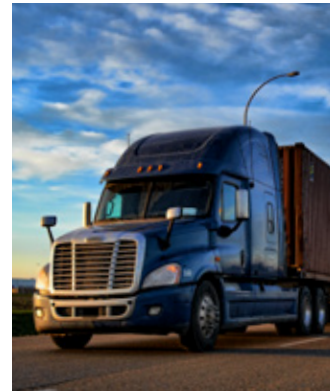
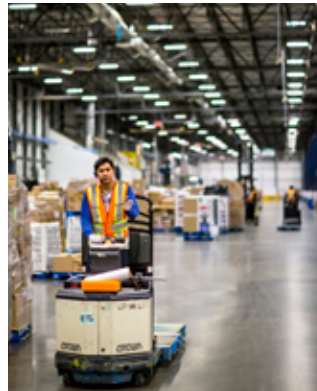
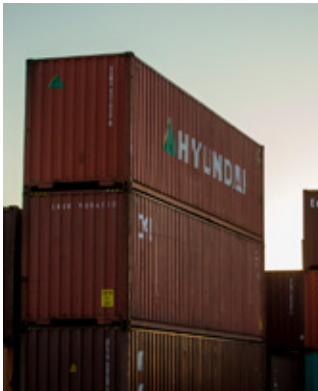


# *Moving Forward*



**Global Transportation Hub**  
Annual Report for 2019-2020





**Table of Contents**

Letters of Transmittal ..... 2

Overview of the GTH..... 3

Alignment with Government’s Direction ..... 4

Status in 2019-20 ..... 5

Governance..... 8

2019-20 Financial Overview..... 9

Appendix A: GTH Organizational Chart..... 22

Appendix B: Payee Report..... 23

# Letters of Transmittal



*His Honour, the Honourable W. Thomas Molloy,  
Lieutenant Governor of Saskatchewan*

May it Please Your Honour:

I respectfully submit the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2020.

A handwritten signature in black ink that reads "Don Morgan".

**Honourable Don Morgan**  
*Minister Responsible for the Global Transportation Hub*



May it Please Your Honour:

I have the honour of submitting the Annual Report of the Global Transportation Hub (GTH) for the fiscal year ending March 31, 2020.

I take responsibility for the financial administration and management and acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

A handwritten signature in black ink that reads "Matt Schroeder".

**Matt Schroeder**  
*President and Chief Executive Officer, Global Transportation Hub*

# Overview of the Global Transportation Hub

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

- (a) support the economic and social development of Saskatchewan by planning, developing, constructing, managing, regulating, operating, marketing and promoting a competitive, economic, integrated and efficient transportation logistics hub that is consistent with safety and environmental standards;
- (b) perform any other duties and carry out any other functions that may be assigned to the authority by an Act or the Lieutenant Governor in Council.

Located minutes west of Regina and the Regina International Airport, the GTH offers efficient rail and road infrastructure adjacent to the CP Rail mainline and between two major highway systems. The site has high potential for investment attraction and business operations in the following segments: transportation and logistics, warehousing and distribution, as well as light processing and manufacturing.

Saskatchewan's economy and the well-being of its people rely heavily on trade. Modern, safe and efficient export infrastructure is key to facilitating that trade and providing a path for our goods and natural resources to reach consumers and markets around the world. Today, as ever, the GTH can play an essential role supporting export activity, creating jobs and stimulating economic growth for the benefit of citizens across Saskatchewan.

To date, GTH companies have produced significant jobs and investment. At full capacity, it is forecasted that over 7,500 people will work at the GTH and private investment will top \$5 billion.

*Home to leading manufacturing, processing and distribution companies, the GTH is evolving to become Saskatchewan's export link to markets across Canada and around the world. To date, GTH companies have created 900 jobs and have produced \$485M in private investment.*



EMTERRA  
Group

**FASTFRATE**



Saskatchewan  
Liquor and Gaming Authority

**Morguard**



**SaskPower**  
Powering the future

**Loblaws**  
FINANCIAL INSTITUTION



**Sterling**  
TRUCK & TRAILER SALES LTD. ...SINCE 1972

CACN



**Brightenvision**  
Development International Inc.

**FUTURE TRANSFER**  
Part of the Bellco Network

# Alignment with Government's Direction

*The GTH is a hub for industry development, trade and growth. Our geographic and market position supports Saskatchewan's Growth Plan and has the potential to drive many of the province's growth goals in the decade ahead.*



# Status in 2019-20



## Strengthening Our Position

Midway through our fiscal year, we welcomed the opening of the Regina Bypass which now provides direct access to the national highway system and maximizes the strategic advantage of the GTH's location. Our location provides free-flowing highway access, compared to the severe bottleneck of urban ports. The addition of this critical piece of infrastructure is another step in realizing the vision of the GTH as an economic, transportation logistics and export development hub for Saskatchewan.

We continued to face strong headwinds through 2019 related to slower economic growth and trade activity. An over-supply of land for greenfield and brownfield

*For consumers across Saskatchewan, Canada and North America, the availability and movement of food, fuel and other consumer goods has never been more important. Renewed interest in facilities like the GTH has strong potential to grow.*

development in the Regina region continued to present market challenges, affecting overall demand for industrial land at the GTH and the rate of sales and leases.

In spite of these difficult conditions, the GTH continued to aggressively pursue opportunities to strengthen relationships with current and prospective clients in Saskatchewan and beyond. Our goal was to strengthen and sustain these relationships, and continue to emphasize the GTH's strong value proposition, with a view

to transitioning these clients to the GTH's new operating partner in 2020.

Our fiscal year drew to a close with unexpected arrival of the COVID-19 pandemic and the economic uncertainty that followed. While this event frustrated efforts to move land sales and leases through to completion, and delayed potential investment, it underscored the importance of reliable supply chains, strong road and rail infrastructure and domestic manufacturing to meet local needs.

For consumers across Saskatchewan, Canada and North America, the availability and movement of food, fuel and other consumer goods has never been more important. Renewed interest in facilities like the GTH has strong potential to grow.

### Preparing for Transition

Through 2019, GTH management focused on transitioning the facility to a private sector operating model and strengthen its ability to attract investment, decrease operational costs and maximize value for Saskatchewan taxpayers.

All required due diligence and documentation was prepared to launch a robust tendering process through the Government of Saskatchewan's tendering system to select an appropriate Management Services Provider (MSP) with deep experience in land development, sales and leasing, and property management. Key steps involved in the procurement process involved:

- Market sounding with potential proponents to inform the development of the RFP;
- Development of the RFP, including detailed project requirements and specifications, mandatory and rated criteria, evaluation process and weightings;
- Optional onsite presentations and tours for proponents;
- Responding to proponent inquiries and issuing addendums;
- Terms of Reference and governance of the Evaluation Committee;
- Evaluation of RFP proposal submissions;
- Negotiations through the Best and Final Offer (BAFO) stage; and,



*In addition to being one of the largest brokerage firms in the world, Colliers International is the largest brokerage firm in Saskatchewan with 40 agents across the province, world class systems and access to national and international networks.*



- Negotiations with the top-ranked proponent to reach agreement.

Meyers Norris Penny (MNP) was contracted as a fairness advisor to assist the GTH selection committee through the competitive bid process. A seven-member evaluation committee was comprised of four directors from the GTH board and one representative from SaskBuilds, Crown Investments Corporation (CIC) and Saskatchewan Ministry of Finance.

On September 18, 2019, Colliers International was selected to manage, operate and market the GTH under the direction and

authority of a Board of Directors that will continue to oversee the land sales, financial performance and regulatory activities. Colliers was the highest ranked proponent from a short list of qualified companies, following a process where over 50 vendors downloaded the RFP with nine participating in onsite briefings and five submitting comprehensive proposals.

Saskatchewan taxpayers can expect to see significant cost savings and value under the terms of the contract negotiated with Colliers who assumed full responsibility for GTH operations, land sales and development on December 1, 2019.



*Background information and supporting documents related to the MSP procurement and selection process are available at [thegth.com](http://thegth.com).*



### Enabling Savings and Sales

The transfer of the GTH's management, operating and marketing functions to a Management Services Provider (MSP) realized important cost savings and operating efficiencies through 2019. Key actions included:

- Reducing the former GTH staff from 10 individuals in January 2019 to one 25% CEO and a 50% contract admin support person;
- Subleasing former GTH head office;
- Reducing the board of directors from nine directors to four and reduced the number of in-person meetings per year from four to two;

*The impact of these changes has already reduced our operating losses by \$1.2M compared to our three-year average. The full benefit of these measures will be realized in 2020-21 and future land sales will improve profitability, positioning the GTH for long-term sustainability and success.*

- Reducing marketing, advertising and business development costs that will now be performed by Colliers; and;
- Eliminating contributions to the GTH transit service.

The impact of these changes has already reduced our operating losses by \$1.2M compared to our three-year

average. The full benefit of these measures will be realized in 2020-21 and future land sales will improve profitability, positioning the GTH for long-term sustainability and success.

# Governance

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

*In fall 2019, following the engagement of Colliers International as the management services provider, the Board's composition was changed from nine members to four. We would like to thank Zahra Al-Harazi, Sandip Lalli, Brian Manning, Doug Moen and David Watson for their contributions to the organization during their terms of service. The remaining Board members are as follows:*

## **Board members**

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

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

**Lionel LaBelle** – Mr. LaBelle has an extensive entrepreneurial background having assumed a leadership and ownership role in a cross-section of public and private corporations focused on agribusiness, construction and manufacturing. From 2008-17 he was Vice Chair of Sask Water board of directors and

from 2008-14 he was President and CEO of the Saskatchewan Trade and Export Partnership (STEP). Since leaving STEP, Mr. LaBelle has completed projects as a private consultant working for government as well as private corporations with a focus on export development, strategic planning, public policy implementation & corporate governance.

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

# 2019-20 Financial Overview

Global Transportation Hub

## **Management's Responsibility for the Financial Statements for the Twelve Month Period Ended March 31, 2020**

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

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

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

On behalf of the GTH,



**Matt Schroeder**

*President and Chief Executive Officer*

# Independent Auditor's Report

*To: The Members of the Legislative Assembly of Saskatchewan*

## **Opinion**

We have audited the financial statements of The Global Transportation Hub Authority (GTHA), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the GTHA as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

## **Basis for Opinion**

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

## **Other Matter**

The financial statements of the GTHA for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on May 28, 2019.

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

In preparing the financial statements, management is responsible for assessing the GTHA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the GTHA or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

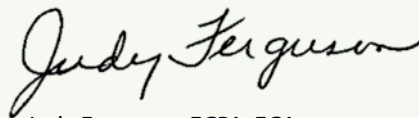
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GTHA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GTHA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the GTHA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

*Regina, Saskatchewan  
June 4, 2020*

**Statement 1**  
GLOBAL TRANSPORTATION HUB AUTHORITY

# Statement of Financial Position

As at March 31, 2020  
(thousands of dollars)

	2020		2019
<b>Financial assets</b>			
Cash	\$ 31	\$	-
Accounts receivable (note 11)	\$ 926	\$	425
	<hr/> 957		<hr/> 425
<b>Financial liabilities</b>			
Bank indebtedness (note 4)	11,420		9,776
Accounts payable & accrued liabilities (note 8)	663		488
Payable to Ministry of Highways and Infrastructure (note 10)	2,860		2,860
Customer deposit	19		-
Deferred revenue	3		3
Term debt (note 4)	32,000		32,000
	<hr/> 46,965		<hr/> 45,127
<b>Net financial debt</b>	<hr/> (46,008)		<hr/> (44,702)
<b>Non-financial assets</b>			
Prepaid expenses (note 5)	2,388		2,515
Inventory of land (note 6)	25,546		25,546
Tangible capital assets (note 9)	29,864		30,611
	<hr/> 57,798		<hr/> 58,672
<b>Accumulated surplus (Statement 2)</b>	<hr/> \$ 11,790	<hr/> \$	<hr/> 13,970
Contractual obligations (note 7)			
Contractual rights (note 8)			

(See accompanying notes to the financial statements)

**Statement 2**

## GLOBAL TRANSPORTATION HUB AUTHORITY

# Statement of Operations

For the Year Ended March 31, 2020  
(thousands of dollars)

	2020 Budget (Note 3)		2020		2019
<b>Revenue</b>					
Land sales	\$ 3,825	\$	-	\$	-
Land leases (Note 8)	341		340		342
Property tax	2,422		3,112		2,485
Transit	129		13		139
Permits and fees	-		7		10
Other	25		74		205
	<u>6,742</u>		<u>3,546</u>		<u>3,181</u>
<b>Expenses (Note 12)</b>					
Land and development costs	914		-		-
Authority management	1,981		1,748		1,559
Permits and fees	-		-		5
Professional services	196		375		412
Operating expenses	4,389		3,603		5,171
	<u>7,480</u>		<u>5,726</u>		<u>7,147</u>
<b>Annual deficit</b>	<b>(738)</b>		<b>(2,180)</b>		<b>(3,966)</b>
<b>Accumulated surplus, beginning of year</b>		13,970		13,970	17,936
<b>Accumulated surplus, end of year (Statement 1)</b>	<b>\$ 13,232</b>	\$	<b>11,790</b>	\$	<b>13,970</b>

(See accompanying notes to the financial statements)

**Statement 3**  
GLOBAL TRANSPORTATION HUB AUTHORITY

# Statement of Change in Net Financial Debt

For the Year Ended March 31, 2020  
(thousands of dollars)

	2020 Budget (Note 3)	2020	2019
<b>Annual deficit</b>	\$ (738)	\$ (2,180)	\$ (3,966)
Acquisition of tangible capital assets	(789)	-	(18)
Disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	801	747	1,831
	12	747	1,813
Additions to inventory of land	-	-	(65)
Sale of inventory of land	725	-	-
(Increase) decrease of prepaid expenses	(145)	127	(2,401)
<b>Increase in net financial debt</b>	(146)	(1,306)	(4,619)
<b>Net financial debt – beginning of year</b>	(44,702)	(44,702)	(40,083)
<b>Net financial debt – end of year</b>	<b>\$ (44,848)</b>	<b>\$ (46,008)</b>	<b>\$ (44,702)</b>

(See accompanying notes to the financial statements)



**Statement 4**

## GLOBAL TRANSPORTATION HUB AUTHORITY

# Statement of Cash Flows

For the Year Ended March 31, 2020  
(thousands of dollars)

	2020		2019
<b>Cash used in operations</b>			
Annual deficit	\$ (2,180)	\$	(3,966)
Non-cash items in annual deficit			
Amortization expense	747		1,831
Changes in working capital			
Accounts receivable	(501)		174
Inventory of land	-		(65)
Accounts payable & accrued liabilities	175		(2,226)
Customer deposit	19		-
Prepaid expenses	127		(2,401)
	(1,613)		(6,653)
<b>Cash flows used in capital activities</b>			
Purchase of tangible capital assets	-		(18)
	-		(18)
<b>Cash flows from financing activities</b>			
Issuance of term debt	-		4,000
	-		4,000
Total cash outflows during year	(1,613)		(2,671)
Bank indebtedness, beginning of year	(9,776)		(7,105)
<b>Net bank indebtedness, end of year</b>	<b>\$ (11,389)</b>	<b>\$</b>	<b>(9,776)</b>
Net bank indebtedness consists of:			
Cash	31		-
Bank indebtedness	(11,420)		(9,776)
	(11,389)		(9,776)
Interest paid	\$ 1,423	\$	1,187

(See accompanying notes to the financial statements)

GLOBAL TRANSPORTATION HUB AUTHORITY

# Notes to the Financial Statements

As at March 31, 2020  
(thousands of dollars)

## 1. Status of Global Transportation Hub Authority

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

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

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

## 2. Significant Accounting Policies

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

The following policies are considered significant:

### a) Revenue

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

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

### b) Land and Development Costs

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### ***c) Inventory of Land***

Inventory of land consists of the costs of acquiring land held for sale, grading, utility connections, and municipal reserve costs incurred on any land to be sold. All inventories are held at the lower of cost or net realizable value. Land is held for sale in future periods.

### ***d) Tangible Capital Assets***

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

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

Leasehold improvements are amortized over the remaining lease period.

### ***e) Pensions***

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. The GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions (7.6% of employee salaries) it is required to make in the year.

### ***f) Measurement Uncertainty***

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations in the period in which they become known.

### ***g) Financial Instruments***

All financial instruments are measured at amortized cost.

### ***h) Amendments to Standards***

The following standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2020 have not been applied in preparing these financial statements:

PS 3280 Asset Retirement Obligation (effective April 1, 2021), a new standard will provide guidance on principles for recognition, measurement, presentation, and disclosure of legal obligations associated with retirement of tangible capital assets from productive use; and PS 3400 Revenue (effective April 1, 2022), will provide the guidance for recognition, measurement, and presentation of revenues common to government other than tax revenues and government transfers.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**3. Budget Approval**

The budget figures are presented for comparison purposes. The GTHA's 2019-20 budget was approved by the Board of Directors on December 5, 2018.

**4. Bank Indebtedness and Term Debt**

A line of credit operating loan of \$15 million (at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2020 is \$11,420 (March 31, 2019 – \$9,776), and is repayable on demand. Prime rate at March 31, 2020 is 2.45% (March 31, 2019 – 3.95%).

Term debt is as follows:

	2020		2019
Royal Bank Loan with interest at prime rate less .50%	\$ 32,000	\$	32,000

The loan term was extended during the year; the loan is repayable in full on the earlier of receipt of the net proceeds on sale of developed land or March 31, 2021.

**5. Prepaid expenses**

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

**6. Inventory of Land**

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

**7. Contractual Obligations**

Contractual obligations include:

	2020		2019
Clean Landscapes (EcoCare)	\$ 775	\$	1,223
Colliers International	1,413		-
Walker Projects	102		498
<b>Total</b>	<b>\$ 2,290</b>	<b>\$</b>	<b>1,721</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2021	\$	101
2022		101
2023		101
2024		101
2025		105
Thereafter		500
<b>Total</b>	<b>\$</b>	<b>1,009</b>

During the year ended March 31, 2020 the Authority recognized \$134 (2018 -\$136) as rent expense related to operating leases. This expense includes common area and property tax expenses, which vary from year to year.

**8. Contractual Rights**

The GTHA received land lease revenue in 2019-20 pursuant to land lease agreements which expire in 2027, with remaining minimum lease payments of \$2,431 to the end of the lease term.

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

**9. Tangible Capital Assets**

	2019-20							2018-19
	Leasehold improvements	Roadways	Undergrounds	Storm water management	Fixtures and Equipment	Leased land	Total	Total
Opening cost	\$ 1,310	\$ 18,611	\$ 12,150	\$ 2,921	\$ 570	\$ 260	\$ 35,822	\$ 35,819
Additions during the year	-	-	-	-	-	-	-	18
Disposals during the year	-	-	-	-	-	-	-	(15)
Closing cost	\$ 1,310	\$ 18,611	\$ 12,150	\$ 2,921	\$ 570	\$ 260	\$ 35,822	\$ 35,822
Opening accumulated amortization	\$ 1,267	\$ 2,448	\$ 899	\$ 162	\$ 435	\$ -	\$ 5,211	\$ 3,395
Annual amortization cost	43	465	162	29	48	-	747	1,831
Amortization related to disposals	-	-	-	-	-	-	-	(15)
Closing accumulated amortization	\$ 1,310	\$ 2,913	\$ 1,061	\$ 191	\$ 483	\$ -	\$ 5,958	\$ 5,211
Net book value of tangible capital assets	\$ -	\$ 15,698	\$ 11,089	\$ 2,730	\$ 87	\$ 260	\$ 29,864	\$ 30,611

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**10. Payable to Ministry of Highways and Infrastructure**

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

**11. Financial Instruments**

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

*Financial risk management*

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

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

**a) Credit risk**

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

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

		<b>2020</b>
Accounts receivable	\$	926

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

The GTHA does have a significant exposure to the collection of one outstanding account receivable. One customer accounts for 39% (2019 – 14%) of accounts receivable. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect impairment on collectability.

**b) Interest rate risk**

Financial liabilities with variable interest rates expose the GTHA to cash flow interest rate risk. The GTHA's debt outstanding as at March 31, 2020 has a variable interest rate.

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

As at March 31, 2020 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of \$434.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**c) Liquidity risk**

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

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

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

**12. Expenses by Object**

	2020 Budget		2020		2019
Salaries & benefits	\$ 1,568	\$	817	\$	1,612
Purchased goods and services	4,099		2,739		2,517
Interest	1,012		1,423		1,187
Amortization	801		747		1,831
<b>Total</b>	<b>\$ 7,480</b>	<b>\$</b>	<b>5,726</b>	<b>\$</b>	<b>7,147</b>

**13. Pension Contributions**

During the year, the GTHA contributed \$33 (2019 - \$78) to PEPP.

**14. Subsequent Event**

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. The GTHA continues to assess and monitor the impact of COVID-19 on its financial condition. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential impact on the GTHA's financial position and operations.

Appendix A:

# GTH Organizational Chart

As at March 31, 2020





**Appendix B:**

# Payee Report

**Employees**

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

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

Employee	Remuneration
ARNT, STEVYN	228,775
GAW, JORDAN	54,940
MULLEN, ALLEN	253,435
SCHROEDER, MATTHEW	166,050

**Suppliers and Other Payments**

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

Vendor	Remuneration
CIR COMMERCIAL REALTY	96,984
CITY OF REGINA	591,443
ECOCARE LTD.	524,311
HOOPP REALTY INC.	119,937
MCKERCHER LLP	51,313
MINISTRY OF CENTRAL SERVICES	68,902
MINISTRY OF FINANCE.	115,032
MINISTRY OF HIGHWAYS & INFRASTRUCTURE	711,955
MNP LLP	79,253
WALKER PROJECTS INC.	373,305







### **For More Information**

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