Financial statements of the
Oshawa Port Authority

December 31, 2017

Deloitte.

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Independent Auditor's Report

To the Board of Directors of the
Oshawa Port Authority

We have audited the accompanying financial statements of the Oshawa Port Authority, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and comprehensive loss, changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Oshawa Port Authority as at December 31, 2017, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 in the financial statements which indicates that the Port Authority incurred a net loss of $230,306 during the year ended December 31, 2017 and, as of that date, the Port Authority’s current liabilities exceeded its current assets by $5,862,735. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the Port Authority's ability to continue as a going concern.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 9, 2018

Oshawa Port Authority

Statement of operations and comprehensive loss

Year ended December 31, 2017

	Notes	2017	2016
		$	$
Revenue			
Top wharfage		**420,287**	444,235
Harbour dues and side wharfage		**112,501**	101,964
Property management		**1,071,610**	1,098,290
ISPS security		**37,940**	26,230
Interest and other income		**5**	41,222
		1,642,343	1,711,941
Expenditures			
Administrative - Schedule 1		**679,531**	734,858
Amortization of maintenance dredging		**426,862**	392,364
Amortization of property, plant, equipment and other assets		**345,436**	326,545
Harbour security		**15,052**	12,158
Maintenance general		**39,588**	89,953
Professional fees		**123,887**	343,785
Gross revenue charge		**32,258**	33,403
Demurrage and contractor expenses		**—**	18,560
Loss on sale of property, plant, equipment and other assets		**—**	1,808
Arbitration award	3	**210,035**	4,189,965
		1,872,649	6,143,399
Net loss and comprehensive loss		**(230,306)**	(4,431,458)

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

	2017	2016
	$	$
Balance, beginning of year	**4,042,526**	8,473,984
Net loss and comprehensive loss	**(230,306)**	(4,431,458)
Balance, end of year	**3,812,220**	4,042,526

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

Oshawa Port Authority

Statement of financial position

As at December 31, 2017

	Notes	2017	2016
		$	$
Assets			
Current assets			
Accounts receivable	7	**233,289**	239,117
Prepaid expenses		**1,369**	17,109
		234,658	256,226
Property, plant, equipment and other assets - Schedule 2		**8,858,225**	8,975,513
Maintenance dredging	4	**816,730**	1,079,167
		9,909,613	10,310,906
Liabilities			
Current liabilities			
Bank indebtedness	5	**551,032**	266,946
Accounts payable and accrued liabilities		**4,675,941**	5,152,910
Deferred revenue		**333,087**	333,462
Deposits		**500,000**	510,000
Deferred contributions (Note 9(b))			—
Current portion of obligation under capital leases	6	**16,192**	1,213
		6,076,252	6,264,531
Obligation under capital leases	6	**21,141**	3,849
		6,097,393	6,268,380
Equity		**3,812,220**	4,042,526
		9,909,613	10,310,906

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

Approved by the Board

Director

Director

Oshawa Port Authority

Statement of cash flows

Year ended December 31, 2017

	2017	2016
	$	$
Operating activities		
Net loss and comprehensive loss	**(230,306)**	(4,431,458)
Items not affecting cash		
Amortization of maintenance dredging	**426,862**	392,364
Amortization of property, plant, equipment and other assets	**345,436**	326,545
Loss on sale of property, plant, equipment and other assets	**—**	1,808
	541,992	(3,710,741)
Changes in non-cash operating items		
Accounts receivable	**5,828**	156,017
Prepaid expenses	**15,740**	10,357
Accounts payable and accrued liabilities	**(220,191)**	3,211,406
Deposits	**(10,000)**	(87,637)
Deferred revenue	**(375)**	95,087
	332,994	(325,511)
Investing activities		
Purchase of property, plant, equipment and other assets	**(438,419)**	(3,437)
Maintenance dredging	**(164,425)**	(111,654)
	(602,844)	(115,091)
Financing activities		
Bank indebtedness	**284,086**	266,946
Payments made on obligation under capital lease	**(14,236)**	(805)
	269,850	266,141
(Decrease) increase in cash position	**—**	(174,461)
Cash, beginning of year	**—**	174,461
Cash, end of year	**—**	—
Supplemental cash flow disclosure		
(Decrease) increase in restricted cash and deferred contributions	**—**	(105,985)
Additions to property, plant and equipment that were not paid at year end	**—**	256,778
Additions to property, plant and equipment acquired under capital lease	**46,507**	5,867
Prior year property, plant and equipment accruals paid in current year	**256,778**	11,614

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

1. General information and Canada Marine Act status

The Oshawa Port Authority (the "Port Authority") is a single entity operating pursuant to Letters Patent issued by the Federal Minister of Transport. The Port Authority is a corporation without any share capital. The Port Authority is domiciled in Canada and the address of its registered office is:

1621 Simcoe Street South
Oshawa, Ontario
L1H 8J7

The port of Oshawa, located on the north shore of Lake Ontario, plays an important role in the economic development of the region by providing cost-effective access to the highly industrialized centres of south central Ontario and the northeastern United States.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Port Authority has applied a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2017. These standards have not resulted in any significant changes to the financial statements.

New and revised IFRSs in issue but not yet effective

The Port Authority has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle
IFRIC 22	Foreign Currency Transactions and Advance Consideration

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss (FVTPL), IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

The directors of the Port Authority anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Port Authority's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Port Authority undertakes a detailed review. This amendment is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors of the Port Authority anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Port Authority's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Port Authority performs a detailed review. This amendment is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised IFRSs in issue but not yet effective (continued)

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed from lease accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and lease of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 1, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The directors of the Port Authority anticipate that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Port Authority's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Port Authority performs a detailed review. This amendment is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted.

Annual improvements to IFRSs 2014 – 2016 Cycle

The Annual improvements include amendments to IFRS 1 and IAS 28, which are not yet mandatorily effective for the Port Authority. Amendments to IFRS 12, which is mandatorily effective for the Port Authority in the current year does not have any impact on their financial statements this year.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018. The Port Authority does not anticipate that the application of the amendments in the future will have any impact on the financial statements, as they are neither a first-time adopter of IFRS nor a venture capital organization.
Furthermore, the Group does not have any associates or joint ventures that are investment entities.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised IFRSs in issue but not yet effective (continued)

IFRIC 22 foreign currency transactions and advance consideration

IFRIC 22 addresses how to determine the "date of transaction" for purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

3. Significant accounting policies

Statement of compliance

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

Basis of preparation

The financial statements were prepared on the basis that the Port Authority is a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The Port Authority incurred a significant loss in the prior year of $4,431,458 as well as a loss of $230,306 during the current year which creates material uncertainties and casts significant doubt upon the Port Authority's ability to continue as a going concern. This is mainly a result of a $4,189,965 arbitration award that was made against the Port Authority during 2016. This arbitration award was settled subsequent to year end which resulted in the liability being adjusted during 2017. The terms and conditions of repayment have not yet been determined or agreed to.

While management believes that the use of the going concern assumption is appropriate, the ability of the Port Authority to continue as a going concern, is dependent upon its ability to negotiate payment terms relating to the arbitration award that match its cash flows from operations, or such other sources of financing or steps the Port Authority deems necessary and prudent.

All financial information is presented in Canadian dollars, the Port Authority's functional currency.

The significant accounting policies set out below were consistently applied to all of the periods presented.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

3. Significant accounting policies (continued)

Significant accounting judgments and estimates

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The Port Authority has applied judgment in its classification of items such as financial instruments and identifying the indicators of impairment for property, plant, equipment and other assets.

Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment and maintenance dredging for amortization purposes and amounts recorded as accrued liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash with financial institutions, demand deposits and short-term investments with original maturities of less than three months.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

Asset/liabilities	Category	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Deposits	Other liabilities	Amortized cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

3. Significant accounting policies (continued)

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated amortization and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset to bring the asset to a working condition for its intended use, and capitalized borrowing costs. The commencement date for capitalization of costs occurs when the Port Authority first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use. Amortization commences when the assets are available for use and is recognized on a straight-line basis to amortize the cost of these assets to their estimated residual value over their estimated useful lives. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of the asset and amortized over their estimated useful life on a straight-line basis.

Amortization methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

An item of property, plant and equipment is derecognized 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in net income in the period the item is derecognized.

Property, plant and equipment (continued)

Government contributions representing funding and assistance received related to capitalized property, plant and equipment are amortized to income on the same basis as the related costs are amortized.

Land and capital dredging included in the accounts are not amortized.

Capital leases

Plant and equipment, taken on lease on terms, which transfer substantially all benefits and risks of ownership to the Port Authority, is accounted for as a capital lease, as though the asset had been purchased and a liability incurred.

Impairment of long-lived assets

At the end of each reporting period, the Port Authority reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Port Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Maintenance dredging

Maintenance dredging costs are deferred and amortized on a straight-line basis over three to fifteen years, depending on the nature of the related maintenance dredging.

3. Significant accounting policies (continued)

Deferred revenue

Property management revenues are allocated to the respective periods in which they are earned.

Provisions

Provisions are recognized when a present obligation (legal or constructive) is, as a result of a past event, probable that the Port Authority will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Comprehensive income

The Port Authority is required to report total comprehensive income and its components in the financial statements, however the Port Authority has no other comprehensive income and accordingly, the Port Authority's net income equals the total comprehensive income.

Revenue recognition

The Port Authority recognizes revenue when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Gross revenue charge

In order to maintain its Letters Patent in good standing, the Port Authority is required to pay annually to Transport Canada a charge on gross revenue, which is calculated as follows:

Gross revenue	Charge
	%
Up to $10,000,000	2
On the next $10,000,000	4
On the next $40,000,000	6
On the next $10,000,000	4
Over $70,000,000	2

Income taxes

The Port Authority is incorporated under the Canada Marine Act and is therefore not subject to income taxes.

4. Maintenance dredging

	2017	2016
	$	$
Cost	**3,507,499**	3,395,845
Additions	**164,425**	111,654
Accumulated amortization	**(2,855,194)**	(2,428,332)
Closing net book value	**816,730**	1,079,167

5. Line of credit

The Port Authority has a revolving demand credit facility for $500,000 of which $390,932 (2016 - $285,637) was drawn down at the balance sheet date. This credit facility bears interest at the bank's prime rate plus 1% per annum, and is secured by a general security agreement.

6. Obligation under capital leases

The following is a schedule of future minimum lease payments for obligations under capital lease together with the balance of the obligations:

	$
2018	21,733
2019	22,143
2020	1,163
	45,039
Less amounts representing interest at 8.5% to 20.6%	7,706
Obligation under capital lease	37,333
Less current portion	16,192
	21,141

7. Risk management

In the normal course of business, the Port Authority is exposed to a variety of financial risks: interest rate risk, liquidity and credit risk. The Port Authority's primary risk management objective is to preserve capital. Risk management strategies, as discussed below, are designed and implemented to ensure the Port Authority's risk and related exposures are consistent with its objective and risk tolerances.

Currency risk

At year-end there were no financial instruments denominated in foreign currencies.

Interest rate risk

Interest rate risk describes the Port Authority's exposure to changes in general levels of interest rates. The Port Authority is exposed to interest rate risk on its outstanding drawings on the demand credit facility.

7. Risk management (continued)

Credit risk

The Port Authority's principal financial assets are cash and cash equivalents and accounts receivable which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Port Authority's maximum credit exposure at the balance sheet date.

The Port Authority's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the balance sheet for accounts receivable are net of allowance for doubtful accounts, estimated by the Port Authority management based on previous experiences and its assessment of the current economic environment.

The credit risk on cash and cash equivalents is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

The aging of accounts receivable is:

	2017	2016
	$	$
Trade		
Current	**198,900**	172,235
Aged between 31-90 days	**12,147**	55,772
Aged greater than 90 days	**22,242**	11,110
	233,289	239,117
Allowance for doubtful accounts	**—**	—
	233,289	239,117

Fair value

The fair values of all financial assets and liabilities approximate their carrying values either as a result of their short-term nature or their variable rate nature.

	2017		2016	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Financial assets				
Accounts receivable	**233,289**	**233,289**	239,117	239,117
Financial liabilities				
Bank indebtedness	**551,032**	**551,032**	266,946	266,946
Accounts payable and accrued liabilities	**4,675,941**	**4,675,941**	5,152,910	5,152,910

Liquidity risk

The Port Authority's objective is to have sufficient liquidity to meet its liabilities when due. The Port Authority monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2017, the most significant financial liability was accounts payable and accrued liabilities and bank indebtedness.

8. Capital disclosures

The Port Authority's objective when managing capital is to ensure sufficient liquidity to support its financial obligations and execute the operational and strategic plans to continue to provide benefits for its stakeholders and to remain financially self-sufficient. The Port Authority continually assesses its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying assets. According to its Letters Patent, the Port Authority's aggregate borrowing cannot exceed $500,000, nor can the Port Authority borrow funds as agent of Her Majesty. Currently, the Port Authority largely relies on cash flows from operations to fund its capital investment program. The Port Authority's capital is comprised of its equity.

9. Canada marine act and port authorities management regulations

Pursuant to subsection 37 (3) of the Canada Marine Act, total remuneration was paid to the following:

	2017	2016
	$	$
Director's fees		
Mr. Gary Valcour (Chair)	**26,977**	26,959
Mr. Bruce McArthur	**8,162**	8,980
Mr. Chris Kluczewski	**8,672**	8,152
Mr. Joe Allison	**—**	5,669
Mr. Norm Mackie	**9,084**	7,324
Mr. Peter Singh	**7,348**	7,752
Mr. Aleksandr Bolotenko	**7,432**	8,980
	67,675	73,816
President & CEO		
Ms. Donna Taylor		
Salaries and RRSP contribution in lieu of pension	**148,203**	138,112
Other benefits	**10,524**	11,259
	158,727	149,371
Financial information pursuant to section 35 of the Port Authorities Management Regulations is as follows:		
s. 35(1)(a) Wages, salaries and employee benefits	**264,881**	281,283
s. 35(1)(b) Professional fees and fees for consulting	**123,887**	343,785
s. 35(1)(c) Repairs and maintenance	**39,588**	89,953
s. 35(1)(d) Realty taxes	**—**	—

11. Approval of the financial statements

The financial statements were approved and authorized for issuance by the Board of Directors on November 9, 2018.

Oshawa Port Authority

Schedule of administrative expenses - Schedule 1

Year ended December 31, 2017

	2017	2016
	$	$
Wages and benefits	**264,881**	281,283
Insurance	**134,519**	144,511
Advertising and promotion	**73,059**	82,361
Travel and meetings	**12,660**	40,483
Sponsorship	**4,450**	6,600
Association fees	**26,769**	26,248
Utilities	**16,244**	24,796
Honoraria	**67,675**	73,816
Office and miscellaneous	**36,650**	33,592
Telephone and communications	**13,993**	14,139
Interest and bank charges	**28,631**	7,029
	679,531	734,858

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

Oshawa Port Authority

Schedule of property, plant, equipment and other assets and accumulated amortization - Schedule 2

Year ended December 31, 2017

		Cost or stated value			Accumulated amortization			Net book value	
	Useful life (years)	Balance 2016	Additions (net of disposals)	**Balance 2017**	Balance 2016	Provision and write offs (net of disposals)	**Balance 2017**	**2017**	2016
		$	$	**$**	$	$	**$**	**$**	$
Capital dredging	Indefinite	1,498,766	—	**1,498,766**	—	—	**—**	**1,498,766**	1,498,766
Piles and lake bottom structures	Indefinite	1,134,734	—	**1,134,734**	—	—	**—**	**1,134,734**	1,134,734
Miscellaneous harbour structures	10 to 40	385,991	—	**385,991**	(286,535)	(6,721)	**(293,256)**	**92,735**	99,456
Wharves	25 to 40	509,254	77,585	**586,839**	(479,777)	(8,177)	**(487,954)**	**98,885**	29,477
Piers	25 to 40	149,807	—	**149,807**	(105,851)	(7,922)	**(113,773)**	**36,034**	43,956
Pier dredging	Indefinite	51,933	—	**51,933**	—	—	**—**	**51,933**	51,933
Roads, fences, sewers, culverts and security cameras	20	522,582	97,793	**620,375**	(353,969)	(17,821)	**(371,790)**	**248,585**	168,613
Permanent sheds and terminals	20 to 40	985,638	4,141	**989,779**	(376,802)	(26,864)	**(403,666)**	**586,113**	608,836
Office equipment	10	148,844	2,145	**150,989**	(130,437)	(3,257)	**(133,694)**	**17,295**	18,407
Offices	10 to 40	534,293	—	**534,293**	(211,381)	(15,940)	**(227,321)**	**306,972**	322,912
Land rights	Indefinite	97,706	—	**97,706**	—	—	**—**	**97,706**	97,706
Rail spur	Indefinite	3,665,157	—	**3,665,157**	(221,689)	(151,752)	**(373,441)**	**3,291,716**	3,443,468
Bulk storage and access areas	20 to 25	1,221,181	46,484	**1,267,665**	(869,427)	(33,324)	**(902,751)**	**364,914**	351,754
Storage domes	25 to 40	1,793,899	—	**1,793,899**	(1,215,197)	(36,469)	**(1,251,666)**	**542,233**	578,702
Transit shed	10 to 40	248,687	—	**248,687**	(233,283)	(1,069)	**(234,352)**	**14,335**	15,404
Tanker berth and cargo handling facility	40	761,563	—	**761,563**	(555,010)	(19,123)	**(574,133)**	**187,430**	206,553
Building	25 to 40	520,420	—	**520,420**	(237,407)	(13,640)	**(251,047)**	**269,373**	283,013
Vehicle	10	33,574	—	**33,574**	(11,751)	(3,357)	**(15,108)**	**18,466**	21,823
		14,264,029	228,148	**14,492,177**	(5,288,516)	(345,436)	**(5,633,952)**	**8,858,225**	8,975,513

Included in office equipment is office equipment under capital lease, expiring in April 2020 with a cost of $5,867 and accumulated depreciation of $1,027, and included in roads, fences, sewers, culverts and security cameras are security cameras under capital lease, expiring in November 2019 with a cost of $61,507 and accumulated depreciation of $2,307.

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