Financial Statements of

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION

March 31, 2020

Independent auditor's report

To the Members of
The St. Lawrence Seaway Management Corporation

Opinion

We have audited the financial statements of **The St. Lawrence Seaway Management Corporation** [the "Corporation"], which comprise the statement of financial position as at March 31, 2020, and the statement of operations, statement of changes in net assets and statement of 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 Corporation as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted accounting 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting 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.

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

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 the audit.

Ernst & Young LLP

Ottawa, Canada
May 21, 2020

Chartered Professional Accountants
Licensed Public Accountants

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION
Financial Statements
March 31, 2020

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION

Statement of Financial Position

as at March 31, 2020
($000's) in Canadian dollars

		2020		2019
CURRENT ASSETS				
Cash and cash equivalents	$	**13,551**	$	20,742
Accounts receivable		**9,128**		13,431
Due from Capital Fund Trust [note 3]		**21,180**		13,306
Due from Employee Termination Benefits Trust Fund [note 4]		**127**		229
Supplies inventory		**4,146**		4,371
Prepaid expenses		**1,227**		2,618
		49,359		54,697
TRANSITION PAYMENT ADVANCE		**803**		-
CAPITAL ASSETS [note 5]		**9,626**		9,256
DUE FROM EMPLOYEE TERMINATION BENEFITS TRUST FUND [note 4]		**628**		786
ACCRUED BENEFIT ASSET [note 6]		**183,050**		167,223
	$	**243,466**	$	231,962
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	**21,188**	$	25,863
Employee benefits payable		**1,859**		1,814
		23,047		27,677
EMPLOYEE TERMINATION BENEFITS		**628**		786
DEFERRED CONTRIBUTIONS		**952**		992
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS [note 7]		**9,482**		9,089
ACCRUED BENEFIT LIABILITY [note 6]		**79,062**		78,485
		113,171		117,029
COMMITMENTS AND CONTINGENCIES [notes 10 and 11]				
NET ASSETS				
Invested in capital assets		**144**		167
Equity of Canada [note 8]		**130,151**		114,766
		130,295		114,933
	$	**243,466**	$	231,962

See accompanying notes

APPROVED BY THE BOARD

Karen Tippett Director

[illegible] Director

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION

Statement of Operations

year ended March 31, 2020
($000's) in Canadian dollars

	2020	2019
Revenue		
Tolls	**$ 73,772**	$ 78,108
Other navigation	**2,319**	2,150
Licence and power	**1,452**	1,673
Other	**502**	649
Amortization of deferred contributions related to capital assets [notes 7 and 9]	**1,714**	1,799
	79,759	84,379
Expenses		
Operating costs	**58,205**	54,249
Operating cost recoveries	**(3,805)**	(2,876)
Amortization of capital assets	**1,716**	1,798
	56,116	53,171
Excess of revenue over expenses before asset renewal costs and contribution from Capital Fund Trust	**23,643**	31,208
Asset renewal costs	**69,048**	59,982
Deficiency before contribution from Capital Fund Trust [note 9]	**(45,405)**	(28,774)
Contribution from Capital Fund Trust for expenses [note 9]	**60,767**	47,198
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	**$ 15,362**	$ 18,424

See accompanying notes

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION
Statement of Changes in Net Assets
year ended March 31, 2020
($000's) in Canadian dollars

	Invested in capital assets	Equity of Canada	Operating results	**2020**	2019
BALANCE, BEGINNING OF YEAR	**$ 167**	**$ 114,766**	**$ -**	**$ 114,933**	$ 96,509
Excess of revenue over expenses	**-**	**-**	**15,362**	**15,362**	18,424
Net acquisition of capital assets	**2,086**	**-**	**(2,086)**	**-**	-
Capital asset contributions, net of amortization	**(393)**	**-**	**393**	**-**	-
Pension plan and other benefit plan variances [note 9]	**-**	**15,385**	**(15,385)**	**-**	-
Amortization of capital assets	**(1,716)**	**-**	**1,716**	**-**	-
BALANCE, END OF YEAR	**$ 144**	**$ 130,151**	**$ -**	**$ 130,295**	$ 114,933

See accompanying notes

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION
Statement of Cash Flows
year ended March 31, 2020
($000's) in Canadian dollars

		2020		2019
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Excess of revenue over expenses	**$**	**15,362**	$	18,424
Items not affecting cash				
Amortization of capital assets [note 9]		**1,716**		1,798
Gain on disposal of capital assets [note 9]		**(53)**		(78)
Amortization of deferred contributions related to capital assets [note 7 and 9]		**(1,714)**		(1,799)
Employee future benefits		**(15,250)**		(18,510)
		61		(165)
Net change in non-cash working capital balances [note 12]		**1,391**		(6,781)
		1,452		(6,946)
FINANCING				
Contribution from the Capital Fund Trust towards acquisition of capital assets [note 7 and 9]		**2,107**		1,049
(Increase) Decrease in due from Capital Fund Trust		**(7,874)**		3,753
Increase in Transition payment advance		**(803)**		-
Deferred contributions		**(40)**		9
		(6,610)		4,811
INVESTING				
Purchase of short-term investments		**(40,000)**		(40,000)
Redemption of short-term investments		**40,000**		40,000
		-		-
CAPITAL				
Acquisitions of capital assets [note 7 and 9]		**(2,107)**		(1,049)
Proceeds from disposal of capital assets [note 9]		**74**		103
		(2,033)		(946)
NET CASH OUTFLOW		**(7,191)**		(3,081)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**20,742**		23,823
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**13,551**	$	20,742
Supplemental cash flow information				
Interest received	**$**	**412**	$	586

See accompanying notes

1. NATURE OF BUSINESS

The St. Lawrence Seaway Management Corporation [the "Corporation"] was constituted as a not-for-profit corporation under Part II of the *Canada Corporations Act* on July 9, 1998. Pursuant to an agreement with Her Majesty the Queen in Right of Canada ["Her Majesty"], represented by the Minister of Transport, certain assets of The St. Lawrence Seaway Authority ["SLSA"], a Crown corporation, were transferred effective October 1, 1998 to the Corporation. These assets relate to the operation of the St. Lawrence Seaway comprising a deep waterway between Montréal and Lake Erie [the "Seaway"]. As the result of a 20-year agreement and a subsequent five-year extension with Her Majesty, the Corporation was mandated to manage, operate and maintain the Seaway in accordance with a Management, Operation and Maintenance Agreement [the "Agreement"]. The business plan includes anticipated revenue, operating costs and an asset renewal plan. The Corporation is mandated to charge and collect tolls and other revenue to finance the operation and maintenance of the Seaway, and to recover from the Capital Fund Trust such additional funds to eliminate operating deficits net of non-cash items when required, in accordance with the terms of the Agreement. The current business plan is for the period from April 1, 2018 to March 31, 2023.

The transferred assets from the SLSA included all of the movable capital assets, intangible assets and working capital. Ownership of the real property, locks, bridges, buildings and other fixtures was transferred to the Government of Canada on wind-up of the SLSA.

The Corporation is the Trustee for the Employee Termination Benefits Trust Fund and for the Capital Fund Trust.

The Corporation is exempt from income taxes under Section 149(1)(l) of the *Income Tax Act* (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of presentation*

The financial statements of the Corporation have been prepared in accordance with public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. A summary of significant accounting policies follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]

b) *Revenue recognition*

Tolls and other revenue are recognized as revenue when an appropriate basis of measurement exists, a reasonable estimate can be made of the amount involved, and the future economic benefits are expected to be obtained. For tolls revenue, service delivery is considered to have occurred when the ship transits the lock.

The Corporation follows the deferral method of accounting for contributions. Contributions received for the acquisition of capital assets are amortized to revenue on the same basis as the amortization of the acquired assets.

c) *Financial instruments*

All financial instruments are required to be classified at fair value, cost or amortized cost.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of said instruments at the time of initial recognition.

The Corporation records cash and cash equivalents at fair value. Cash and cash equivalents comprise cash and cashable guaranteed investment certificates with maturity dates of less than 365 days.

The Corporation records accounts receivable, accounts payable and accrued liabilities, amounts due from Capital Fund Trust and Employee Termination Benefits Trust Fund, at cost.

d) *Supplies inventory*

Supplies inventory comprises parts and supplies used in the operation and maintenance of the Seaway. Certain parts were transferred at nominal value. Supplies are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost formula.

e) *Capital assets*

Capital assets of the Corporation consist of movable assets such as motor vehicles, small vessels employed in the operation of the Seaway and machinery and office equipment, including computers and related software. Such assets are capitalized if they have an initial cost of at least five thousand dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]

Additions are recorded at cost. The cost of assets sold, retired or abandoned, and the related accumulated amortization are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations. When a capital asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the excess is recognized as an expense in the statement of operations.

Amortization is recorded using the straight-line method based on the estimated useful service lives of the assets, which have been estimated to be as follows:

Information technology systems	20%
Floating equipment	2%–20%
Machinery and office equipment	2%–20%
Infrastructure equipment	2%–20%
Vehicles	10%–20%

The Corporation treats all major maintenance and refurbishment costs of assets owned by the Government of Canada as asset renewal expenses.

f) *Retirement and post-employment benefits and compensated absences*

The cost of employee future benefits earned by employees is actuarially determined using the projected benefit method prorated on service, a discount rate, the retirement ages of employees and the expected health care costs. Plan assets are presented at fair value.

Amortization
The Corporation amortizes actuarial gains and losses on a linear basis over the expected average remaining service lifetime [the "EARSL"] of the active employee group covered by the plans, with amortization commencing in the period following the determination of the gain or loss. The EARSL has been determined to be 12 years under the Pension Benefit Plan, 4 years for the Supplementary Pension Benefit Plan and 12 years for the other benefit plans. Past service costs, offset by the net unamortized actuarial gains if the past service cost increases the benefit obligation or offset by the net unamortized actuarial losses if the past service cost decreases the benefit obligation, are recognized immediately in the period in which they occur.

($000's) in Canadian dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]

Discount rate
The discount rate used in the determination of the pension benefits is equal to the expected plan asset earnings, as they are funded. The discount rate used for post-employment benefits and compensated absences [non-pension benefits] is equal to the Government of Canada's rate of borrowing, which approximates the actual zero-coupon yield curve for Government of Canada bonds, as they are unfunded.

g) *Use of estimates*

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The estimated useful lives of the capital assets and the assumptions of expected economic trends for the post-employment benefits are the most significant items for which estimates are used.

h) *Operating cost recoveries*

Operating cost recoveries are recorded to recognize the reimbursement of expenses charged out to third parties.

3. DUE FROM CAPITAL FUND TRUST

The Corporation has an amount receivable from the Capital Fund Trust to cover specific Seaway support obligations such as the Corporation's deficiency of revenue over expenses, net capital acquisitions and other short-term cash requirements in accordance with the Trust Agreement, between the Corporation and Her Majesty.

Changes in the balance due from the Capital Fund Trust as at March 31 were as follows:

	2020	2019
Balance, beginning of year	**$ 13,306**	$ 17,059
Cash paid by the Capital Fund Trust	**(55,000)**	(52,000)
Contribution for capital asset acquisitions	**2,107**	1,049
Contribution for expenses	**60,767**	47,198
Balance, end of year	**$ 21,180**	$ 13,306

($000's) in Canadian dollars

3. DUE FROM CAPITAL FUND TRUST [Continued]

As at March 31, 2020, the Capital Fund Trust has $2,470 [2019 – $2,369] available in current net assets to settle this liability, and a further receivable from Transport Canada of $18,710 [2019 – $10,937] to fund the amount owing to the Corporation. The receivable from Transport Canada represents the cumulative net asset deficiencies incurred by the Corporation.

4. DUE FROM EMPLOYEE TERMINATION BENEFITS TRUST FUND

This amount represents the obligation for the accrued employee termination benefits liability of the Corporation, which is to be funded by the net assets in the Employee Termination Benefits Trust Fund. Any shortfall in the Employee Termination Benefits Trust Fund's net assets will be funded by the Capital Fund Trust, which is funded by the Government of Canada.

5. CAPITAL ASSETS

	2020			2019
	Cost	**Accumulated amortization**	**Net book value**	Net book value
Information technology systems	**$ 13,949**	**$ 9,888**	**$ 4,061**	$ 3,228
Vehicles	**7,088**	**5,434**	**1,654**	1,652
Floating equipment	**4,202**	**3,687**	**515**	554
Machinery and office equipment	**5,982**	**3,904**	**2,078**	1,959
Infrastructure equipment	**6,730**	**5,691**	**1,039**	1,181
Assets not yet in service	**279**	**-**	**279**	682
	$ 38,230	**$ 28,604**	**$ 9,626**	$ 9,256

6. POST-EMPLOYMENT BENEFITS

The Corporation has a defined benefit pension plan [the "Plan"] for employees and also provides post-employment benefits, other than pension, including supplemental health and life insurance for retired employees. The last actuarial valuations were performed in December 2018 for the Pension Benefit Plan, in March 2019 for the Supplementary Pension Benefit Plan and in December 2019 for the other benefit plans. The Corporation has elected December 31 as the measurement date for the plan and the other benefit plans. Information about the Plan and post-employment benefits is as follows:

($000's) in Canadian dollars

6. POST-EMPLOYMENT BENEFITS [Continued]

	2020		
	Pension Benefit Plan	Supplementary Pension Benefit Plan	Other benefit plans
Accrued benefit obligation			
Balance, beginning of year	**$ 303,256**	**$ 4,625**	**$ 65,012**
Current service cost [employer]	**4,537**	**135**	**3,040**
Interest cost	**15,764**	**149**	**1,369**
Member contributions	**4,490**	**55**	**-**
Benefits paid	**(15,015)**	**(136)**	**(2,389)**
Actuarial (gain) loss	**6,693**	**93**	**1,815**
Balance, end of year	**319,725**	**4,921**	**68,847**
Plan assets			
Fair value, beginning of year	**478,814**	**4,571**	**1,495**
Return on plan assets	**24,915**	**145**	**-**
Corporation contribution	**6,116**	**128**	**2,103**
Investment experience gain (loss)	**(32,823)**	**65**	**-**
Member contributions	**4,490**	**55**	**-**
Benefits paid	**(15,015)**	**(136)**	**(2,389)**
Balance, end of year	**466,497**	**4,828**	**1,209**
Funded status - plan surplus (deficit)	**146,772**	**(93)**	**(67,638)**
Unamortized net actuarial (gain) loss	**36,052**	**319**	**(11,424)**
Accrued benefit asset (liability) recognized	**182,824**	**226**	**(79,062)**
Elements of costs recognized in the year			
Current service cost [employer]	**4,537**	**135**	**3,040**
Interest cost	**15,764**	**149**	**1,369**
Expected return on plan assets	**(24,915)**	**(145)**	**-**
Net actuarial (gain) loss amortization	**(5,232)**	**124**	**(1,729)**
	$ (9,846)	**$ 263**	**$ 2,680**

($000's) in Canadian dollars

6. POST-EMPLOYMENT BENEFITS [Continued]

	2019		
	Pension Benefit Plan	Supplementary Pension Benefit Plan	Other benefit plans
Accrued benefit obligation			
Balance, beginning of year	$ 294,319	$ 4,343	$ 67,515
Current service cost [employer]	4,704	134	3,293
Interest cost	15,363	142	1,495
Member contributions	4,588	53	-
Benefits paid	(12,680)	(122)	(2,146)
Actuarial (gain) loss	(3,038)	75	(5,145)
Balance, end of year	303,256	4,625	65,012
Plan assets			
Fair value, beginning of year	492,497	4,825	1,854
Return on plan assets	25,721	156	-
Corporation contribution	8,818	187	1,787
Investment experience loss	(40,130)	(528)	-
Member contributions	4,588	53	-
Benefits paid	(12,680)	(122)	(2,146)
Balance, end of year	478,814	4,571	1,495
Funded status - plan surplus (deficit)	175,558	(54)	(63,517)
Unamortized net actuarial (gain) loss	(8,696)	415	(14,968)
Accrued benefit asset (liability) recognized	166,862	361	(78,485)
Elements of costs recognized in the year			
Current service cost [employer]	4,704	134	3,293
Interest cost	15,363	142	1,495
Expected return on plan assets	(25,721)	(156)	-
Net actuarial (gain) loss amortization	(5,676)	5	(1,301)
	$ (11,330)	$ 125	$ 3,487

($000's) in Canadian dollars

6. POST-EMPLOYMENT BENEFITS [Continued]

Significant actuarial assumptions

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

[Weighted average assumptions as at January 1, 2020]

	Pension Benefit Plan	Supplementary Pension Benefit Plan	Other benefit plans
Discount rate	5.100%	3.050%	1.300%
Expected rate of return on plan assets	5.100%	3.050%	0.000%
Rate of compensation increase	3.000%	3.000%	3.000%

[Weighted average assumptions as at January 1, 2019]

	Pension Benefit Plan	Supplementary Pension Benefit Plan	Other benefit plans
Discount rate	5.250%	3.150%	2.100%
Expected rate of return on plan assets	5.250%	3.150%	0.000%
Rate of compensation increase	3.000%	3.000%	3.000%

For measurement purposes, a 5.48% health care cost trend rate was assumed for 2020 [2019 – 5.56%], decreasing gradually to 3.98% in 2040 and remaining at that level thereafter.

The expected rate of return on other benefits plans is 0% because the terms under which the Employee Termination Benefits Trust Fund was established provided that all the income earned by the Employee Termination Benefits Trust Fund is to be transferred to the Capital Fund Trust.

($000's) in Canadian dollars

6. POST-EMPLOYMENT BENEFITS [Continued]

Pension Benefit Plan assets

The Pension Benefit Plan's actual asset allocation, by asset category, as of March 31 is as follows:

	2020	2019
Equity securities	**65%**	63%
Debt securities	**35%**	37%

The Plan's Statement of Investment Policies and Procedures provides for a long-term benchmark mix between nil to 5% cash, 45% to 75% equities and 20% to 60% debt securities.

Solvency payments

The valuation on a solvency basis, which assumes that the Plan is wound up at the valuation date, is expected to show a small surplus as at December 31, 2019. The Corporation will therefore not be making any special payments in the next fiscal year.

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent contributions from the Government of Canada through the Capital Fund Trust for the acquisition of capital assets in accordance with the Agreement and are amortized on the same basis as the amortization of the acquired assets.

The deferred contributions balance for the year comprises the following:

		2020	2019
Balance, beginning of year		**$ 9,089**	$ 9,839
Add:	Current year contributions for the acquisitions of capital assets	**2,107**	1,049
Deduct:	Amortization of deferred contributions to acquire assets	**(1,714)**	(1,799)
Balance, end of year		**$ 9,482**	$ 9,089

($000's) in Canadian dollars

8. EQUITY OF CANADA

		2020		2019
Secured contribution of Canada	**$**	**36,000**	$	36,000
Contribution to the Capital Fund Trust		**(24,000)**		(24,000)
Surplus		**118,151**		102,766
	$	**130,151**	$	114,766

Upon transfer of certain assets of the SLSA to the Corporation on October 1, 1998, the Corporation signed a general security agreement with the Government of Canada covering all assets of the Corporation, evidenced by a limited recourse term promissory note with a face value of $36,000. The note is payable without interest on the earlier of [a] March 31, 2023, and [b] the termination for any reason whatsoever of the Agreement.

Recourse by the Government of Canada is limited to [a] the collateral as defined in the general security agreement, and [b] the hypothecated property [as defined in the Deed of Movable Hypothec between the Corporation and the SLSA], and set off against the purchase price [as defined in the Option Agreement between the Corporation and Her Majesty].

9. CONTRIBUTIONS FROM THE CAPITAL FUND TRUST

The Corporation is entitled to contributions from the Capital Fund Trust to fund the operating deficit and for capital asset acquisitions in accordance with the Agreement. The contribution towards operations is equal to the deficiency of revenue over expenses, adjusted for the non-cash items such as amortization of deferred contributions related to capital assets, amortization of capital assets and the post-retirement benefits variation.

($000's) in Canadian dollars

9. CONTRIBUTIONS FROM THE CAPITAL FUND TRUST [Continued]

		2020	2019
Deficiency before contribution from Capital Fund Trust		**$ 45,405**	$ 28,774
Add:	Gain on disposal of capital assets	**53**	78
	Amortization of deferred contributions related to capital assets	**1,714**	1,799
	Pension plan and other benefit plan variances	**15,385**	18,448
Deduct:	Proceeds from disposal of assets	**(74)**	(103)
	Amortization of capital assets	**(1,716)**	(1,798)
Contribution from Capital Fund Trust for expenses		**$ 60,767**	$ 47,198
Contribution from the Capital Fund Trust towards acquisition of capital assets		**$ 2,107**	$ 1,049

10. COMMITMENTS

The Corporation has entered into various contractual commitments for capital and other expenditures, which expire within the next five years. The minimum annual costs for each of the next five years are as follows:

2020/21	$ 16,016
2021/22	$ 2,284
2022/23	$ 1,558
2023/24	$ -
2024/25	$ -
	$ 19,858

11. CONTINGENCIES

The Corporation, in the normal course of business, experiences claims for a variety of reasons. Claims outstanding as at March 31, 2020 and totalling $192 [2019 – $1,392] have not been provided for in the accounts. Management is of the opinion that these actions will not result in any material losses to the Corporation. Claims relating to operation and maintenance of the Seaway incurred by the SLSA prior to October 1, 1998 became the obligation of Transport Canada.

($000's) in Canadian dollars

11. CONTINGENCIES [Continued]

Letter of credit

As at March 31, 2020, the Corporation issued a letter of credit amounting to $827 [2019 – $164].

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2020	2019
Accounts receivable	**$ 4,303**	$ (4,899)
Due from Employee Termination Benefits Trust Fund	**102**	109
Supplies inventory	**225**	(122)
Prepaid expenses	**1,391**	(111)
Accounts payable and accrued liabilities	**(4,675)**	(1,574)
Employee benefits payable	**45**	(184)
	$ 1,391	$ (6,781)

13. DIRECTORS' AND OFFICERS' REMUNERATION

The remuneration received by the directors and officers, in dollars, was as follows:

a) Directors' remuneration comprises a fixed fee and a per diem based on attendance at meetings of the Board of Directors and its committees.

	2020
Gerald Carter [effective November 21, 2013, chair effective April 1, 2019]	**$ 33,300**
Patrick Bushby [effective June 27, 2017]	**25,025**
Paul Gourdeau [effective June 26, 2019]	**15,500**
Frank Hummell [effective April 25, 2019]	**23,025**
Bronko Jazvac [effective October 20, 2016]	**25,900**
Raymond Johnston [effective June 27, 2017]	**23,925**
Karen Tippett [effective August 7, 2018]	**24,325**
Greg Wight [effective June 26, 2019]	**18,900**
Tim Dool [ceased to hold office June 25, 2019]	**6,825**
Georges Robichon [ceased to hold office June 25, 2019]	**5,025**
	$ 201,750

13. DIRECTORS' AND OFFICERS' REMUNERATION [Continued]

b) Remuneration, including taxable benefits received by the three officers, as employees of the Corporation, was as follows:

	2020
Terence Bowles, President and Chief Executive Officer	$ 587,259
Karen Dumoulin, Chief Financial Officer	235,011
Pauline Leblanc, Corporate Secretary	127,552
	$ 949,822

14. SUBSEQUENT EVENT

Subsequent to year-end, the outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Corporation in future periods.