss by $1.2 million, from a three-year average of $3.4 million down to $2.2 million in fiscal 2019-20. The full benefit of these cost changes was realized in the current year and has reduced the net operating loss to $839,000.

While these cost reductions are an important component of the GTH's journey, the restructuring was undertaken to set up the GTH for land sales success and operating efficiencies while still maintaining service to those located at the hub.

The global pandemic that continues to wreak havoc across almost every sector played a significant role in slowing land sales at the GTH. Travel restrictions induced by the pandemic made visits to our location by interested buyers more difficult.

This challenge wasn't specific to the GTH, however. Industrial land sales across most of Canada experienced a slowdown over the past year because of a combination of impacts.

We do not believe this a systemic issue that will impact the trajectory of the industry. Land development is a long-term process that is typically realized on multi-year intervals. There is an expectation that land sales could accelerate through the economic recovery.

The GTH outlook is trending in a positive direction. With many of the building blocks of success in place, Saskatchewan taxpayers can expect to see significant value in the years to come.

Governance

The GTH Board of Directors is responsible for setting direction and guiding the inland port authority in fulfilling its mandate as well as setting goals and objectives for corporate performance. The Board reviews performance and assists in the development of key strategic priorities. Members of the GTH Board are as follows:

Board Members

Terry Baker, *Chair* – Mr. Baker, ICD.D is the President of Franklin Land & Cattle Co., a century old mixed farm located in West Central Sask. A non-practicing Civil Engineer, he was the former Chair of Saskatchewan Wheat Pool, the founding Chair of Viterra, long serving board member of Nutrients For Life Canada and the former chair of the Saskatchewan Health Research Foundation. Mr. Baker currently serves as Chair of Agrivita, Canada's national not-for-profit corporation promoting health and safety research and its effective application to the agricultural sector.

David Sutherland – Mr. Sutherland brings a wealth of private business expertise following a 30-year career with one of North America's most successful manufacturers. He is the former president and CEO of IPSCO Inc. – a Regina-based steel and pipe company acquired by SSAB. In leading the company, he gained acclaim as one of the top Industry CEO's in North America. He is currently Chairman of United States Steel Corp. and Graham Construction, Director for GATX Corporation, and a Member of the Directors of Imperial Oil Ltd. He is a former member of the Board of Governors of the University of Saskatchewan.

Nithi Govindasamy, *Vice Chair.* Mr. Govindasamy is a long-time civil servant, who retired as Deputy Minister, Ministry of Highways for the Saskatchewan Government in 2017. His 35-year public sector career included leadership roles in the Ministries of Agriculture in both Saskatchewan and Alberta. Most recently, Mr. Govindasamy served as senior advisor at the GTH where he introduced the organization to his national and international agriculture network.

Lionel LaBelle – Mr. LaBelle has an extensive entrepreneurial background having assumed a leadership and ownership role in a cross-section of publically traded and private corporations focused on agribusiness, construction and manufacturing. From 2008-14 he was President and CEO of the Saskatchewan Trade and Export Partnership (STEP). Since leaving STEP, Mr. LaBelle has completed projects as a private consultant working for government as well as private corporations with a focus on export development, strategic planning, public policy implementation & corporate governance. Throughout his career Mr. LaBelle has been active on multiple Boards whether they be Crown Corporations, Industry driven, Regional Economic Development and charitable and/or social organizations.

2020-21 Financial Overview

Global Transportation Hub

Management's Responsibility for the Financial Statements for the Twelve Month Period Ended March 31, 2021

The accompanying financial statements are the responsibility of the management of the Global Transportation Hub (GTH). They have been prepared in accordance with generally accepted accounting principles for the public sector, using management's best estimates and judgments, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report.

Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The GTH board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Provincial Auditor of Saskatchewan expresses an independent opinion on these statements and their report follows.

On behalf of the GTH,

Daniel Hersche
President and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of The Global Transportation Hub Authority (GTHA), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the GTHA as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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 financial statements and our auditor's report thereon.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GTHA'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 GTHA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the GTHA to cease to continue as a going concern.

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

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

Judy Ferguson

Regina, Saskatchewan
May 27, 2021

Judy Ferguson, FCPA, FCA
Provincial Auditor
Office of the Provincial Auditor

Statement 1
GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Financial Position

As at March 31, 2021
(thousands of dollars)

	2021	2020
Financial assets		
Cash	$ 47	$ 31
Accounts receivable (note 11)	653	926
	700	957
Financial liabilities		
Bank indebtedness (note 4)	11,910	11,420
Accounts payable & accrued liabilities (note 8)	506	663
Payable to Ministry of Highways and Infrastructure (note 10)	2,860	2,860
Customer deposit	15	19
Deferred revenue	3	3
Term debt (note 4)	32,000	32,000
	47,294	46,965
Net financial debt	(46,594)	(46,008)
Non-financial assets		
Prepaid expenses (note 5)	2,249	2,388
Property held for sale (note 6)	26,392	25,546
Tangible capital assets (note 9)	28,904	29,864
	57,545	57,798
Accumulated surplus (Statement 2)	**$ 10,951**	**$ 11,790**

Contractual obligations (note 7)
Contractual rights (note 8)

(See accompanying notes to the financial statements)

Statement 2
GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Operations

For the year ended March 31, 2021
(thousands of dollars)

	2021 Budget (Note 3)	2021	2020
Revenue			
Land sales	$ 5,000	$ -	$ -
Land leases (Note 8)	340	202	340
Property tax	2,929	2,969	3,112
Transit	-	-	13
Permits and fees	37	17	7
Other	36	65	74
	8,342	3,253	3,546
Expenses (Note 12)			
Land and development costs	1,227	109	-
Authority management	1,804	1,731	1,748
Permits and fees	31	2	-
Professional services	135	387	375
Operating expenses	3,399	1,863	3,603
	6,596	4,092	5,726
Annual surplus (deficit)	1,746	(839)	(2,180)
Accumulated surplus, beginning of year	11,790	11,790	13,970
Accumulated surplus, end of year (Statement 1)	$ 13,536	$ 10,951	$ 11,790

(See accompanying notes to the financial statements)

Statement 3
GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Change in Net Financial Debt

For the year ended March 31, 2021
(thousands of dollars)

	2021 Budget (Note 3)	2021	2020
Annual surplus (deficit)	$ 1,746	$ (839)	$ (2,180)
Reclassification of tangible capital assets	-	260	-
Disposal of tangible capital assets	3	-	-
Amortization of tangible capital assets	747	700	747
	750	960	747
Additions to property held for sale	-	(846)	-
Sale of property held for sale	670	-	-
(Increase) decrease of prepaid expenses	70	139	127
Decrease (increase) in net financial debt	3,236	(586)	(1,306)
Net financial debt – beginning of year	(46,008)	(46,008)	(44,702)
Net financial debt – end of year	**$ (42,772)**	**$ (46,594)**	**$ (46,008)**

(See accompanying notes to the financial statements)

Statement 4
GLOBAL TRANSPORTATION HUB AUTHORITY

Statement of Cash Flows

For the year ended March 31, 2021
(thousands of dollars)

	2021	2020
Cash used in operations		
Annual deficit	$ (839)	$ (2,180)
Non-cash items in annual deficit		
Amortization expense	700	747
Changes in working capital		
Accounts receivable	273	(501)
Property held for sale	(846)	-
Accounts payable & accrued liabilities	(157)	175
Customer deposit	(4)	19
Prepaid expenses	139	127
	(734)	(1,613)
Cash flows used in capital activities		
Reclassification of tangible capital assets	260	-
	260	-
Total cash outflows during year	(474)	(1,613)
Bank indebtedness, beginning of year	(11,389)	(9,776)
Net bank indebtedness, end of year	**$ (11,863)**	**$ (11,389)**
Net bank indebtedness consists of:		
Cash	47	31
Bank indebtedness	(11,910)	(11,420)
	(11,863)	(11,389)
Interest paid	$ 849	$ 1,423

(See accompanying notes to the financial statements)

Notes to the Financial Statements

1. Status of Global Transportation Hub Authority

The Global Transportation Hub Authority (the "GTHA") was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009. Effective August 6, 2013 *The Global Transportation Hub Authority Act* was passed and gives the GTHA authority over land use, planning and regulation, infrastructure asset ownership and rights to property taxes.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian public sector accounting standards. The statement of re-measurement gains and losses has been omitted as there were no relevant transactions to report.

The following policies are considered significant:

a) Revenue

Property sales (i.e., land, building) are recognized as revenue when the risk and rewards of ownership are transferred and the amount can be reasonably estimated and collectability is reasonably assured. Property tax revenues are recognized as they are earned. Land lease revenues are recognized over the term of the lease in the period they are earned. Transit, permit and other revenue is recognized as revenue in the year it is earned.

Deferred revenue relating to building and development permits is billed at the outset of construction and is recognized into revenue as the permitting process occurs throughout construction.

b) Land and Development Costs

Land and development cost expense are recognized in the year that the associated land sales revenue is recognized.

The cost of land sales relates to the initial purchase, grading costs and contributions to regional infrastructure improvements directly associated with the land sold. Costs related to land development for roads, undergrounds and other infrastructure constructed on common lands are capitalized and amortized over their useful lives.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

c) Property Held for Sale

Property held for sale is made up of land and a building to be sold in future periods. Land held for sale consists of the costs of acquiring land held for sale, grading, utility connections, and municipal reserve costs incurred on any land to be sold. The building was recorded at its cost to the GTHA as described further in Note 8. All inventories are held at the lower of cost or net realizable value. Property held for sale is recorded as a non-financial asset due to uncertainty surrounding the sale of property within the next twelve months.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Tangible capital assets, excluding land, with a life exceeding one year, are amortized on a straight-line basis over their estimated useful lives as follows:

Roadways	40 years
Undergrounds	75 years
Storm water management	100 years
Fixtures and equipment	1 – 20 years

Leasehold improvements are amortized over the remaining lease period.

e) Pensions

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. The GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions (8.6% of employee salaries) it is required to make in the year.

f) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations in the period in which they become known.

g) Financial Instruments

All financial instruments are measured at amortized cost.

h) Amendments to Standards

The following standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2021 have not been applied in preparing these financial statements:

PS 3280 Asset Retirement Obligation (effective April 1, 2022), a new standard will provide guidance on principles for recognition, measurement, presentation, and disclosure of legal obligations associated with retirement of tangible capital assets from productive use; and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PS 3400 Revenue (effective April 1, 2023), will provide the guidance for recognition, measurement, and presentation of revenues common to government other than tax revenues and government transfers.

The GTHA plans to adopt these new standards in the fiscal year in which it becomes effective. Management is currently evaluating the impact of these amendments on the financial statements, however does not anticipate a significant impact on operations from adoption.

3. Budget Approval

The budget figures are presented for comparison purposes. The GTHA's 2020-21 budget was approved by the Board of Directors on December 9, 2019.

4. Bank Indebtedness and Term Debt

A line of credit operating loan of $15 million (at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2021 is $11,910 (March 31, 2020 – $11,420), and is repayable on demand. Prime rate at March 31, 2021 is 2.45% (March 31, 2020 – 2.45%).

Term debt is as follows:

Royal Bank Loan with interest at prime rate less .50%

	2021	2020
	$32,000	$32,000

The loan term was extended during the year; the loan is repayable in full on the earlier of receipt of the net proceeds on sale of developed land or March 31, 2022.

5. Prepaid Expenses

During fiscal 2019, an agreement was signed with the City of Regina to provide water, wastewater and transportation services. An initial payment of $3,350 was made to compensate the City for actual benefits received to date and the GTHA's portion of planned future projects based on the GTHA's current impact. The portion that relates to the future expense associated with planned projects is recorded as a prepaid expense.

During the current fiscal year $109 was expensed related to the construction of two projects.

6. Property Held for Sale

Of the estimated remaining 717 acres to be sold or leased, 508 acres were assembled and are currently held by the Ministry of Highways (MHI). As this land is sold to clients, MHI is compensated by the GTHA for all costs incurred. The remaining 209 acres and one building are held by the GTHA.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Contractual Obligations

Contractual obligations include:

	2021	2020
Clean Landscapes (EcoCare)	$ 285	$ 775
CIR Commercial Realty Inc. (Colliers)	1,109	1,413
Walker Projects	469	102
Total	**$ 1,863**	**$ 2,290**

The above contractual obligations do not include those contracts which are paid on a usage basis. The contract with Colliers includes additional fees in the event that certain performance criteria are met. The GTHA has also entered into three separate contracts with the City of Regina: two five year contracts expiring December 31, 2024 for the provision of fire services and assessment and collection of property taxes, and a contract expiring December 31, 2040 for the provision of water and sewer servicing for which service fees are calculated based on up to date information each year.

During 2014-15 the GTHA entered into a 15-year lease for head office space. Non-cancellable operating lease payments are as follows (thousands of dollars):

2022	$ 101
2023	101
2024	101
2025	105
2026	109
Thereafter	391
Total	**$ 908**

During the year ended March 31, 2021 the Authority recognized $0 (2020 - $134) as rent expense related to operating leases. This property has been subleased to an external party as discussed in Note 8.

8. Contractual Rights

The GTHA recorded land lease revenue in 2020-21 pursuant to land lease agreements which expire in 2027. In November 2020, the lease was terminated due to default by the third party with remaining minimum lease payments of $2,260 to the end of the lease term. These payments remain due by the third party to the GTHA, subject to a new lease or sale of the land and building to another third party. At the time of termination, the GTHA took control of a building the third party constructed as a leasehold improvement on the land. The GTHA recorded the building at $585, the cost of the outstanding receivable from the third party, which was deemed to be the lower of cost or net realizable value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During 2019-20, the GTHA entered into a sublease agreement with an external party for the use of its head office which expires in 2029. As at March 31, 2021, the remaining rent payments to the end of the term of the sublease are $708 (2020 - $783). GTHA recorded a liability of $201 (2020 - $228) to reflect the fact that the rent payments under the sublease do not offset the operating lease payments associated with its head office lease.

9. Tangible Capital Assets

	2020-21							2019-20
	Leasehold Improvements	Roadways	Undergrounds	Storm Water Management	Fixtures and Equipment	Leased Land	Total	Total
Opening Cost	$ 1,310	$ 18,611	$ 12,150	$ 2,921	$ 570	$ 260	$ 35,822	$ 35,822
Additions during the year	-	-	-	-	-	-	-	-
Reclassification during the year	-	-	-	-	-	(260)	(260)	-
Closing Cost	$ 1,310	$ 18,611	$ 12,150	$ 2,921	$ 570	$ -	$ 35,562	$ 35,822
Opening accumulated amortization	$ 1,310	$ 2,913	$ 1,061	$ 191	$ 483	$ -	$ 5,958	$ 5,211
Annual amortization cost	-	465	162	29	44	-	700	747
Closing accumulated amortization	$ 1,310	$ 3,378	$ 1,223	$ 220	$ 527	$ -	$ 6,658	5,958
Net book value of tangible capital assets	$ -	$ 15,233	$ 10,927	$ 2,701	$ 43	$ -	$ 28,904	$ 29,864

10. Payable to Ministry of Highways and Infrastructure

The amount payable to the Ministry of Highways and Infrastructure (MHI) was formerly held as deferred revenue for the use of land to obtain borrow material to be used in road construction. During 2017-18 the MHI relinquished this right and the Authority agreed to repay this amount as designated parcels of land are sold.

11. Financial Instruments

The GTHA's financial assets consist of cash and accounts receivable. Financial liabilities consist of accounts payable, customer deposits and debt.

Financial Risk Management

The Board of Directors ensures that the GTHA has identified its major risks and ensures that management monitors and controls them. The Board of Directors oversees the GTHA's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk.

The GTHA has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk.

a) Credit Risk

The GTHA is exposed to credit risk from the potential non-payment of accounts receivable. The GTHA's receivables are primarily from the companies who have purchased land or property tax revenues receivable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The carrying amount of accounts receivable represents the maximum credit exposure as follows:

	2021
Accounts receivable	$ 653

The GTHA manages its credit risk surrounding accounts receivable by dealing solely with reputable customers and ensuring security.

Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect impairment on collectability.

b) Interest Rate Risk

Financial liabilities with variable interest rates expose the GTHA to cash flow interest rate risk. The GTHA's debt outstanding as at March 31, 2021 has a variable interest rate.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

As at March 31, 2021 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of $439.

c) Liquidity Risk

Liquidity risk is the risk that the GTHA will not be able to meet its financial obligations as they become due.

The GTHA manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities.

The term debt and line of credit operating loan are the principal instruments used to monitor and manage the liquidity risk, as discussed in Note 4.

12. Expenses by Object

	2021 Budget	2021	2020
Salaries & benefits	$ 109	$ 118	$ 817
Purchased goods and services	4,245	2,425	2,739
Interest	1,495	849	1,423
Amortization	747	700	747
Total	**$ 6,596**	**$ 4,092**	**$ 5,726**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Pension Contributions

During the year, the GTHA contributed $0 (2020 - $33) to PEPP.

14. Impact of the COVID-19 Pandemic

The COVID-19 pandemic continues to cause significant disruption to the Canadian and world economies and has significantly impacted the GTHA's day to day operations. The magnitude and duration of the pandemic is uncertain. Accordingly, an estimate cannot be made of the potential impact on the GTHA's future operating results.

Appendix A:

GTH Organizational Chart

As at March 31, 2021

Appendix B:

Payee Report

Employees

Individual payees are reported where remuneration paid to them totals at least $50,000. Remuneration includes salaries, wages, bonuses, payments in lieu of notice, vacation payouts and other taxable benefits paid to employees with a minimum threshold of $50,000.

Payments of pension funds to, or on behalf of, active or retired employees are not reported.

Employee	Renumeration
SCHROEDER, MATTHEW	66,485

Suppliers and Other Payments

Individual payees are reported where the sum of payments to them total at least $50,000.

Vendor	Renumeration
CGI REALTY ADVISORS LTD.	69,057
CIR COMMERCIAL REALTY (COLLIERS)	309,149
CITY OF REGINA	470,639
ECOCARE LTD.	544,853
HOOPP REALTY INC.	67,451
MINISTRY OF HIGHWAYS & INFRASTRUCTURE	92,127
WALKER PROJECTS INC.	425,016

For More Information

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