Port of Johnstown

Financial Statements

December 31, 2022

Contents

For the year ended December 31, 2022

Management's Responsibility

To the Members of Council, Inhabitants and Ratepayers of the Township of Edwardsburgh/Cardinal:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Port Management Committee ("Committee") is composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the members of Council of the Township of Edwardsburgh/Cardinal to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

General Manager

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Township of Edwardsburgh/Cardinal:

Opinion

We have audited the financial statements of Port of Johnstown (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statements of income and other comprehensive income, changes in equity 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 Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 Company 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual Report prior to the date of this auditor’s report. 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. 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 the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Cornwall, Ontario

May 23, 2023

Chartered Professional Accountants

Licensed Public Accountants

Port of Johnstown
Statement of Financial Position
As at December 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**9,150,157**	6,941,096
Investments *(Note 8)*	**3,430,171**	-
Trade receivables *(Note 6)*	**1,302,666**	2,072,639
Inventory	**7,858**	7,858
Prepaid expenses	**57,772**	51,152
	13,948,624	9,072,745
Non-current		
Property, plant and equipment *(Note 7)*	**66,448,811**	62,865,260
Investments *(Note 8)*	**-**	2,764,622
	66,448,811	65,629,882
Total assets	**80,397,435**	74,702,627
Liabilities		
Current		
Trade and other payables *(Note 9)*	**1,116,724**	914,628
Deferred revenue	**102,640**	100,518
	1,219,364	1,015,146
Non-current		
Mortgage payable *(Note 10)*	**2,180,765**	-
Deferred capital contributions *(Note 11)*	**28,586,580**	29,070,417
	30,767,345	29,070,417
Total liabilities	**31,986,709**	30,085,563
Contingencies, Commitments		
Equity		
Retained earnings	**48,410,726**	44,641,766
Accumulated other comprehensive loss	**-**	(24,702)
Total equity	**48,410,726**	44,617,064
Total liabilities and equity	**80,397,435**	74,702,627

Approved on behalf of Port Management Committee

Director **Director**

The accompanying notes are an integral part of these financial statements

Port of Johnstown
Statement of Income and Other Comprehensive Income
For the year ended December 31, 2022

	2022	*2021*
Revenues		
Grain services		
Storage	**2,339,916**	1,904,233
Drying	**2,209,089**	1,165,152
Receiving	**1,949,722**	2,274,238
Delivering	**1,381,632**	1,253,920
Fumigation	**282,820**	334,672
Other grain	**10,962**	17,225
Berthage and wharfage	**1,501,522**	1,087,186
Rental income	**554,477**	504,221
Interest	**261,078**	150,122
Rail Services	**109,264**	109,300
Other	**18,224**	15,171
Total revenue	**10,618,706**	8,815,440
Expenses		
Salaries, wages and benefits	**2,504,340**	2,465,015
Administration fees	**792,980**	781,261
Utilities	**531,662**	397,902
Outside services	**318,364**	324,845
Insurance	**317,717**	284,682
Advertising and promotion	**150,690**	106,315
Repairs and maintenance	**88,775**	88,966
Material and supplies	**84,273**	52,843
Office and administration	**69,165**	61,258
Interest on long-term debt	**55,660**	-
Community capital funding	**29,655**	75,000
Honorarium	**18,500**	20,500
Rental	**13,897**	9,646
Grain handling losses	**9,753**	-
Travel	**6,567**	1,498
Total operating expenses before depreciation and amortization	**4,991,998**	4,669,731
Operating income before depreciation and amortization	**5,626,708**	4,145,709
Depreciation and amortization		
Depreciation of property, plant and equipment *(Note 7)*	**1,464,624**	1,262,024
Amortization of deferred capital contributions *(Note 11)*	**(483,837)**	(442,743)
Total depreciation and amortization expenses	**980,787**	819,281
Operating income	**4,645,921**	3,326,428
Non-operating (loss) income		
Gain (loss) on disposal of investments	**(259,473)**	-
Change in fair value of investments	**-**	109,303
Gain on disposal of property, plant and equipment	**-**	92,133
Total non-operating (loss) income	**(259,473)**	201,436
Net income for the year	**4,386,448**	3,527,864

Continued on next page

Port of Johnstown
Statement of Income and Other Comprehensive Income
For the year ended December 31, 2022

	2022	2021
Net income for the year *(Continued from previous page)*	**4,386,448**	3,527,864
OTHER COMPREHENSIVE INCOME		
Financial instruments		
Change in fair value of fixed rate instruments	**-**	(68,272)
Total comprehensive income for the year	**4,386,448**	3,459,592

The accompanying notes are an integral part of these financial statements

Port of Johnstown
Statement of Changes in Equity
For the year ended December 31, 2022

	Retained earnings	Accumulated other comprehensive income	Total equity
Balance December 31, 2020	**41,113,900**	**43,570**	**41,157,470**
Net income for the year	**3,527,866**	**-**	**3,527,866**
Other comprehensive loss for the year	**-**	**(68,272)**	**(68,272)**
Balance December 31, 2021	**44,641,766**	**(24,702)**	**44,617,064**
Net income for the year	**4,361,746**	**-**	**4,361,746**
Other comprehensive income for the year	**-**	**24,702**	**24,702**
Prior period adjustment	**(7,140)**	**-**	**(7,140)**
Distribution of income	**(585,646)**	**-**	**(585,646)**
Balance December 31, 2022	**48,410,726**	**-**	**48,410,726**

The accompanying notes are an integral part of these financial statements

Port of Johnstown
Statement of Cash Flows
For the year ended December 31, 2022

	2022	*2021*
Cash provided by (used for) the following activities		
Operating activities		
Net income for the year	**4,386,448**	3,527,864
Depreciation of property, plant and equipment	**1,464,624**	1,262,024
Amortization of deferred capital contributions	**(483,837)**	(442,743)
Change in fair value of investments	**-**	(109,303)
Amortization of mortgage interest	**55,660**	-
Investment income re-invested	**7,911**	-
Accrued investment income	**(79,408)**	-
Loss on disposal of investments	**259,473**	-
	5,610,871	4,237,842
Changes in working capital accounts		
Trade and other receivables	**769,973**	(176,573)
Prepaid expenses	**(6,620)**	6,294
Trade and other payables	**194,956**	(3,381,028)
Deferred revenue	**2,122**	11,732
	6,571,302	698,267
Financing activities		
Issuance of mortgage payable	**2,250,000**	-
Repayments of mortgage payable	**(124,895)**	-
Distribution of income	**(585,646)**	-
Increase in deferred capital contributions	**-**	2,855,467
	1,539,459	2,855,467
Investing activities		
Purchase of investments	**(3,366,583)**	(2,181,415)
Proceeds from disposal of investments	**2,513,058**	5,111,423
Purchases of property, plant and equipment	**(5,048,175)**	(7,292,888)
	(5,901,700)	(4,362,880)
Increase (decrease) in cash resources	**2,209,061**	(809,146)
Cash resources, beginning of year	**6,941,096**	7,750,242
Cash resources, end of year	**9,150,157**	6,941,096

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Port of Johnstown (the "Company") is an unincorporated government business enterprise operated by the Corporation of the Township of Edwardsburgh/Cardinal (the Township) to provide seaway services to Eastern Ontario. The Company has been deemed to be non-taxable entity and is not subject to income taxes.

The address of the Company's registered office is 3035 County Road 2, Johnstown, Ontario.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

3. Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns and benefits to the Township.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust its prices for services or obtain debt from financial institutions.

The Company manages the following as capital:

	2022	*2021*
Deferred capital contributions	**28,586,580**	29,070,417
Retained earnings	**48,432,745**	44,698,510
	77,019,325	73,768,927

The Company monitors capital on the basis of ensuring sufficient prices are charged on services to cover expenses and generate income, which was unchanged from the prior year.

4. Basis of preparation

Basis of measurement

The financial statements have been prepared on the historical basis except for the revaluation of certain financial instruments. The principal accounting policies are set out in Note 5.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are prepared based on management's best knowledge of current events and actions that the Company may undertake in the future. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively in comprehensive income in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Basis of preparation *(Continued from previous page)*

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material.

Revenue from contracts with customers

Contracts with customers often include promises to deliver multiple services. Determining whether such bundled services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another service and recognized as a combined unit of accounting may require significant judgment.

Wharfage and grain services (excluding storage) are revenue streams under IFRS 15. The Company has set prices for each service and charges its clients on completion of each of these services, which is the Company's performance obligation.

5. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Cash

Cash is comprised of cash held within financial institutions.

Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost comprises all costs of purchases. Net realizable value is the estimated selling price in the ordinary course of business, less selling costs.

Investments

Investments consist of portfolio investments in equity, fixed rate investments, and gauranteed investment certificates ("GICs"). Portfolio investments in equity are recorded at fair value with adjustments presented in profit or loss, and are classified as long-term assets. Fixed rate investments are recorded at fair value with adjustments presented in other comprehensive income, and are classified as long-term assets. GICs are recorded at amortized cost, and are classified as current assets based on maturity dates.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

All assets having limited useful lives are depreciated using the following methods over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition in the case of purchased assets and from the date they are ready for their intended use in the case of self-constructed assets.

5. Summary of significant accounting policies *(Continued from previous page)*

Property, plant and equipment *(Continued from previous page)*

The methods of depreciation, useful life and depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	Method	***Rate***
Land improvements	straight-line	100 years
Equipment	straight-line	10-60 years
Building and fixtures	straight-line	5-50 years
Paving	straight-line	12-30 years
Vehicles	straight-line	5 years
Annex	straight-line	30 years
Marine terminal	straight line	100 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimates.

Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and funding received from external non-related parties including the Federal and Provincial governments for the purchase of property, plant and equipment. Amortization follows that of the related assets.

Revenue recognition

The following describes the Company's principal activities from which it generates revenue.

Grain services (excluding storage) and wharfage

The Company generates revenue from receiving, delivering, drying and fumigating grains, and wharfage on loaded grains. Revenue is recognized upon completion of each service.

Each service is distinct in that the client obtains benefit from the service at the time of its occurrence and it is separately identifiable from other services. Arrangement considerations are due when the service is performed.

The Company applies the practical expedient, whereby the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Storage revenue

Revenue for storage is recognized monthly based on grains stored at the Company.

Leases

The Company assesses at inception of a contract, whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

5. Summary of significant accounting policies *(Continued from previous page)*

Leases *(Continued from previous page)*

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

The Company, as a lessee, has elected to not recognize right-of-use assets and lease liabilities for short-term leases. Short-term leases are leases with a term of twelve months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company, as a lessor, assesses at lease inception whether a lease should be classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset; otherwise it is classified as an operating lease. Lease payments from operating leases are recognized as income on a straight-line basis over the lease term.

Employee benefits

The Company accrues in its accounts, annually, the estimated liabilities for pensions and other employee future benefits, including lump-sum retiring allowances and self-insured workers' compensation benefits payable to employees in subsequent years under collective agreements, or in accordance with the Company's policies.

The employees of the Company participate in the Ontario Municipal Employees Retirement System ("OMERS"). The Company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The Company is only one of a number of employers that participate in the plan and the financial information provided to the Company on the basis of the contractual agreements is usually insufficient to measure the Company's proportionate share in the plan assets and liabilities on defined benefit accounting requirements. Therefore, the Company does not recognize any share of the OMERS pension deficit of $6.7 billion (2021 - $3.1 billion) in these financial statements.

The employer amount contributed to OMERS for 2022 was $157,125 (2021 - $156,389) for current service and is included as an expense in comprehensive income.

Other long-term employee benefits include lump-sum retiring allowances available to qualifying employees upon retirement with the Company, as well as self-insured obligation related to providing workers' compensation benefits.

Lump-Sum retiring allowances are recognized in a consistent manner, when the benefits are earned and at the present value of the defined benefit at the end of the reporting period. Self-insured worker's compensation and other benefits are recognized when the event triggering the obligation occurs since the level of benefits provided does not vary with years of service.

Comprehensive income

Comprehensive income includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income is the total of net income and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with International Financial Reporting Standards, require recognition, but are excluded from profit. The Company's other comprehensive income represents adjustments to the fair value of investments in fixed rate instruments.

Contingent liabilities and contingent assets

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable that an outflow of future economic benefits will be required, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

5. Summary of significant accounting policies *(Continued from previous page)*

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

The Company recognizes and derecognizes purchases and sales of investments on the settlement date, which is the date that the financial asset is delivered to or by the Company. Any change in the fair value of the asset between the date the Company commits to selling or purchasing the financial asset and the settlement date is recognized on a basis consistent with the classification of the financial asset.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Debt instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and trade and other receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Financial assets measured at fair value through other comprehensive income are comprised of investments in fixed rate instruments and guaranteed investment certificates.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of equity investments.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Refer to Note 15 for more information about financial instruments held by the Company, their measurement basis, and their carrying amount.

Business model assessment

5. Summary of significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The date the Company commits to purchasing a financial asset is considered the date of initial recognition for the purpose of applying the Company's accounting policies for impairment of financial assets.

The Company applies the simplified approach for trade and other receivables. Using the simplified approach, the Organization records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include default events. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

5. Summary of significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Offsetting

Financial assets and financial liabilities are offset, with the net amount presented in the statement of financial position, when, and only when, the Company has a current and legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or when arising from a group of similar transactions if the resulting income and expenses are not material

The Company assesses non-financial assets for impairment at the end of each reporting period. If impairment indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Impairment of non-financial assets

The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. Otherwise corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed by increasing the carrying amount of the asset or cash-generating unit to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss unless that asset is carried at a revaluated amount in which case an impairment reversal is treated as a revaluation increase.

5. Summary of significant accounting policies *(Continued from previous page)*

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2022 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

Amendments to IAS 1 and IFRS Practice Statement 2, issued in February 2021, help entities provide accounting policy disclosures that are more useful to primary users of financial statements by replacing the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies and providing guidance to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are required to be applied prospectively. The Company does not expect these amendments to have a material impact on its financial statements.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in January 2020, provide clarification on the requirements for classifying liabilities as either current or non-current.

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not expect these amendments to have a material impact on its financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, issued in February 2021, introduce a new definition of "accounting estimates" to replace the definition of "change in accounting estimates" and also include clarification intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not expect these amendments to have a material impact on its financial statements.

6. Trade and other receivables

	2022	*2021*
Trade receivables	**1,224,556**	2,036,194
Sales taxes receivable	**56,696**	38,625
Interest receivable	**26,414**	2,820
	1,307,666	2,077,639
Less: Allowance for expected credit losses	**5,000**	5,000
	1,302,666	2,072,639

7. Property, plant and equipment

	Land and land improvements	*Building*	*Equipment*	*Paving*	*Vehicles*	*Annex and marine terminal*	*Assets under construction*	*Total*
Cost								
Balance January 1, 2021	**595,925**	**3,708,349**	**6,168,026**	**442,680**	**67,127**	**47,108,499**	**6,237,206**	**64,327,812**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**7,292,888**	**7,292,888**
Transfer from assets under construction	**-**	**49,903**	**12,835,037**	**401,330**	**-**	**-**	**(13,286,270)**	**-**
Balance at December 31, 2021	**595,925**	**3,758,252**	**19,003,063**	**844,010**	**67,127**	**47,108,499**	**243,824**	**71,620,700**
Balance at January 1, 2022	**595,925**	**3,758,252**	**19,003,063**	**844,010**	**67,127**	**47,108,499**	**243,824**	**71,620,700**
Additions	**1,110,000**	**1,925,314**	**12,289**	**-**	**-**	**5,164**	**1,995,408**	**5,048,175**
Transfer from assets under construction	**-**	**839,271**	**118,120**	**272,357**	**-**	**-**	**(1,229,748)**	**-**
Balance at December 31, 2022	**1,705,925**	**6,522,837**	**19,133,472**	**1,116,367**	**67,127**	**47,113,663**	**1,009,484**	**76,668,875**
Depreciation and impairment losses								
Balance January 1, 2021	**18,396**	**715,065**	**2,496,659**	**174,599**	**23,563**	**4,065,134**	**-**	**7,493,416**
Depreciation charge for the year	**5,958**	**102,800**	**358,192**	**21,040**	**13,425**	**760,609**	**-**	**1,262,024**
Balance at December 31, 2021	**24,354**	**817,865**	**2,854,851**	**195,639**	**36,988**	**4,825,743**	**-**	**8,755,440**
Balance at January 1, 2022	**24,354**	**817,865**	**2,854,851**	**195,639**	**36,988**	**4,825,743**	**-**	**8,755,440**
Depreciation charge for the year	**5,959**	**136,343**	**517,434**	**30,856**	**13,425**	**760,607**	**-**	**1,464,624**
Balance at December 31, 2022	**30,313**	**954,208**	**3,372,285**	**226,495**	**50,413**	**5,586,350**	**-**	**10,220,064**

7. Property, plant and equipment *(Continued from previous page)*

	Land and land improvements	*Building*	*Equipment*	*Paving*	*Vehicles*	*Annex and marine terminal*	*Assets under construction*	*Total*
Net book value								
At December 31, 2021	571,571	2,940,387	16,148,212	648,371	30,139	42,282,756	243,824	62,865,260
At December 31, 2022	**1,675,612**	**5,568,629**	**15,761,187**	**889,872**	**16,714**	**41,527,313**	**1,009,484**	**66,448,811**

During the comparative period, the Company sold land with a carrying value of $nil for $95,000. The carrying value reflects the nominal consideration that was exchanged when Ports Canada transferred the land ownership to the Company in 2000. The gain (loss) on disposal of land, net of direct selling costs, is recorded under non-operating income in the comparitive period's Statement of Comprehensive income.

8. Investments

	2022	*2021*
Guaranteed investment certificate		
Recorded at amortized cost, with cost of $3,358,673 (2021 - $Nil) bearing interest of 4.2% and maturing June 2023	**3,430,171**	-
Fixed rate instruments		
Recorded at fair value with cost of $Nil (2021 - $1,841,344)	**-**	1,791,502
Equity investments		
Recorded at fair value with cost of $Nil (2020 - $602,530)	**-**	973,120
	3,430,171	2,764,622

9. Trade and other payables

	2022	*2021*
Trade accounts payable	**194,211**	35,891
Accrued salaries, wages and benefits	**497,233**	469,458
Goods and Services Tax payable	**157,187**	153,332
Accrued trade liabilities	**268,093**	255,947
	1,116,724	914,628

10. Mortgage Payable

The Company purchased industrial property (building and land) located on 2822 County Road 2, Johnstown, Ontario for $3,000,000. External financing was secured through the Township on February 8, 2022 in the form of a fixed rate term loan of $2,250,000. The fixed rate term loan amortizes over 20 years and is payable at $12,489 per month including interest of 3.01% per annum, and is collateralized with the building and land located on 2822 County Road 2. The fair value of the mortgage payable as at December 31, 2022 is $2,180,765 (2021 - $Nil).

11. Deferred capital contributions

	2022	2021
Opening balance	**29,070,417**	26,657,693
Contributions received in the year	**-**	2,855,467
Amortization taken in the year	**(483,837)**	(442,743)
	28,586,580	29,070,417

In 2019, the Township (on behalf of the Company) and the Government of Canada (the "Government") entered into an agreement by which the Government will provide contributions up to a maximum of $4,805,000 for capital expenditures on two projects started in 2019. As at year end, the Company has received $4,805,000 (2021 - $4,805,000) of funding throughout the life of the project and both projects are fully completed under this agreement.

12. Related party transactions

Key management compensation of the Company

The key management personnel of the Company has been defined as members of its management committee and executive management team members. Key management personnel remuneration includes the following expenses:

	2022	2021
Salary	**405,833**	395,011
Other benefits	**51,290**	49,664
Post-employment benefits	**32,086**	24,817
	489,209	469,492
Committee member's honorarium	**18,500**	20,500
Total remuneration	**507,709**	489,992

Transactions with the Township

	2022	2021
Administration fees paid	**792,980**	781,261
Distribution of income	**585,646**	-
	1,378,626	781,261

13. Commitments

The Company is committed to pay Aquatarium a total contribution of $180,000 over three years commencing in 2021. A contribution of $60,000 was made during the year (2021 - $60,000) and is disclosed as part of advertising and promotion. The Company's committed annual contributions for future years are $60,000.

13. Commitments *(Continued from previous page)*

All commitments disclosed in previous years have been fully completed during the year.

14. Fair value measurements

The Company classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is assessed to be significant to that fair value measurement. This assessment requires the use of judgment in considering factors specific to an asset or a liability and may affect the placement of the fair value measurement within the hierarchy.

There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the period.

Financial assets and financial liabilities measured at fair value

The Company's financial assets and financial liabilities measured at fair value in the statement of financial position on a recurring basis have been categorized into the fair value hierarchy as follows:

			2022
	Fair Value	***Level 1***	***Level 2***
Investments			
Fixed rate instruments	-	-	-
Equity investments	-	-	-
Total	-	-	-

			2021
	Fair Value	*Level 1*	*Level 2*
Investments			
Fixed rate instruments	1,791,502	-	1,791,502
Equity investments	973,120	973,120	-
Total	2,764,622	973,120	1,791,502

Financial instruments not measured at fair value

The carrying amount of cash, trade receivables, GICs, and trade and other payables is a reasonable approximation of fair value due to their short-term nature.

15. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss to the Company because a counterparty to a financial instrument fails to discharge its contractual obligations. Credit risk primarily arises from cash, trade receivables and investments.

15. Financial instruments *(Continued from previous page)*

Credit Risk *(Continued from previous page)*

The Company manages its credit risk by holding its cash and investments with reputable financial institutions and on trade receivables by performing regular credit assessments of its customers and providing allowances for potentially uncollectible receivables.

Credit-impaired financial assets are identified through regular reviews of past due balances and credit assessments of its customers and if considered impaired are reduced to their recoverable amount with impairment recorded in income for the year.

There has been no change in risk or process from the prior year.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is not exposed to significant interest rate risk as its cash, GICs, and mortgage payable all bear fixed rates.

There has been no change in risk or process from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

The Company manages the liquidity risk resulting from trade and other payables by ensuring sufficient cash is available in its operating bank and paying its obligations by the due date.

Mortgage payable liquidity risk is managed by having entering into a fixed interest rate with same monthly payments across term of mortgage.

There has been no change in risk or process from the prior year.

The Company manages liquidity risk on a net asset and liability basis. The following tables explain the contractual maturities of financial liabilities held for the purpose of managing liquidity risk.

As at December 31, 2022:

	< 1 year	1-2 years	> 3 years	Total
Mortgage Payable	149,874	299,748	2,422,959	2,872,581
Trade and other payables	1,116,724	-	-	1,116,724
Total	**1,266,598**	**299,748**	**2,422,959**	**3,989,305**

As at December 31, 2021:

	<1 year	1-2 years	>3 years	Total
Mortgage payable	-	-	-	-
Trade and other payables	914,628	-	-	914,628
Total	**914,628**	-	-	**914,628**

Credit Concentration

15. Financial instruments *(Continued from previous page)*

Credit Concentration *(Continued from previous page)*

As at December 31, 2022, three customers accounted for 38% of trade receivables (customer 1 - 18%, customer 2 - 13%, customer 3 - 7%). As at December 31, 2021, four customers accounted for 67% of trade receivables (customer 1 - 28%, customer 2 - 13%, customer 3 - 13%, customer 4 - 13%).