



Windsor-Detroit Bridge Authority

Quarterly Financial Report for the Period Ended

June 30, 2016

Unaudited





Note concerning the WDBA's first quarter financial statements

The financial statements presented and discussed herein are being presented in advance of audited financial statements being available for the prior year ended March 31, 2016. Year-end financial statements are not yet available due to continued work between the Windsor-Detroit Bridge Authority (WDBA) and its auditors. Therefore it is likely that revisions will be required to these statements pending final audited review of the WDBA's prior year financial statements.

Mandate

The Windsor-Detroit Bridge Authority (WDBA), established on October 9, 2012, by Letters Patent pursuant to the *International Bridges and Tunnels Act*, is a Schedule III, Part I non-agent parent Crown Corporation responsible for carrying out the obligations of the Crossing Authority as a party to the 2012 Canada-Michigan Crossing Agreement. Its mandate is to construct and/or operate the Gordie Howe International Bridge project (formerly known as the New International Trade Crossing and the Detroit River International Crossing), and to do so directly or under one or more public-private partnership (P3) agreements with one or more private sector concessionaires procured through a competitive procurement process as contemplated by the Crossing Agreement.

In June 2012, the Government of Canada and Michigan set out the governance framework for the WDBA and outlined the roles and responsibilities of the key parties involved in the Gordie Howe International Bridge project. The Crossing Agreement, signed between Canada, the WDBA and Michigan (the State of Michigan, the Michigan Department of Transportation and the Michigan Strategic Fund) assumes that Canada will fund the entire project.

The Crossing Agreement also established the International Authority (IA), a legal entity separate and distinct from the WDBA. The IA is empowered to approve land acquisitions in the State of Michigan, leases of land in Michigan, as well as the Request for Qualifications, Request for Proposal and the Public-Private Agreement with respect to the Gordie Howe International Bridge project. The IA also has certain oversight responsibilities. These are to maintain on-going monitoring of compliance by the WDBA with the Crossing Agreement and the Concessionaire with the Public-Private Agreement. The WDBA is required by the Crossing Agreement to fund the activities of the IA.

Overview of the Gordie Howe International Bridge Project

The Windsor-Detroit trade corridor, in particular the Ambassador Bridge, is the busiest border crossing between the U.S. and Canada. The Gordie Howe International Bridge project will address current constraints with existing crossing capacity and will accommodate future trade and travel demand to provide needed capacity as well as system redundancy (i.e. overflow capacity and choice of crossings) in the Windsor-Detroit Region, and flexibility to stream traffic to improve border processing. The project has four major components:

- **Bridge** – a six-lane cable-stayed or suspension bridge with a span of 850 metres across the Detroit River.
- **Canadian Port of Entry (POE)** – a 53.4 hectare site that will house passenger, commercial and animal customs and border processing, tolling, and maintenance facilities.
- **U.S. POE** – a 60.3 hectare site and of similar scale to the Canadian Port of Entry, but without toll collection facilities.
- **Michigan Interchange with Interstate 75 (I-75)** – consists of the primary connecting overpasses and ramps to and from the U.S. Port of Entry and associated local road improvements.



2016-2017 Corporate Priorities

The WDBA's key objective is to launch the P3 procurement process in 2016-17. To be able to achieve this objective, the WDBA's strategic priorities are:

- **P3 Procurement Process:** Continue with the P3 procurement process which was launched in 2015-16.
- **U.S. Property Acquisition:** The WDBA is working with the Michigan Department of Transportation (MDOT) to acquire required properties in Michigan.
- **Early Works on the Canadian Port of Entry (POE):** Site preparation activities on a portion of the POE are underway including the Perimeter Access Road construction, minor utility relocation and fill, grading and drainage.
- **Utility Relocation:**
 - **Canadian Utilities:** Continue utility relocation to finalize site preparation for the Canadian POE; and
 - **U.S. Utilities:** Finalize agreements with MDOT for utility relocation and begin relocation activities.

Financial Analysis

Summary

At the end of the first quarter of 2016-17, net results of operations at the WDBA reflect a surplus of \$91.6 million (compared to \$18.0 million in the prior year). The surplus is mostly due to the timing of appropriations and expenses on the acquisition of US properties and capital costs. The WDBA experienced its first full year of operations in 2015-16, however, the level of activity was low in the first quarter of the year. Most of the activity in 2015-16 occurred in the second half of the year. As such, the first quarter of 2016-17 is not fully comparable to the first quarter of 2015-16.

The Crossing Agreement signed in June 2012 mandated the creation of a "Crossing Authority" to finance, construct and manage the operations of the new international crossing. The WDBA was created in October 2012 to fulfill the mandate of the "Crossing Authority". The WDBA became operational in August 2014, with the creation of its Board of Directors and the hiring of its President and CEO. In order to begin the new international crossing project as soon as possible, Transport Canada began some activities on behalf of the WDBA when the Crossing Agreement was signed. All costs incurred by Transport Canada on behalf of the WDBA after the signature of the Crossing Agreement are reflected in the financial statements of the WDBA.

Statement of Operations

OVERVIEW

The WDBA received \$95.0 million in appropriations through the first quarter of 2016-17, compared to \$21.0 million in the prior year, and ended the quarter with a net surplus of \$91.6 million, compared to \$18.0 million in the prior year. The surplus is mostly due to the timing of appropriations and expenses on the acquisition of US properties and capital costs.

The increase in appropriations in 2016-17 is primarily due to the higher level of activity in the current year. The appropriations were used to fund liability insurance and property acquisition activities in Michigan, the Early Works, design and engineering costs, Canadian utility relocation and WDBA operations. Appropriations in the prior year were used to fund anticipated property acquisition activities in Michigan, and WDBA operations, which were at a lower level than the current year.

EXPENSES

The WDBA incurred \$4.4 million of direct expenses in support of the project, compared to \$2.0 million in the prior year. The increase is driven mainly by the acquisition of properties in Michigan, increased salaries and benefits due to an increase in number of employees as WDBA set up its operations, and costs related to the I-75 interchange which are expensed as incurred.



Internal services costs of \$1.5 million, compared to \$1.4 million in the prior period, reflect expenses not directly related to the Gordie Howe International Bridge project, such as insurance and salaries and benefits of employees not directly involved in the project.

The table below provides a breakdown of the expenses by expense type:

(thousands of dollars)

	2017	2016
Payroll and Benefits	1,576	917
Michigan Land	1,338	138
Legal Services	1,331	1,068
Professional Services	646	609
I-75 Costs	453	238
Rent	155	161
Insurance	142	61
Office and Maintenance	135	70
Amortization	56	52
Other	31	59
Travel expenses	21	27
	5,884	3,400

As the I-75 interchange will be turned over to the State of Michigan upon completion of the project, all costs associated with the I-75 interchange are expensed as incurred. Michigan Land costs relate to the acquisition of property in Michigan that will be primarily used for the I-75 interchange, or is needed for the associated local road improvements. I-75 Costs are primarily for professional services related to design and engineering for the I-75 interchange. The increase in both Michigan Land and I-75 Costs is mainly the result of significantly higher property acquisition and design and engineering activities as the Michigan activities were fully staffed and had the necessary consultants in place to support these activities.

The increase in payroll and benefits is primarily due to higher staffing levels; the WDBA had 46 employees in the first quarter of 2016-17 compared to 22 in the prior year.

Statement of Financial Position

OVERVIEW

At June 30, 2016, the WDBA's net financial assets were \$120.9 million (\$52.7 million at March 31, 2016). Financial assets of \$145.1 million (\$80.2 million at March 31, 2016) were mostly made up of \$136.4 million in cash and \$8.6 million in accounts receivable (\$73.2 million and \$7.0 million at March 31, 2016), offset by \$24.2 million in liabilities (\$27.5 million at March 31, 2016).

Accounts receivable at June 30, 2016 and March 31, 2016 consisted mainly of recoverable HST. The WDBA has finalized its HST status and is in the process of filing to recover its cost. The WDBA expects to recover 100% of the HST on expenditures directly related to construction (including design, engineering, plaza fill, utility relocation, etc.), and approximately 70% of the HST for expenditures related to the WDBA's operating expenses.

The liabilities at June 30, 2016 included payables and accruals for Michigan activities, engineering consulting services, legal fees, utility relocation, the Early Works, and holdbacks related to the Early Works.



RESTRICTED CASH

At June 30, 2016, the WDBA had a restricted cash balance of \$79.3 million in an escrow account (\$28.7 million at March 31, 2016). These funds are held in a US dollar escrow account to fund U.S. property acquisitions and other Michigan activities. The WDBA is required to fund Michigan activities at the beginning of each quarter in the escrow account. The requested the additional cash to fund liability insurance and property acquisition activities in Michigan.

TANGIBLE CAPITAL ASSETS

The WDBA held \$72.0 million of capital assets at the end of the first quarter of 2016-17, compared to \$54.0 million at the end of the prior year. These consist primarily of costs incurred related to the Gordie Howe International Bridge project (Construction in Progress).

Construction in Progress (\$71.3 million at June 30, 2016 - \$53.1 million at March 31, 2016), includes costs related to the building of the bridge, and the Canadian and U.S. POE's. Given that the project is still in its early stages, the majority of the capitalized costs related to the Early Works, professional services such as the general engineering consultant, and utility relocation.

The table below provides a breakdown of the Construction in Progress:

(thousands of dollars)

	June 30, 2016	March 31, 2016
Bridge	20,724	15,825
Canadian Port of Entry	40,824	29,596
US Port of Entry	9,712	7,704
	71,260	53,125

Prepaid expenses of \$15.3 million (\$13.1 million at March 31, 2016) primarily consisted of costs related to the acquisition of land in Michigan (\$14.5 million at June 30, 2016 - \$12.7 million at March 31, 2016).

Outlook

In line with its priorities, the WDBA expects that its major expenses for the rest of the year will be around:

- U.S. property acquisitions
- P3 procurement process
- Early Works on the Canadian POE
- Utilities relocation in Canada and the United States



WDBA QUARTERLY FINANCIAL STATEMENTS FOR THE FIRST QUARTER 2016-2017

Note: These statements have been prepared in advance of audited statements being produced for the year-end period that closed March 31, 2016. Therefore it is likely that revisions will be required to these statements pending final audited review of the WDBA's prior year financial statements.

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring that all other information in the quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Michael Cautillo

President and Chief Executive Officer



Linda Hurdle, CPA, CA

Chief Financial Administrative Officer

Windsor, Canada

August 26, 2016



Windsor-Detroit Bridge Authority
Quarterly Statement of Financial Position
as at June 30, 2016
(thousands of dollars)

(Unaudited)

	June 30, 2016	March 31, 2016
FINANCIAL ASSETS		
Cash	57,125	44,531
Restricted cash (Note 3)	79,312	28,696
Accounts receivable	8,646	7,011
TOTAL FINANCIAL ASSETS	145,083	80,238
LIABILITIES		
Accounts payable and accrued liabilities	20,891	25,241
Holdback	3,318	2,256
TOTAL LIABILITIES	24,209	27,497
NET FINANCIAL ASSETS	120,874	52,741
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	72,030	53,956
Prepaid expenses	15,315	13,056
TOTAL NON-FINANCIAL ASSETS	87,345	67,012
ACCUMULATED SURPLUS	208,219	119,753
Accumulated surplus is comprised of:		
Accumulated operating surplus	210,260	118,615
Accumulated rereasurement gains (losses)	(2,041)	1,138
	208,219	119,753

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



Windsor-Detroit Bridge Authority
Quarterly Statement of Operations
for the three months ended June 30, 2016
(thousands of dollars)

(Unaudited)

	Twelve months ended March 31, 2017 Budget	Three Months Ended June 30, 2016 Actual	June 30, 2015 Actual
REVENUE			
Foreign Exchange Gain	-	2,342	-
Interest	-	187	19
TOTAL REVENUE	-	2,529	19
EXPENSES (Note 6)			
Detroit River International Crossing	257,909	4,380	2,040
Internal services	8,533	1,504	1,360
TOTAL EXPENSES	266,442	5,884	3,400
DEFICIT BEFORE GOVERNMENT FUNDING	(266,442)	(3,355)	(3,381)
Government transfers - Appropriations	655,328	95,000	21,000
Government transfers - Other	22,250	-	350
	677,578	95,000	21,350
OPERATING SURPLUS	411,136	91,645	17,969
ACCUMULATED OPERATING SURPLUS, BEGINNING OF PERIOD	94,475	118,615	9,168
ACCUMULATED OPERATING SURPLUS, END OF PERIOD	505,611	210,260	27,137

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

*On May 14, 2015, the bridge was officially named the Gordie Howe International Bridge.



Windsor-Detroit Bridge Authority
Quarterly Statement of Remeasurement Gains and Losses
for the three months ended June 30, 2016
(thousands of dollars)

(Unaudited)

	For the Three Months Ended	
	June 30, 2016	June 30, 2015
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF PERIOD	1,138	-
Unrealized gains (losses) attributable to:		
Foreign exchange	(1,305)	199
Amounts reclassified to the Statement of Operations:		
Foreign exchange	(1,874)	-
NET REMEASUREMENT GAINS (LOSSES) FOR THE PERIOD	(3,179)	199
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF PERIOD	(2,041)	199

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



Windsor-Detroit Bridge Authority
Quarterly Statement of Change in Net Financial Assets
for the three months ended June 30, 2016
(thousands of dollars)

(Unaudited)

	Twelve months Ended March 31, 2017 Budget	Three Months Ended June 30, 2016 Actual	Three Months Ended June 30, 2015 Actual
OPERATING SURPLUS	411,136	91,645	17,968
Acquisition of tangible capital assets	(438,643)	(18,130)	(3,028)
Amortization of tangible capital assets	207	56	51
	(27,300)	73,571	14,991
Acquisition of prepaid expenses	2,491	(2,615)	(696)
Use of prepaid expenses	-	356	68
	2,491	(2,259)	(628)
Net remeasurement gains and (losses) for the period	-	(3,179)	199
INCREASE IN NET FINANCIAL ASSETS	(24,809)	68,133	14,562
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	25,845	52,741	626
NET FINANCIAL ASSETS, END OF PERIOD	1,036	120,874	15,188

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



Windsor-Detroit Bridge Authority
Quarterly Statement of Cash Flow
for the three months ended June 30, 2016
(thousands of dollars)

(Unaudited)

	For the Three Months Ended	
	June 30, 2016	June 30, 2015
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Operating surplus	91,645	17,968
Adjustments for non-cash items		
Amortization of tangible capital assets	56	51
Contributed capital assets	-	(297)
Remeasurement gains (losses)	(3,179)	199
Changes in non-cash working capital items		
(Increase) Decrease in accounts receivable	(1,635)	1,731
(Increase) in prepaid expenses	(2,258)	(629)
Increase (Decrease) in accounts payable and accrued liabilities (Note 4)	(11,041)	1,321
Increase in holdback	1,061	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	74,649	20,344
CASH FLOW FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets (Note 4)	(11,439)	(129)
NET CASH APPLIED TO CAPITAL ACTIVITIES	(11,439)	(129)
NET INCREASE IN CASH	63,210	20,215
CASH, BEGINNING OF PERIOD	73,227	162
CASH, END OF PERIOD	136,437	20,377
Cash is composed of:		
Cash	57,125	9,030
Restricted cash	79,312	11,347
	136,437	20,377

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



Selected Notes to the Quarterly Unaudited Financial Statements

1. AUTHORITY AND ACTIVITIES

The Windsor-Detroit Bridge Authority (WDBA), incorporated on October 9, 2012, under Order in Council P.C. 2012-1350, is a Crown Corporation listed under Schedule III Part I of the *Financial Administration Act (FAA)* and is not subject to income tax under the provisions of the *Income Tax Act*.

The WDBA was established in accordance with the Crossing Agreement signed by the Government of Canada and the State of Michigan on June 15, 2012. The mandate of the WDBA is to design, construct, finance, operate and maintain a new international crossing between Windsor, Ontario and Detroit, Michigan. In the early stages of the project the international crossing was designated the Detroit River International Crossing; on May 14, 2015, the international crossing was officially named the Gordie Howe International Bridge (GHIB).

The WDBA is also mandated to design, construct and finance the interchange between the Gordie Howe International Bridge and the Interstate 75 (I-75), a highway that is part of the United States' Interstate Highway System. In accordance with the Crossing Agreement, the interchange shall also be a part of the Interstate Highway System. Once the construction of the interchange has been completed it will be turned over to the Michigan Department of Transportation (MDOT). MDOT will be responsible for maintaining the interchange; the WDBA will have no further responsibility for or involvement with the interchange.

The Crossing Agreement also established the International Authority, a legal entity separate and distinct from the WDBA. The International Authority is empowered to approve land acquisitions in the State of Michigan, leases of land in Michigan, as well as the Request for Qualifications, Request for Proposal and the Public-Private Agreement with respect to the GHIB project. The International Authority also has certain oversight responsibilities. These are to maintain on-going monitoring of compliance by the WDBA with the Crossing Agreement and the Concessionaire with the Public-Private Agreement.

The International Authority is governed by a board consisting of six members. Two of the members are appointed by the Government of Canada, one member by the WDBA, and three members appointed by the State of Michigan. All costs of the International Authority are funded by the WDBA.

The WDBA depends on funding from the Government of Canada for its operations and will require funding from the Government of Canada to finance the construction of the international crossing. After completion of the bridge the WDBA will continue to depend on funding from the Government of Canada to finance operations until the bridge operations generate a surplus.

By Order in Council P.C. 2014-1382 dated December 10, 2014, the Corporation is also subject to a directive pursuant to Section 89 of the *Financial Administration Act* as follows:

- (a) To ensure that the pension plans will provide:
 - i. A 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,
 - ii. For any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and
- (b) To outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.



The WDBA is in the process of phasing in these changes by the required dates.

The financial statements were approved and authorized for issuance by the Board of Directors on August 26, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting and early adoption of standards

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). PSAS allows for the early adoption of certain standards. The WDBA has elected to early adopt the following standards:

- i. Section 1201 – Financial Statement Presentation
- ii. Section 2601 – Foreign Currency Translation
- iii. Section 3420 – Inter-Entity Transactions
- iv. Section 3450 – Financial Instruments

b) Government Transfers

Government transfers are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that stipulations give rise to an obligation that meets the definition of a liability. Transfers received are recognized as deferred revenue when stipulations give rise to a liability.

For government transfers initially recognized as deferred revenue, revenue is recognized in the statement of operations as the stipulations are met. Any portion of government transfers to which the WDBA is entitled to but has not received is recognized under Accounts Receivable from the Government of Canada.

c) Support Costs

Costs incurred by the Government of Canada to support the WDBA that would otherwise have been incurred by the WDBA are recognized in the financial statements of the WDBA at the carrying amount. These costs are reported as revenue, and expensed or capitalized as contributions to tangible capital assets depending on their nature.

d) Cash

Cash consists of cash held in the WDBA's bank accounts.

e) Accounts Receivable

Accounts receivable are recorded and carried at cost. Accounts receivable are reviewed at each financial statement date by the WDBA for impairment.

f) Prepaid Expenses

Payments made prior to the related services being rendered are recorded as prepaid expenses. Prepaid expenses are recognized in expense as the related services are rendered.

Payments made to the State of Michigan to fund the purchase of land for the GHIB project and that will be leased or licensed back to the WDBA are recorded as prepaid expenses. Payments made to purchase land that will not be leased or licensed back to the WDBA, but will be turned over to the State of Michigan, are expensed as incurred.



g) Tangible Capital Assets

Tangible capital assets are recorded at cost. Replacements, major improvements and costs which extend the useful service lives of existing assets or increase their capacity, are capitalized. Repairs and maintenance are charged to the Statement of Operations as incurred.

Amounts included in construction in progress are not amortized until transferred to the appropriate capital asset classification. The amounts are transferred when the assets are ready for productive use in accordance with WDBA's policies.

Tangible capital assets are amortized over their estimated useful lives using the straight-line method, over the following periods:

Leasehold improvements	between 3 and 7 years
Office equipment and furniture	between 3 and 10 years

When conditions indicate that a tangible capital asset no longer contributes to the ability of the WDBA to provide services, or that the value of future economic benefits associated with a tangible capital asset is less than its net carrying value, the cost of the tangible capital asset is reduced to reflect the impairment. Net write-downs on tangible capital assets are recorded as expenses in the Statement of Operations. Assessments of whether such conditions exist are made, at a minimum, at each financial statement date.

h) Environmental Obligations

Whenever the Corporation accepts responsibility or has direct responsibility for sites where contamination exceeds environmental standards, plans to abandon future economic benefits to that effect and where the amount involved can be reasonably estimated, an obligation for the clean-up of the contaminated sites is recorded as a liability in the Statement of Financial Position. The estimate includes costs directly attributable to remediation activities, post-remediation operations, maintenance and monitoring activities that are an integral part of the remediation strategy. The estimated future costs are recorded as a liability and are based on the present value of the estimated cash flows of costs that are most likely to be incurred. If it proves impossible to make a reasonable estimate of the amount or it is not expected that economic benefits will be given up, the situation will be disclosed through a note to the Financial Statements.

i) Contingent Liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is recognized and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

j) Expense Recognition

All expenses are recognized in the period in which they are incurred. Estimates for accruals are made at the end of each period.

k) Pension and Benefit Plans

The WDBA offers defined contribution pension and benefit plans to its employees; expenses related to these plans are recognized in the period in which they are incurred.



l) Financial Instruments

The WDBA identifies, assesses and manages financial risks in order to minimize their impact on its results and financial position. Financial risks are managed in accordance with specific criteria. The WDBA does not engage in speculative transactions or the use of derivatives.

The measurement of financial instruments depends on their classification as follows:

Categories	Financial instruments	Measurement
Financial assets	Cash	Cost or amortized cost
Financial liabilities	Accounts payable and accrued liabilities	Cost or amortized cost

m) Foreign Currency Translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate at the end of each quarter. Until an item is settled, gains and losses arising as a result of remeasurement are reported in the Statement of Remeasurement Gains and Losses. When the item is settled, the exchange gain and loss are recorded in the Statement of Operations.

n) Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts and presentation of assets and liabilities at the financial statements date and the reported amounts of revenues and expenses during the reporting period. The amount of GST/HST recoverable, the estimated useful life of tangible capital assets, accrued liabilities, and contingencies are the most significant items where estimates are used. Actual results could differ significantly from those estimates.

3. RESTRICTED CASH

Restricted cash represents funds deposited in an escrow account for the Michigan activities, such as U.S. property acquisition. The escrow account is funded on a quarterly basis.



4. TANGIBLE CAPITAL ASSETS

(thousands of dollars)

	Leasehold Improvements	Computer and Office Equipment	Construction in Progress	Total
Cost				
April 1, 2015	702	225	4,894	5,821
Acquisitions	67	53	46,800	46,920
Contributions	-	-	1,454	1,454
Transfers	23	-	(23)	-
March 31, 2016	792	278	53,125	54,195
April 1, 2016	792	278	53,125	54,195
Acquisitions	-	(5)	18,135	18,130
June 30, 2016	792	273	71,260	72,325
Accumulated Depreciation				
April 1, 2015	15	8	-	23
Amortization	129	87	-	216
March 31, 2016	144	95	-	239
April 1, 2016	144	95	-	239
Amortization	33	23	-	56
June 30, 2016	177	118	-	295
Net Book Value				
March 31, 2016	648	183	53,125	53,956
June 30, 2016	615	155	71,260	72,030

The Acquisition of tangible capital assets and the change in accounts payables and accrued liabilities presented in the Statement of Cash Flows excludes an amount of \$6.7 million (March 31, 2016 – \$10.6 million) in relation to the acquisition of tangible capital assets, as the amount relates to capital activities during the three months ended June 30, 2016 that remain to be paid as at June 30, 2016. Computer and office equipment acquisition includes an amount of \$5 thousand for a credit from a vendor.



5. CONTINGENCIES

In the normal course of its activities, the WDBA is the claimant or defendant or is involved in certain pending claims or lawsuits. To the extent that a future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded in the financial statements. It is the opinion of management that the settlement of such matters will not result in any material liabilities to the WDBA for the quarter ended June 30, 2016.

6. EXPENSES BY TYPE

(thousands of dollars)

	2017	2016
Payroll and Benefits	1,576	917
Michigan Land	1,338	138
Legal Services	1,331	1,068
Professional Services	646	609
I-75 Costs	453	238
Rent	155	161
Insurance	142	61
Office and Maintenance	135	70
Amortization	56	52
Other	31	59
Travel expenses	21	27
	5,884	3,400

