2024 MANAGEMENT'S DISCUSSION & ANALYSIS

2024 MANAGEMENT'S DISCUSSION & ANALYSIS

FINANCIAL HIGHLIGHTS

(in $ millions)

	2024	2023	Change	%
Revenues	**81.3**	71.1	10.2	14.3
Operating Expenses	**63.8**	54.9	8.9	16.2
EBITDA	**29.0**	27.2	1.8	6.6
Net Income	**17.0**	9.3	7.7	82.8
Capital Investment	**19.7**	13.0	6.7	51.5

Growth in revenue and EBITDA is primarily driven by the increase in operational revenues that helped offset increased costs to support operations and fund efforts to continue execution on the strategic plan.

NET INCOME TO EBITDA SUMMARY

(in $ millions)

	2024	2023	Change	%
Net Income	**17.0**	9.3	7.7	82.8
Less: Investment income	**(6.0)**	(5.3)	(0.7)	13.2
Add: Interest Expense	**4.2**	4.7	(0.5)	(10.6)
Add: Other Provisions	**2.2**	7.5	(5.3)	(70.7)
Earnings before interest, financing costs and other items	**17.5**	16.2	1.3	8.0
Add: Amortization	**11.5**	11.0	0.5	4.5
EBITDA	**29.0**	27.2	1.8	6.6

Consolidated EBITDA in 2024 increased to $29.0 million representing a 6.6 per cent increase over 2023. The increase is primarily a result of the increase in operational revenues that helped offset increased costs to support operations, salaries, wages and benefits and increased PILT payments.

KEY HIGHLIGHTS

REVENUE:
$81.3 million

Consolidated revenue increased 14.3% to $81.3 million in 2024, compared to $71.1 million in 2023.

EBITDA[1]:
$29.0 million

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) increased 6.6% to $29.0 million in 2024, compared to $27.2 million in 2023.

CAPITAL INVESTMENT:
$19.7 million

Capital Investments relating to property and equipment totalled $19.7m in 2024, compared to $13.0 million in 2023.

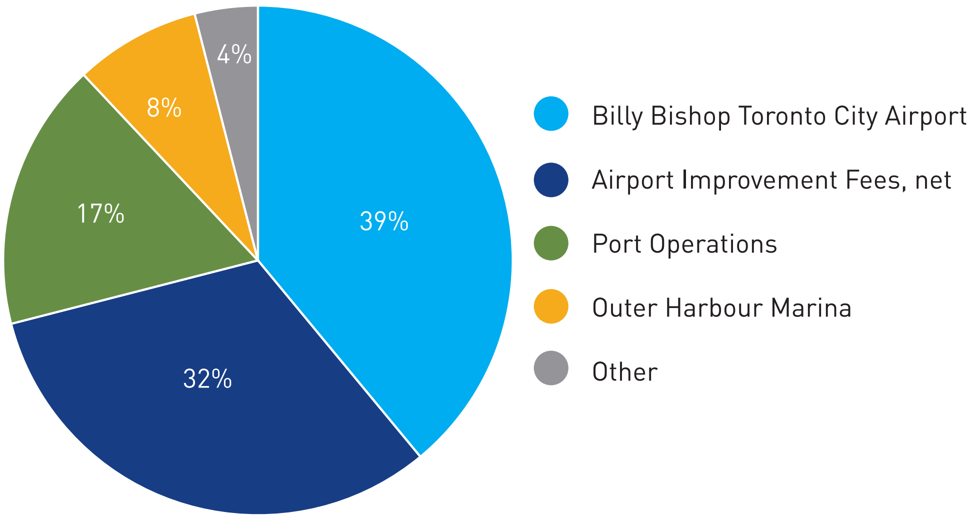
[1] Earnings before interest, tax, depreciation and amortization is a non-IFRS measure.

2024 MANAGEMENT'S DISCUSSION & ANALYSIS

REVENUES

(in $ millions)

	2024	2023	Change	%
Billy Bishop Toronto City Airport	**31.9**	27.9	4.0	14.3
Airport Improvement Fees, net	**25.5**	25.0	0.5	2.0
Port Operations	**13.7**	7.9	5.8	73.4
Outer Harbour Marina	**6.7**	6.7	-	-
Other	**3.5**	3.6	(0.1)	(2.8)
Total Revenues	**81.3**	71.1	10.2	14.3



Billy Bishop Toronto City Airport revenues, which makes up 39 per cent of total revenues, increased to $31.9 million as compared to $27.9 million during the prior year, an increase of $4.0 million. The increase was primarily related to increased cost recoveries through Airport Operating fees, Ferry Services and Landing fees.

Airport Improvement Fee revenues, which makes up 32 per cent of total revenues, increased to $25.5 million in 2024, slightly higher than the $25.0 million in 2023 primarily due to a change in the mix of passengers as 2024 experienced a slightly higher proportion of enplaned passengers.

The Port of Toronto, which represented 17 per cent of total revenues, increased to $13.7 million in 2024 as compared to $7.9 million in 2023, an increase of $5.8 million given berthing, cargo and other marine service activity.

Outer Harbour Marina, which represents 8 per cent of total revenues, remained unchanged from the prior year at $6.7 million. This was due to higher fuel sales and slip revenues offset by lower storage in the year.

BILLY BISHOP TORONTO CITY AIRPORT

39% OF TOTAL REVENUES

Billy Bishop Toronto City Airport revenues increased to $31.9 million as compared to $27.9 million during the prior year, an increase of $4.0 million.

PORT OF TORONTO

17% OF TOTAL REVENUES

Port of Toronto revenues increased to $13.7 million in 2024 as compared to $7.9 million in 2023.

OUTER HARBOUR Marina

8% OF TOTAL REVENUES

Outer Harbour Marina revenues remained unchanged from the prior year at $6.7 million.

2024 MANAGEMENT'S DISCUSSION & ANALYSIS

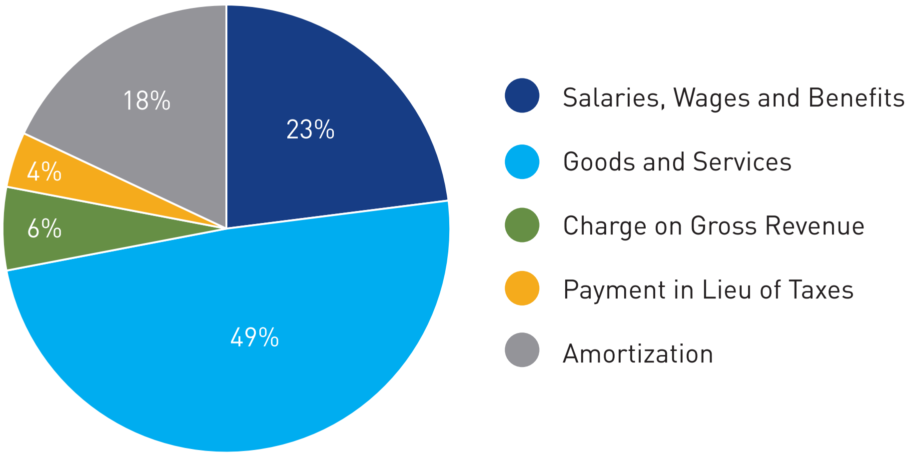
OPERATING EXPENSES

Operating expenses include the costs to operate and maintain PortsToronto's operations, as well as payments in lieu of taxes (payments made to the City of Toronto, in which PortsToronto operates) and a charge on gross revenue paid to Transport Canada on an annual basis.

OPERATING EXPENSES

(in $ millions)

	2024	2023	Change	%
Salaries, wages and benefits	**14.7**	13.7	1.0	7.3
Goods and services	**31.5**	25.5	6.0	23.5
Charge on gross revenue	**3.6**	3.5	0.1	2.9
Payment in lieu of taxes	**2.5**	1.2	1.3	108.3
Amortization	**11.5**	11.0	0.5	4.5
Total Operating Expenses	**63.8**	54.9	8.9	16.2



Operating expenses in 2024 totalled $63.8 million or 16.2 per cent higher when compared to the $54.9 million total in 2023. The increases in salaries, wages & benefits and goods and services related costs were needed due to increased activity at the airport, marine port and marina coupled with inflationary cost increases have been the primary drivers for the increased costs in 2024.

The increase in payment in lieu of taxes was disproportionately related to the increased passenger activity at Billy Bishop Toronto City Airport as it was based on the 2022 passenger levels which increased significantly when compared to the same period in 2021.

PORTS TORONTO

2024 FINANCIAL STATEMENTS

Consolidated financial statements of
Toronto Port Authority

December 31, 2024

Deloitte.

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

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Independent Auditor’s Report

To the Board of Directors of the
Toronto Port Authority

Opinion

We have audited the consolidated financial statements of Toronto Port Authority (the “Port Authority”), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of operations and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Port Authority as at December 31, 2024, and the results of its operations, changes in equity, and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). 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 Port Authority 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 Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Port Authority’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 Port Authority or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Port Authority’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 GAAS 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 GAAS, 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 Port Authority’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 Port Authority’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 Port Authority 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Port Authority as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 24, 2025

Toronto Port Authority
Consolidated statement of financial position
As at December 31, 2024
(In thousands of Canadian dollars)

	Notes	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents		**3,964**	4,801
Short-term investments		**82,101**	53,480
Accounts receivable (net)	3	**15,403**	11,970
Tunnel Prepaid Amount	15	**8,983**	8,998
Prepaid expenses		**1,079**	1,244
Other current assets		**256**	1,061
		111,786	81,554
Non-current assets			
Long-term investments	3	**25,160**	51,275
Employee future benefits	7	**18,581**	11,686
Right-of-use assets	5	**939**	1,880
Capital assets	6	**229,853**	227,363
Total assets		**386,319**	373,758
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	3	**43,393**	43,099
Bank loans	8	**2,276**	2,280
Lease liability	5	**340**	388
Tunnel concession liability	4 and 15	**3,812**	3,586
Unearned revenue		**2,239**	7,302
		52,060	56,655
Non-current liabilities			
Bank loans	8	**19,929**	22,203
Lease liability	5	**733**	1,715
Tunnel concession liability	4 and 15	**43,225**	47,037
Employee future benefits	7	**1,587**	2,051
Total liabilities		**117,534**	129,661
Equity		**268,785**	244,097
		386,319	373,758

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

Approved by the Board

Jane McKenna, Director

____________________________, Director

Toronto Port Authority

Consolidated statement of operations and comprehensive income

Year ended December 31, 2024

(In thousands of Canadian dollars)

	Notes	2024 $	2023 $
Operating revenue			
Port, Outer Harbour Marina, Airport and property	16	**55,800**	46,100
Airport improvement fees, net	10	**25,505**	24,981
		81,305	71,081
Operating expenses			
Salaries wages and benefits		**14,653**	13,662
Goods and Services	18	**31,576**	25,553
Charge on gross revenue		**3,625**	3,526
Payments in lieu of taxes		**2,473**	1,165
Amortization of right-of-use and capital assets		**11,499**	10,971
		63,826	54,877
Earnings before interest, financing costs and other items		**17,479**	16,204
Investment income		**5,955**	5,290
Interest expense		**(4,230)**	(4,650)
Provision for Leslie Street Spit Hardpoint J & Other Obligations	13	**(2,200)**	(7,533)
Net income for the year		**17,004**	9,311
Changes in fair value of interest rate swap due to hedge accounting – loss on interest rate swap – effective portion	8 (b)	**(131)**	(122)
Remeasurement gain on employee future benefits	7	**7,815**	1,201
Other comprehensive income		**7,684**	1,079
Comprehensive income for the year		**24,688**	10,390

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

Toronto Port Authority

Consolidated statement of changes in equity

Year ended December 31, 2024

(In thousands of Canadian dollars)

	Notes	Net assets over liabilities $	Accumulated other comprehensive income $	Total equity $
Balance, December 31, 2022		204,275	29,432	233,707
Net income		9,311	—	9,311
Remeasurement gain on employee future benefits	7	—	1,201	1,201
Loss on interest rate swap – effective portion	8 (b)	—	(122)	(122)
Balance, December 31, 2023		**213,586**	**30,511**	**244,097**
Net income		**17,004**	**—**	**17,004**
Remeasurement gain on employee future benefits	7	**—**	**7,815**	**7,815**
Loss on interest rate swap – effective portion	8 (b)	**—**	**(131)**	**(131)**
Balance, December 31, 2024		**230,590**	**38,195**	**268,785**

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

Toronto Port Authority

Consolidated statement of cash flows

Year ended December 31, 2024

(In thousands of Canadian dollars)

	Notes	2024 $	2023 $
Operating activities			
Net income for the year		**17,004**	9,311
Adjustments for non-cash items			
Gain on sale of other capital assets		**—**	(24)
Amortization of capital assets	6	**11,119**	10,597
Amortization of right-of-use asset	5	**380**	374
Employee future benefits expense	7	**1,100**	661
Employer contribution to employee future benefit plans	7	**(644)**	(1,510)
Interest expense		**4,239**	4,663
Gain on interest rate swap – ineffective portion	8 (b)	**(9)**	(13)
Bank interest paid		**(1,176)**	(1,375)
Interest paid on Tunnel concession liability		**(2,998)**	(3,210)
		29,015	19,474
Net change in non-cash working capital balances related to operations	17	**(7,432)**	10,760
		21,583	30,234
Investing activities			
Acquisition of short-term investments		**(83,144)**	(56,449)
Disposal of short-term investments		**54,523**	52,947
Acquisition of long-term investments		**(19,983)**	(33,149)
Disposal of long-term investments		**46,098**	16,173
Acquisition of capital assets		**(19,669)**	(13,017)
Capital funding received		**6,059**	1,366
Proceeds from sale of other capital assets		**—**	43
		(16,116)	(32,086)
Financing activities			
Prepaid threshold –Tunnel deposit		**15**	(450)
Lease amount paid		**(455)**	(452)
Tunnel concession liability		**(3,586)**	(3,374)
Bank loan principal payments		**(2,278)**	(2,280)
		(6,304)	(6,556)
Decrease in cash position		**(837)**	(8,408)
Cash and cash equivalents, beginning of year		**4,801**	13,209
Total cash and cash equivalents, end of year		**3,964**	4,801
Cash and cash equivalents consist of			
Cash		**3,855**	4,758
Cash equivalents		**109**	43
		3,964	4,801

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

1. General information and Canada Marine Act status

The Toronto Port Authority ("Port Authority") is an entity operating pursuant to Letters Patent issued by the Federal Minister of Transport. The Port Authority is a corporation without share capital. Its head office is located at 207 Queens Quay West, Toronto, Ontario. Effective June 8, 1999, the Port Authority was incorporated under the Canada Marine Act. Formerly, the Port Authority was constituted as the Toronto Harbour Commissioners ("Commissioners") and operated under The Toronto Harbour Commissioners Act of 1911. On January 19, 2015, the Toronto Port Authority was rebranded as PortsToronto.

The Port Authority is focused on its mission as a financially self-sustaining business enterprise providing economic, environmental and social benefits to the waterfront community in which it operates. These benefits are delivered under four organizational values or pillars, which are: City Building, Community, Environmental and Financial.

The Port Authority has several businesses, including:

- Port Operations, which include land and facilities providing docking, handling, distribution and storage services for cargo, container shipping related services, cruise ship passenger services, and facilities for film production. This operation, supported by the Works Department provides harbour maintenance and aids to navigation, as well as exercising regulatory authority over the harbour by-laws. The Toronto Port Authority has jurisdiction over the navigational waters from Victoria Park Avenue to Humber River.
- The Outer Harbour Marina, a fullservice marina located near the foot of Leslie Street.
- Billy Bishop Toronto City Airport ("BBTCA") operations, which include a Pedestrian Tunnel ("Tunnel"), ferry service, ferry terminals, runways and tenanted properties to support scheduled commercial passenger flight service, charter services and a flight school.
- Real Estate and Property Administration, which includes development and management of lands under its control.

The financial statements were authorized for issue by the Board of Directors on April 24, 2025.

2. Material accounting policy information

Statement of compliance

The consolidated financial statements have been prepared by management in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented. The Port Authority and its Board of Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Port Authority has adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis of accounting has been adopted in preparing the consolidated financial statements.

Basis of consolidation

These consolidated financial statements contain the results of the Port Authority for the year ended December 31, 2024, as well as its wholly owned subsidiary, 2315155 Ontario Inc. 2315155 Ontario Inc. was incorporated on March 8, 2012 to lease a portion of the Canada Malting silos adjacent to the Tunnel Pavilion.

2. Material accounting policy information (continued)

Basis of presentation

The Port Authority's functional currency is Canadian dollars. The consolidated financial statements are also presented in Canadian dollars, rounded to the nearest thousand.

The consolidated financial statements have been prepared on the historical cost basis (except for financial instruments measured at fair value and amortized cost). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the bank and short-term investments, which are readily convertible to cash and have an original term to maturity of 90 days or less.

Financial instruments

Financial assets and financial liabilities are recognized when the Port Authority becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognized immediately in profit or loss.

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

Asset/liability	Measurement
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Long-term investments	Amortized cost
Long-term receivable	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Fair value of interest rate swap designated in cash flow hedge	FVTPL for ineffective portion, and FVTOCI for effective portion
Bank loans	Amortized cost
Tunnel concession liability	Amortized cost

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), amortized cost, or financial assets at fair value through other comprehensive income (FVTOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Under IFRS 9, all financial instruments are initially measured at fair value, with subsequent measurement determined in line with their classification.

2. Material accounting policy information (continued)

Financial instruments (continued)

Amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Fair value through other comprehensive income (FVTOCI)

Financial assets are measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTOCI are stated at fair value at the end of each reporting period with changes in the fair value recognized in other comprehensive income.

Fair value through profit and loss (FVTPL)

Financial assets are measured at FVTPL unless they meet the criteria above to be measured at amortized cost or FVTOCI.

Impairment of financial assets

Under IFRS 9, financial assets under all categories are assessed for impairment based on the expected loss model. The expected loss model requires a loss allowance to be recorded at an amount equal to:

(a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

(b) the lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. It is also required for contract assets or trade receivables that are not, according to IFRS 15, considered to contain a significant financing component. As at December 31, 2024, the Port Authority does not hold any financial instruments that exhibit such an increase in risk to warrant a loss allowance for lifetime expected credit losses.

2. Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Additionally, entities can elect an accounting policy of recognizing lifetime expected credit losses for all contract assets and/or all trade receivables, including those that contain a significant financing component. The same election is also separately permitted for lease receivables. The Port Authority has not made this election.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses. As at December 31, 2024, the only financial asset for which a loss allowance has been recorded equal to the 12-month expected credit losses is accounts receivable, through the allowance for doubtful accounts.

Measurement of expected credit losses

The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The Port Authority also considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses.

Derecognition of financial assets

The Port Authority derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Port Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Port Authority recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Port Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Port Authority continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Port Authority derecognizes financial liabilities when, and only when, the Port Authority’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2. Material accounting policy information (continued)

Financial instruments (continued)

Derivative financial instruments including hedge accounting

The Port Authority had entered into derivative financial instruments (interest rate swap) to manage its exposure to interest rate fluctuations as a result of its bank loans.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Transaction costs are expensed as incurred.

The Port Authority has designated its interest rate swap as a cash flow hedge and elected to apply the requirements of IAS 39 for hedge accounting, instead of the requirements in Chapter 6 of IFRS 9. At the inception of the hedge relationship, the Port Authority documented the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Port Authority documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the statement of operations and comprehensive income as the recognized hedged item.

Hedge accounting is discontinued when the Port Authority revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss. For discontinued hedge accounting under a previous accounting framework, the loss accumulated in other comprehensive income is recognized in profit or loss on a straight-line basis.

Capital assets

Land acquired since 1974 is recorded at cost. Land acquired prior to 1974 was recorded based on historical appraised values.

All other capital assets are recorded at cost less amortization and any impairment losses, net of any applicable government funding.

Historical cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the items, including borrowing costs relating to the acquisition or construction.

2. Material accounting policy information (continued)

Capital assets (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Port Authority and the cost of the item can be measured reasonably. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that it is necessary to complete and prepare the asset for its intended use. The carrying amounts of replaced capital assets are derecognized as incurred. All repairs and maintenance are charged to earnings during the period in which they are incurred.

Amortization of buildings, structures, plant and equipment is provided on the straight-line basis over the estimated useful lives of the assets.

No amortization is provided on land and capital work-in-progress.

Impairment of capital assets

Capital assets, which have long lives and are non-financial in nature are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows, or cash generating units ("CGU's"). Where the asset does not generate cash flows that are independent from other assets, the Port Authority estimates the recoverable amount of the CGU to which the asset belongs. When the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized. Impairment losses are recognized as an expense immediately in profit or loss. An impairment charge is reversed if the assets' (or CGUs) recoverable amount exceeds its carrying amount.

Government capital funding

Capital payments, received from various governments and their agencies, whose primary condition is that the Port Authority should purchase, construct or otherwise acquire non-current assets are recognized as capital funding, netted as part of the capital assets in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Leases

A lease is an agreement whereby the lessor conveys to the tenant (the lessee) in return for a payment or series of payments the right to use an asset, generally land and buildings for an agreed period of time.

(a) Port Authority as a lessor

Leases for which the Port Authority is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Operating lease rental revenue is recognized on a straight-line basis over the term of the lease. As at December 31, 2024, the Port Authority did not have any finance lease agreements.

2. Material accounting policy information (continued)

Leases (continued)

(b) *Port Authority as a lessee*

The Port Authority assesses whether a contract is or contains a lease, at inception of the contract. The Port Authority recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Port Authority recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Port Authority uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Port Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Tunnel concession liability

In 2012, the Port Authority entered into a Public-Private-Partnership to design, build, finance, operate and maintain the Tunnel to Billy Bishop Toronto City Airport for twenty years. The base contract price to construct the Tunnel was $82.5 million and it was substantially complete and accepted by the Port Authority on May 29, 2015. The Tunnel was officially opened to the public and stakeholders on July 30, 2015. Title to the Tunnel will remain with the Port Authority throughout the term of the Agreement.

The Port Authority has capitalized construction costs as well as the present value of future Capital Lifecycle payments to be made over the term of the concession period (Expiry date April 8, 2034). The Port Authority has also recognized a liability for the Tunnel, equal to the construction cost of the asset less payments made. The present value calculations to determine the asset/liability is based on the weighted average cost of capital of 7.25%.

2. Material accounting policy information (continued)

Employee future benefits

The Port Authority maintains a defined benefit pension plan, registered with the Office of the Superintendent of Financial Institutions (OSFI), for the benefit of full-time permanent employees (for non-unionized employees hired before November 25, 2013 and certain unionized employees). The Port Authority also offers a defined contribution pension plan for full-time non-unionized employees hired after November 24, 2013. Certain Plan members are also granted supplemental benefits, which mirror the formula of the registered plan and replace defined benefits that have been limited by the Income Tax Act. These supplemental benefits are unfunded. In addition, the Port Authority offers other non-pension post-employment benefits to most employees, including a death benefit, early retirement benefits and self-funded workers' compensation benefits. Beginning in 2018, the Port Authority established other employee future benefits for certain full-time employees provided that they remain employed with the Port Authority for a specified length of time. Obligations under the employee benefit plans are accrued as the employees render the service necessary to earn the pension and other employee future benefits.

The Port Authority has adopted the following policies for its defined benefit pension plan and other retirement benefits:

(i) The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, and retirement ages of employees.

(ii) The fair value of plan assets is used as the basis of calculating the expected return on plan assets.

(iii) The discount rate used to value the defined benefit obligation is based on high quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations.

(iv) Actuarial gains and losses due to changes in defined benefit plan assets and obligations are recognized immediately in accumulated other comprehensive income (loss). When a restructuring of a benefit plan gives rise to both curtailment and settlement of obligations, the curtailment is accounted for prior to or in conjunction with the settlement.

(v) When the calculation results in a net benefit asset, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan (the "asset ceiling"). In order to calculate the present value of economic benefits, consideration is given to minimum funding requirements that apply to the plan. Where it is anticipated that the Port Authority will not be able to recover the value of the net defined benefit asset; after considering minimum funding requirements for future services, the net defined benefit asset is reduced to the amount of the asset ceiling. The impact of the asset ceiling is recognized in comprehensive income (loss).

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Revenue recognition

Revenue from a contract to provide services is recognized in line with the transfer of promised services to a customer by reference to the stage of completion of the contract, and at an amount that reflects the consideration expected to be received in exchange for transferring such services. The Port Authority's policy for recognition of revenue from operating leases is described above in Note 2 for Leases, in accordance with IFRS 16.

2. Material accounting policy information (continued)

Revenue recognition (continued)

Revenue from vessels, cargo and passengers using the port are recognized when services are substantially rendered. Landing fees and airport operating fees are recognized as the airport facilities are utilized. Airport improvement fees are recognized upon the enplanement of passengers. Seasonal berthing fees and storage fees earned at the Outer Harbour Marina are recognized on a straight-line basis over the term of the agreement and any unearned portion is reflected as unearned revenue.

Gross revenue charge

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

	Charge %
Gross revenue	
up to $10,000	2
on the next $10,000	4
on the next $40,000	6
on the next $10,000	4
over $70,000	2

Adoption of new and revised standards

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Port Authority has applied several amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 1 – Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The Port Authority has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the consolidated statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2. Material accounting policy information (continued)

Adoption of new and revised standards (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Amendments to IAS 1 – Presentation of Financial Statements - Non-current Liabilities with Covenants

The Port Authority has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Port Authority has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 18	Presentation and Disclosures in Financial Statements
Amendments to IFRS 9 Financial Instruments	Derecognition of a Financial Liability Settled Through Electronic Transfer

2. Material accounting policy information (continued)

Adoption of new and revised standards (continued)

New and revised IFRS Accounting Standards in issue but not yet effective (continued)

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Port Authority anticipates that the application of this standard may have an impact on the consolidated financial statements in future periods.

Amendments to IFRS 9 Financial Instruments – Derecognition of a Financial Liability Settled Through Electronic Transfer

The amendments to IFRS 9 clarify the derecognition requirements for financial liabilities settled through electronic payments. Specifically, entities may deem a financial liability discharged before the settlement date if the following conditions are met:

(i) The entity cannot withdraw, stop, or cancel the payment instruction.

(ii) The entity no longer has access to the cash designated for settlement.

(iii) The settlement risk associated with the electronic payment system is insignificant, meaning the process follows standard administrative procedures, and the time between initiating payment and settlement is short.

If these criteria are not satisfied, the liability is derecognized only on the settlement date. Entities electing this alternative must apply it consistently to all settlements through the same electronic payment system.

The amendments are applicable for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Port Authority is evaluating the impact of these amendments but does not expect them to have a material effect on the consolidated financial statements.

2. Material accounting policy information (continued)

Use of estimates and key areas of judgment

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amount of 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 reported period. Actual results could differ from these estimates. Accounts requiring material estimates and assumptions include fair value of interest rate swap and hedge accounting, useful lives of capital assets, accounts receivable, impairment of capital assets, employee future benefits, legal provisions, certain accrued liabilities and tunnel concession liability, which are further elaborated below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Fair value of interest rate swap and hedge accounting

As described in Note 3, the Port Authority uses valuation techniques that include inputs that are based on observable market data to estimate the fair value of its interest rate swap. Note 3 provides information about the key assumptions used in the determination of the fair value of the interest rate swap.

The Port Authority believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of its interest rate swap.

The Port Authority also applied judgement in electing to apply hedge accounting on the changes in the fair value of the interest rate swap.

(ii) Useful lives of capital assets

The Port Authority reviews the estimated useful lives of capital assets at the end of each reporting period. There has been no change in the useful lives estimates for the current year. Below are the amortization rates of the capital assets, which approximate their useful lives:

Land	No amortization
Buildings, structures, runways and taxiways	Straight-line over 5–75 years
Plant and equipment	Straight-line over 3–25 years
Deferred site preparation expenditures	Straight-line over 5–40 years
Capital work-in-progress	No amortization until ready for use
Right-of-use assets	Straight-line over the lease life

(iii) Accounts receivable

The carrying amount of accounts receivable is reduced by a valuation allowance which is calculated based on the expected credit losses for the accounts. The expected credit losses are measured at an amount equal to the 12-month expected credit losses. Management reviews the adequacy of this allowance at each reporting date.

2. Material accounting policy information (continued)

Use of estimates and key areas of judgment (continued)

(iv) Impairment of capital assets

The Port Authority reviews the carrying amount of capital assets and CGUs in comparison to their recoverable amounts. The recoverable amounts are determined based on the value in use or fair value less costs to sell. In the year ended December 31, 2024, there was no impairment identified by management.

(v) Employee future benefits

The determination of funding requirements is made on the basis of annual actuarial valuations. The recording of employee future benefits liability and the related annual expense is made on the basis of annual actuarial valuations or extrapolations for accounting purposes, in the years between full valuations.

(vi) Legal provisions

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

The amount recognized as a provision, if any, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(vii) Accrued liabilities

Provisions are recognized when the Port Authority has a present obligation because of a past event, it is probable that the Port Authority will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation.

The amount recognized as a provision, if any, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(viii) Tunnel concession liability

The accounting treatment for the BBTCA Tunnel including the related asset and concession liability was a key area of judgement. The Port Authority reviewed the substance of the Project Agreement and concluded that the present value of the Tunnel’s construction costs and related liability should be recognized on the consolidated statement of financial position.

(In thousands of Canadian dollars)

3. Financial instruments: fair value and risk management

Fair value

The fair value of the interest rate swap is calculated using a discounted cash flow analysis using the applicable yield curve and credit spread over the remaining life of the derivative.

The carrying value of cash and cash equivalents, short-term investments, accounts receivable, notes receivable, prepaid threshold – tunnel deposit, accounts payable and certain accrued liabilities approximate their fair values due to the relatively short-term maturity. The carrying value of long-term investments and bank loans approximate fair value due to the terms and conditions of the arrangements compared to current market conditions for similar items.

Fair value hierarchy

The Port Authority applies a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs are inputs that reflect the Port Authority's own assumptions about the assumptions market participants would use in pricing an investment based on the best information available in the circumstances.
The three-tier hierarchy of inputs is as follows:

Level 1 – Quoted prices in active markets for identical investments

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for the investment that are not based on observable market data (unobservable inputs)

The following is a summary of the fair value and classification levels as at December 31, 2024:

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets - interest rate swap				
2024	**—**	**139**	**—**	**139**
2023	—	261	—	261

There were no transfers of financial instruments between Levels 1, 2, and 3 during 2024 and 2023.

The Port Authority uses observable and market data on the underlying instruments to value its Level 2 financial instruments. The Port Authority does not hold any Level 3 instruments.

(In thousands of Canadian dollars)

3. Financial instruments: fair value and risk management (continued)

Financial risk management

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

Market risk

Market risk is managed by the Port Authority's investment policy, which requires a diversified portfolio of allowable investments pursuant to Section 32 of the Canada Marine Act. The Port Authority does not have any financial instruments which are subject to significant market risk.

Interest rate risk

Interest rate risk describes the Port Authority's exposure to changes in the general level of interest rates. Interest rate risk on financial assets arises when the Port Authority invests in fixed income which contains interest-bearing investments and when it incurs financial liabilities at variable interest rates. Interest rate changes directly impact the fair value of fixed income securities and the fair value of the pooled funds. Interest rate changes will also have an indirect impact on the remaining investments held by the Port Authority. At the end of 2024, the Port Authority holds fixed income securities as part of short-term investments totalling $82,101 ($53,480 in 2023) and as part of long-term investments totalling $25,160 ($51,275 in 2023). These fixed income securities consist of bankers acceptances, guaranteed investment certificates, and bonds.

An analysis of maturity dates for the long-term fixed income securities is set out below.

	Interest rate %	**2024 $**	Interest rate %	2023 $
Maturity				
2025	**—**	**—**	3.84 - 6.20	43,986
2026	**3.60 - 5.26**	**10,250**	—	—
2027	**4.65 - 4.85**	**9,671**	4.85	5,000
2028	**5.07 - 5.55**	**2,289**	5.07 - 5.55	2,289
2029	**3.80 - 4.85**	**2,950**	—	—
		25,160		51,275

The cost of the Port Authority's short-term fixed income securities together with accrued interest income approximates fair value given the short-term nature of the investments.

The long-term fixed income securities are valued at amortized cost, and as such fluctuations in interest rates will have no impact on the amount reflected in the consolidated statement of financial position or net earnings.

3. Financial instruments: fair value and risk management (continued)

Financial risk management (continued)

Interest rate risk (continued)

The Port Authority's financial liabilities are exposed to fluctuations in interest rates with respect to the unhedged portion of long-term debt and its credit facility. The Port Authority is exposed to the following interest rate risks at December 31, 2024:

	$
Unhedged portion of long-term debt	18,720

The following table details the Port Authority's sensitivity analysis to an increase of interest rates by 0.5% on net earnings and comprehensive income. The sensitivity includes floating rate financial liabilities and adjusts their effect at year-end for a 0.5% increase in interest rates. A decrease of 0.5% would result in an equal and opposite effect on net earnings and comprehensive income.

Effect on net earnings and comprehensive income	
	$
Unhedged portion of long-term debt	94

Under the interest rate swap contract, the Port Authority agrees to exchange the difference between fixed and floating rate interest amounts calculated on an agreed notional principal amounts. This contract enables the Port Authority to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of the interest rate swap at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

The interest rate swap settles on a monthly basis. The Port Authority settles the difference between the fixed and floating interest rate on a net basis.

Credit risk

The Port Authority's principal financial assets are cash and cash equivalents, short-term investments, long-term investments, accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represents the Port Authority's maximum credit exposure at the date of the consolidated statement of financial position.

The Port Authority's credit risk is primarily attributable to its accounts receivables. The amounts disclosed in the consolidated statement of financial position for accounts receivable are net of allowance for doubtful accounts, estimated by the management of the Port Authority based on previous experience and its assessment of the current economic environment to reflect the 12-month expected credit losses. In order to reduce its risk, management has adopted credit extension processes that include regular review of credit limits.

The credit risk on cash and cash equivalents, short-term investments, notes receivable, and long-term investments is limited because the counterparties are chartered banks and public sector entities with high credit-ratings assigned by national credit-rating agencies.

(In thousands of Canadian dollars)

3. Financial instruments: fair value and risk management (continued)

Financial risk management (continued)

Credit risk (continued)

The aging of accounts receivable was:

	2024	2023
	$	$
Trade		
Current	**14,675**	10,482
Aged between 31-90 days	**439**	1,247
Aged greater than 90 days	**545**	495
	15,659	12,224
Others	**44**	31
	15,703	12,255
Allowance for doubtful accounts	**(300)**	(285)
	15,403	11,970

Reconciliation of allowance for doubtful accounts

	2024	2023
	$	$
Balance, beginning of year	**285**	293
Increase during the year	**48**	36
Bad debts written off during the year	**(33)**	(44)
Balance, end of year	**300**	285

Liquidity risk

The Port Authority's objective is to have sufficient liquidity to meet its liabilities when due. The Port Authority monitors its cash balances and cash flows generated from operations to meet its requirements. The Port Authority has the following financial liabilities as at December 31, 2024. The total undiscounted cash repayments required to settle these liabilities, with the exception of the Tunnel concession liability, are set out below:

	Carrying value	2025	2026	2027 and thereafter
	$	$	$	$
Accounts payable and accrued liabilities	43,393	43,393	—	—
Bank loan	22,205	2,276	2,280	17,649
	65,598	45,669	2,280	17,649

(In thousands of Canadian dollars)

3. Financial instruments: fair value and risk management (continued)

Financial risk management (continued)

Liquidity risk (continued)

With respect to the Tunnel concession liability, the Port Authority is responsible for the payment of monthly Capital Payments totalling $6,583 per year until April 8, 2034 in settlement of the liability (Note 15). The discounted cash repayments relating to this liability are as follows:

	Carrying value $	2025 $	2026 $	2027 and thereafter $
Tunnel concession liability	47,037	3,812	4,052	39,173

Cash flow risk

The Port Authority's Investment Policy includes a targeted upper limit of 30% of cash reserves in the investment products of any one particular financial institution, with a hard cap limit of 35%, regardless of the type of investment.

4. Capital disclosures

The Port Authority's objective when managing capital is to ensure sufficient liquidity to support its financial obligations and execute the operational and strategic plans to continue to provide benefits for its stakeholders and to remain financially self-sufficient. The Port Authority continually assesses its capital structure and adjusts it with reference to changes in economic conditions and risk characteristics associated with its underlying assets. According to its Letters Patent, the Port Authority's aggregate borrowing cannot exceed $52,100 except for borrowing for the Tunnel. There is $140,000 that is specifically identified for the Tunnel. The Port Authority cannot borrow money as an agent of Her Majesty. Currently the Port Authority largely relies on cash flows from operations and investment activities to fund its capital investment program. The Port Authority's capital is comprised of its bank loan, Tunnel concession liability, and equity, net of cash and cash equivalents, and short-term investments.

	2024 **$**	2023 $
Bank loan	**22,205**	24,483
Tunnel concession liability	**47,037**	50,623
Less: cash and cash equivalents	**3,964**	4,801
Less: short-term investments	**82,101**	53,480
Net (cash) debt	**(16,823)**	16,825
Equity	**268,785**	244,097
	251,962	260,922

As of December 31, 2024, there was a shortfall of $3,506 in AIF funds which had been temporarily financed by general non-AIF funds. As and when AIF revenue is generated by BBTCA, it will be used to replenish the non-AIF funds that were used. Additionally, the Port Authority has certain covenants on its bank loans. As at December 31, 2024, the Port Authority complied with those covenants. In addition, the Port Authority has certain external restrictions on the assets it can purchase with the airport improvement fees. As at December 31, 2024, the Port Authority complied with those restrictions.

(In thousands of Canadian dollars)

5. Right-of-use assets and lease liabilities

The Port Authority's right-of-use assets and lease liabilities relate to a lease for its head office premises, as well as an IT service room and lunch and locker room in the terminal building located at Billy Bishop Toronto City Airport. Both leases were entered into in 2019. The original lease for the head office was set to terminate on September 27, 2027. However, in 2024, a lease modification was executed, resulting in an early termination date of September 29, 2025. This modification led to an adjustment in the Right-of-Use Assets and lease liabilities. Concurrently, a new lease agreement for the head office was signed, commencing on October 1, 2025, and expiring on February 28, 2035, with an expanded leased area, which is not included in Right-of-use assets and lease liabilities as at December 31, 2024.

Right-of-Use Assets	**2024**	2023
	$	$
Opening cost, January 1	**3,577**	3,558
Additions	**28**	19
Lease modification	**(589)**	—
Ending cost, December 31	**3,016**	3,577
Opening accumulated amortization, January 1	**(1,697)**	(1,323)
Amortization	**(380)**	(374)
Ending accumulated amortization, December 31	**(2,077)**	(1,697)
Opening net book value, January 1	**1,880**	2,235
Ending net book value, December 31	**939**	1,880

Lease liabilities	**2024**	2023
	$	$
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**101**	452
One to five years	**424**	1,381
More than five years	**400**	493
Total undiscounted lease liabilities as at December 31	**925**	2,326
Lease liabilities included in the consolidated statement of financial position as at December 31		
Current	**340**	388
Non-current	**733**	1,715
	1,073	2,103

For the year ended December 31, 2024, the expense relating to variable lease payments not included in the measurement of lease obligations was $239 ($315 in 2023). Expenses relating to short-term leases were $314 ($110 in 2023) and expenses relating to leases of low value assets were $20 ($19 in 2023); these have been expensed directly to net income.

(In thousands of Canadian dollars)

6. Capital assets

	Land	Buildings and structures	Plant and equipment	Deferred site preparation expenditures	Capital work in process	Total
	$	$	$	$	$	$
Cost						
Balance as at January 1, 2023	15,518	249,774	40,819	836	13,083	320,030
Additions	—	—	—	30	12,987	13,017
Transfers	—	4,545	7,551	—	(12,096)	—
Capital funding	—	—	(1,366)	—	—	(1,366)
Disposals	—	—	(165)	—	—	(165)
Balance as at December 31, 2023	15,518	254,319	46,839	866	13,974	331,516
Additions	—	—	—	118	19,551	19,669
Transfers	—	9,138	8,348	—	(17,486)	—
Capital funding	—	—	(6,059)	—	—	(6,059)
Disposals	—	—	—	—	—	—
Balance as at December 31, 2024	**15,518**	**263,457**	**49,128**	**984**	**16,039**	**345,126**
Accumulated depreciation						
Balance as at January 1, 2023	—	(71,020)	(22,149)	(533)	—	(93,702)
Depreciation for the year	—	(6,170)	(4,389)	(38)	—	(10,597)
Disposals	—	—	146	—	—	146
Balance as at December 31, 2023	—	(77,190)	(26,392)	(571)	—	(104,153)
Depreciation for the year	—	(6,599)	(4,482)	(38)	—	(11,119)
Disposals	—	—	—	—	—	—
Balance as at December 31, 2024	**—**	**(83,789)**	**(30,874)**	**(609)**	**—**	**(115,272)**
Carrying amounts						
Balance as at December 31, 2023	15,518	177,129	20,447	295	13,974	227,363
Balance as at December 31, 2024	**15,518**	**179,669**	**18,252**	**375**	**16,039**	**229,853**

The Port Authority sought government assistance under Regional Air Transportation Initiative and Airport Capital Infrastructure Program and applied for $1,297 in 2024 ($2,155 in 2023), towards Airport Capital Expenditures. On completion of the capital projects, the associated funding is netted against the cost of the assets.

Future capital projects

The following information is provided in accordance with the requirements of section 36(a) of the Port Authorities regulations:

Total estimated future capital expenditures for projects authorized or committed $30.00 million ($26.94 million in 2023).

(In thousands of Canadian dollars)

6. Capital assets (continued)

Projects with estimated costs in excess of $1 million per project included in the total above are as follows as at December 31, 2024:

	Total authorized or committed $	Total spent $	Estimated future expenditure $
Ship Channel Bridge – Mechanical and Electrical Restoration	**11,980**	**5,691**	**6,289**
Island East Wall Rehabilitation Design & Construction	**7,100**	**514**	**6,586**
Mainland and Island PTF Renovations	**3,748**	**—**	**3,748**
Airport Electrical Infrastructure Improvements	**2,315**	**29**	**2,286**
Port Dockwalls Rehabilitation Program Construction	**2,677**	**151**	**2,526**
West Service Road Rehabilitation	**2,180**	**93**	**2,087**
	30,000	**6,478**	**23,522**

As of December 31, 2024, the Airport reached the regulatory threshold in passenger volumes which requires the installation of Runway End Safety Areas (“RESA”) to comply with Canadian Aviation Regulations (Parts I, II, and VI – RESA): SOR/2021-269.

The Port Authority has approved work towards a preliminary design and impact assessment for RESA. The estimated amount of capital expenditure for RESA will be determined as part of the design. RESA is required to be completed by Q2 2027.

Subsequent to the year end, the Board approved increasing the West Service Road Rehabilitation project cost to $3,985 upon completion of the design stage and increasing the Island East Wall Rehabilitation Design & Construction project cost to $9,100 to enable award and completion of the construction.

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7. Employee future benefits

The Port Authority maintains a defined benefit pension plan (“DB Plan”), registered with the Office of the Superintendent of Financial Institutions (“OSFI”), for the benefit of full-time permanent employees (for non-unionized employees hired before November 25, 2013 and certain unionized employees). The Port Authority provides a defined contribution pension plan for full-time non-unionized employees hired after November 24, 2013. Certain Plan members were also granted supplemental benefits, which mirror the formula of the registered plan and replace defined benefits that have been limited by the Income Tax Act. These supplemental benefits are unfunded. The Port Authority also provides other non-pension employment benefits to most of its employees as detailed in Note 2 under “Employee future benefits”. The Other Post Employment Benefits (“OPEB”) and Workplace Safety and Insurance Board (“WSIB”) benefits are unfunded. Beginning in 2018, the Port Authority established other employee future benefits for certain full-time employees provided that they remain employed with the Port Authority for a specified length of time. In 2023 and 2024, certain employee departures resulted in the forfeiture and settlement of employee future benefits. The effect of this has been reflected in these consolidated financial statements.

An actuarial funding valuation of the DB Plan was performed as of January 1, 2023 by the Plan’s actuary, Aon. That actuarial review determined that the DB Plan was in an excess surplus position under both a going concern and solvency basis. As a result, the Authority was required to take a contribution holiday, commencing in April 2023, pursuant to the Income Tax Act.

(In thousands of Canadian dollars)

7. Employee future benefits (continued)

In August 2023, a new collective agreement was concluded with CUPE 416 (2023 to 2027), which includes DB Plan benefit improvements for union members, capped at $1 million for the period from January 1, 2023 to December 31, 2025, out of which $650 have been reflected in the pension obligation as of the end of 2024.

Information about the Port Authority's employee future benefits in the aggregate is as follows:

	Pension benefit plan	**Other benefits**	**2024 Total**	Pension benefit plan	Other benefits	2023 Total
	$	**$**	**$**	$	$	$
Accrued benefit obligation						
Balance, beginning of year	**53,975**	**2,051**	**56,026**	52,109	1,952	54,061
Employer current service cost	**1,213**	**(394)**	**819**	892	163	1,055
Employees' contributions	**321**	**—**	**321**	442	—	442
Interest expense	**2,407**	**70**	**2,477**	2,484	75	2,559
Benefits paid	**(3,554)**	**(81)**	**(3,635)**	(3,827)	(81)	(3,908)
Past service cost	**500**	**—**	**500**	—	—	—
Actuarial (gains) losses	**(381)**	**(59)**	**(440)**	1,875	64	1,939
Effect of forfeitures	**20**	**—**	**20**	—	(122)	(122)
Balance, end of year	**54,501**	**1,587**	**56,088**	53,975	2,051	56,026
Plan assets						
Fair value, beginning of year	**65,661**	**—**	**65,661**	61,646	—	61,646
Employer contributions	**563**	**81**	**644**	1,429	81	1,510
Employees' contributions	**321**	**—**	**321**	442	—	442
Non-investment expenses	**(253)**	**—**	**(253)**	(280)	—	(280)
Benefits paid	**(3,554)**	**(81)**	**(3,635)**	(3,827)	(81)	(3,908)
Interest income	**2,953**	**—**	**2,953**	3,147	—	3,147
Return on plan assets excluding amounts included in interest income	**7,391**	**—**	**7,391**	3,104	—	3,104
Fair value, end of year	**73,082**	**—**	**73,082**	65,661	—	65,661
Funded status – plan surplus (deficit)	**18,581**	**(1,587)**	**16,994**	11,686	(2,051)	9,635
Accrued benefit asset (liability)	**18,581**	**(1,587)**	**16,994**	11,686	(2,051)	9,635

The Port Authority's net benefit plan expense is as follows:

	Pension benefit plan	**Other benefits**	**2024 Total**	Pension benefit plan	Other benefits	2023 Total
	$	**$**	**$**	$	$	$
Components of net benefit costs recognized during the year						
Current service costs	**1,063**	**(394)**	**669**	892	163	1,055
Current service costs- contribution holiday	**150**	**—**	**150**	—	—	—
Administration costs	**253**	**—**	**253**	280	—	280
Interest expense	**2,407**	**70**	**2,477**	2,484	75	2,559
Interest income	**(2,953)**	**—**	**(2,953)**	(3,147)	—	(3,147)
Actuarial (gains)/loss	**—**	**(16)**	**(16)**	—	36	36
Past service cost	**500**	**—**	**500**	—	—	—
Effect of forfeitures/settlement	**20**	**—**	**20**	—	(122)	(122)
Employee future benefit cost recognized	**1,440**	**(340)**	**1,100**	509	152	661

(In thousands of Canadian dollars)

7. Employee future benefits (continued)

The amounts recognized in OCI are as follows:

	Pension benefit plan	**Other benefits**	**2024 Total**	Pension benefit plan	Other benefits	2023 Total
	$	**$**	**$**	**$**	**$**	**$**
Remeasurement of the net defined benefit liability in OCI						
Actuarial (gains) losses on assets	**(7,491)**	**—**	**(7,491)**	(3,104)	—	(3,104)
Actuarial (gains) losses on obligations	**(281)**	**(43)**	**(324)**	1,875	28	1,903
Remeasurement (gain) loss recognized	**(7,772)**	**(43)**	**(7,815)**	(1,229)	28	(1,201)

The date used to measure assets and liabilities for accounting purposes was as at December 31, 2024. The most recent actuarial valuation for funding purposes for the Pension Plan for Employees of the Toronto Port Authority was January 1, 2023. The next actuarial valuation for funding purposes will be done as at January 1, 2026.

The Port Authority's funding policy for the Pension Plan is in accordance with the requirements of the federal Pension Benefits Standards Act. The determination of the funding requirements is made based on annual actuarial valuations.

The Port Authority has reflected Ruling 14 of the International Financial Reporting Interpretations ("IFRIC 14") which clarifies how the asset ceiling defined under IAS 19 should be applied, particularly how it interacts with minimum funding rules. Under IAS19, any variation in the asset ceiling will be recognized in other comprehensive income (as opposed to profit and loss). The impact of the asset limit on the funded plans has been applied based on management's interpretation of IAS 19, as clarified by IFRIC 14. This interpretation is summarized as follows:

- The Port Authority assumed that it does not have an unconditional right to a refund of surplus;
- The Port Authority may take funding contribution holidays based on past practice and/or plan rules;
- Minimum Funding Requirements ("MFR") have been set based on the requirements of the most recently filed actuarial valuation report for funding purposes. Based on the MFR, the going concern and solvency funded status is projected into the future. In any year where the plan is projected to be in a surplus on both a going concern and solvency basis and the threshold set by the governing pension legislation for taking a contribution holiday is met, then this projected surplus is used to reduce or eliminate the minimum funding contribution in that year. The economic benefit available from a reduction in future contributions is therefore equal to the difference between the present value of employer IAS 19 current service cost and the present value of the employer minimum funding current service requirements. The present values are determined using the IAS 19 discount rate and have been calculated assuming that the plan is maintained indefinitely.
- Any required deficit contributions that, once made, are not available to the Port Authority as an economic benefit may form an additional liability which is netted against the consolidated statement of financial position, or if there is already a liability, the adjusted liability on the consolidated statement of financial position is equal to the present value of the remaining required deficit contributions. Required deficit contributions are determined based on the most recently filed actuarial valuation report for funding purposes.

(In thousands of Canadian dollars)

7. Employee future benefits (continued)

The main risks affecting the Pension Plan, OPEB and WSIB Benefits are:

Longevity	The risk that retirees will collect a pension for a longer period of time, on average, than expected according to the mortality assumptions used.
Investment	The risk that the invested assets of the Pension Plan do not yield the assumed rate of return, resulting in insufficient assets to provide for the benefits promised and/or requiring the Port Authority to make additional contributions to fund the deficit.
Discount rate	The risk from changing market interest rates. A decrease in corporate bond yields will increase plan obligations. This risk is greater to the extent that there is a mismatch between the characteristics of the assets and obligations.
Regulatory/legal	The risk of regulatory/jurisprudence changes that can alter the benefit promise.
Health inflation risk	The risk that the cost of health benefits increases is higher than the assumptions used.

*Pension Plan Asset Allocation as of December 31, 2024**

				Percentage of defined benefit assets
		2024		2023
	Quoted %	**Unquoted %**	Quoted %	Unquoted %
Asset category				
Equities	**56.80**	**—**	51.30	—
Fixed income	**14.30**	**—**	15.20	—
Alternative investments	**28.30**	**—**	32.90	—
Other	**0.60**	**—**	0.60	—
	100.00	**—**	100.00	—

* OPEB benefits and WSIB benefits are unfunded.

The significant actuarial assumptions adopted in measuring the Port Authority's accrued benefit obligations are as follows (weighted-average assumptions as of December 31):

	2024 %	2023 %
Key assumptions		
Accrued benefit obligation at end of year		
Discount rate	**4.70**	4.60
Compensation increase	**2.00**	2.00
Benefit cost during the year		
Discount rate	**4.70**	4.60
Health care trend rates at end of year		
Initial rate	**4.35**	4.35
Ultimate rate	**4.05**	4.05

(In thousands of Canadian dollars)

7. Employee future benefits (continued)

	Pension plan $	2024 Other benefits $
Sensitivity analysis on defined benefit obligation		
Impact of 1% increase in discount rate	**(6,236)**	**(142)**
Impact of 1% decrease in discount rate	**7,962**	**171**
Impact of 1% increase in salary scale	**676**	**N/A**
Impact of 1% decrease in salary scale	**(599)**	**N/A**
Impact of 1 year increase in longevity	**1,394**	**32**
Impact of 1 year decrease in longevity	**(1,419)**	**(32)**
Impact of 1% increase in trend rate	**N/A**	**172**
Impact of 1% decrease in trend rate	**N/A**	**(146)**

The weighted average duration of the plan is approximately 12.9 years in 2024, (13.0 years in 2023).

8. Bank loans and derivative instruments

(a) Bank loans

The Port Authority has a $50 million committed revolving term credit facility under a loan agreement with a major financial institution, used to finance various capital. During the year, Management extended the credit facility maturity date to May 31, 2026. In accordance with the terms of the loan agreement, the Port Authority must make monthly principal repayments over a 15-year amortization period starting April 30, 2022. Notwithstanding the principal repayment schedule, the Port Authority is obliged to repay all outstanding amounts as at the May 31, 2026 maturity date unless otherwise extended through agreement with the financial institution.

The table below is based on the amortization of payments of the facility described above. The Port Authority anticipates that the loan will be renegotiated on or before the current maturity date to extend to the full amortization period and therefore the table below reflects the commitment that these amounts will need to be repaid at the dates noted below.

As of December 31, 2024, $22,205 ($24,483 in 2023) was outstanding under the term credit facility. Principal repayments for the above facility for the next five years are as follows:

	Total $
2025	2,276
2026	2,280
2027	2,280
2028	2,280
2029	2,280
Thereafter	10,809
	22,205
Less: current portion	2,276
Long-term	19,929

(In thousands of Canadian dollars)

8. Bank loans and derivative instruments (continued)

(a) Bank loans (continued)

If repayment of the term credit facility in full on the current maturity date were required, the above table would be adjusted to the following: $2,276 in 2025 and $19,929 in 2026.

(b) Derivative instrument and hedge accounting

The Port Authority entered into an interest rate swap in July 2016:

	Start	Maturity	Starting Notional $	Fixed interest rate $	Notional at December 31, 2024 $	Notional at December31, 2023 $
Swap	**July 2016**	**July 2031**	**7,998**	**1.67%**	**3,485**	4,021

This hedge was designated an interest rate swap in a hedging relationship with the credit facility balance at that time of $7,998. Prospective and retrospective hedge effectiveness is assessed on these hedges using a hypothetical derivative method. The hypothetical derivative assessment involves comparing the effect of changes in interest rates each period on the changes in fair value of both the actual and hypothetical derivative. The effective portion of the interest rate swap is recorded in other comprehensive income until the forecasted transaction occurs. Where applicable, the fair value of the derivative has been adjusted to account for the Port Authority's credit risk.

The hedge was designated as a cash flow hedge, with the hedge designations continuing in effect for subsequent refinancing. Based on an evaluation of the renewed credit agreement entered into in May 2024, the Port Authority determined that this instrument continue to qualify for hedge designation as the original cash flows under hedge (the "hedge items") continue to be in place under the new credit agreement.

The effect on net income and other comprehensive income is as follows:

(i) Effect on net income – ineffective portion

	2024 $	2023 $
Ineffectiveness of hedge accounting reclassified from other comprehensive income	**9**	13

(ii) Effect on other comprehensive income – effective portion

	2024 $	2023 $
Market to market loss on the swap	**(122)**	(109)
Ineffectiveness reclassified to net income	**(9)**	(13)
Recognized in other comprehensive income	**(131)**	(122)

9. Payments in Lieu of Taxes

Payments in Lieu of Taxes or ("PILTs") are payments that may be made by federal institutions to the municipalities in which they operate. The quantum of PILTs made by a government institution to its host municipality is discretionary and, if made, is determined in accordance with the federal Payments in Lieu of Taxes Act (the "PILTs Act"). The Port Authority properties to which the PILTs Act applies are the Billy Bishop Toronto City Airport ("BBTCA"), the Outer Harbour Marina, 80 Cherry Street, and various waterlots. the Port Authority also pays property taxes to the City of Toronto (the "City") for BBTCA and various other properties.

10. Airport improvement fees

The Port Authority charged an Airport Improvement Fee ("AIF" or "Fee") of $29.00 in 2024 ($29.00 in 2023) per departing passenger. In addition, net revenues from the Tunnel Advertising Features were included in AIF. These Fees are to be used entirely to finance the Airport's capital program, which includes Debt Service for borrowings (see Note 8).

For the year ended December 31, 2024, the net amount of AIF collected was $25,505 ($24,981 in 2023). These Fees are recorded as Airport improvement fees, net in the consolidated statement of operations and comprehensive income.

The AIF revenue is net of the 3% commission paid to the air carriers for the collection of AIF from enplaned passengers.

(In thousands of Canadian dollars)

10. Airport improvement fees (continued)

Revenue and expenses relating to Toronto Port Authority non-AIF operations and Airport improvement fees

The following is an analysis of the Toronto Port Authority's results from the consolidated statement of operations and comprehensive income in terms of revenue and expenses from the Port Authority's non-AIF operations and those related to the restricted Airport improvement fees:

	2024 Total $	2023 Total $	**2024 Non-AIF $**	**2024 AIF $**	2023 Non-AIF $	2023 AIF $
Operating revenue						
Port, Outer Harbour Marina, Airport, property and other revenue	**55,800**	46,100	**55,800**	**—**	46,100	—
Airport improvement fees, net	**25,505**	24,981	**—**	**25,505**	—	24,981
	81,305	71,081	**55,800**	**25,505**	46,100	24,981
Operating expenses						
Salaries wages and benefits	**14,653**	13,662	**14,592**	**61**	13,662	—
Goods and services	**31,576**	25,553	**28,961**	**2,615**	25,203	350
Charge on gross revenue	**3,625**	3,526	**2,095**	**1,530**	2,027	1,499
Payments in lieu of taxes	**2,473**	1,165	**2,473**	**—**	1,165	—
Amortization of right-of-use and capital assets	**11,499**	10,971	**2,997**	**8,502**	2,523	8,448
	63,826	54,877	**51,118**	**12,708**	44,580	10,297
Earnings before interest, financing costs & other items	**17,479**	16,204	**4,682**	**12,797**	1,520	14,684
Investment income	**5,955**	5,290	**5,955**	**—**	5,290	—
Interest expense	**(4,230)**	(4,650)	**(141)**	**(4,089)**	(179)	(4,471)
Provision for Rehabilitation of Leslie Street Spit & Hardpoint J	**(2,200)**	(7,533)	**(2,200)**	**—**	(7,533)	—
Net income (loss) for the year	**17,004**	9,311	**8,296**	**8,708**	(902)	10,213
Changes in fair value of interest rate swap due to hedge accounting - loss on interest rate swap - effective portion	**(131)**	(122)	**(131)**	**—**	(122)	—
Remeasurement gain on employee future benefits	**7,815**	1,201	**7,815**	**—**	1,201	—
Comprehensive income for the year	**24,688**	10,390	**15,980**	**8,708**	177	10,213

11. Contingencies

There are a number of outstanding claims against the Port Authority that have been referred to legal counsel and reported to the Port Authority's insurers, as applicable. With respect to insurable claims, the Port Authority expects that its liability, if any, will be limited to the amount of its insurance deductible.

(In thousands of Canadian dollars)

12. Canada marine act and port authorities' management regulations

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

Name	Title	Remuneration	Taxable benefits	2024 Total $	2023 Total $
Sandra Pupatello[1]	Director, Chair	**59**	**—**	**59**	15
Robin Pilkey [2]	Director	**18**	**—**	**18**	—
Hellen Siwanowicz	Director	**39**	**—**	**39**	34
Thomas Ruth	Director	**32**	**—**	**32**	16
Jane Mckenna[3]	Director	**31**	**—**	**31**	11
Amanda Walton [4]	Director	**32**	**—**	**32**	66
Darin Deschamps [5]	Director	**37**	**—**	**37**	42
Chris Reynolds [6]	Director	**—**	**—**	**—**	11
Roelof-Jan (RJ) Steenstra	President & CEO	**490**	**24**	**514**	425
Alan Paul [7]	SVP & CFO	**847**	**19**	**866**	315
John Peellegoda [8]	SVP Strategy & CFO	**116**	**7**	**123**	—
Willard Ramjass [9]	SVP and General Counsel	**328**	**22**	**350**	204
Deborah Wilson	VP Communications & Public Affairs	**261**	**18**	**279**	258
Bojan Drakul [10]	VP Infrastructure, Planning & Environment	**259**	**18**	**277**	240
Warren Askew [11]	VP Airport	**227**	**18**	**245**	125
		2,528	**126**	**2,902**	2,167

1 – ceased to hold office March 7, 2025

2 - assumed office April 2, 2024

3 – assumed office as Chair March 14, 2025

4 - ceased to hold office April 1, 2024

5 - ceased to hold office September 12, 2024

6 - ceased to hold office January 12, 2023

7 - ceased to hold office on July 31, 2024

8 - assumed office July 29, 2024

9 - assumed office March 27, 2023

10 - assumed office April 17, 2023

11 - assumed office May 29, 2023

13. Commitments

The Port Authority currently has a Lease Agreement with the provincial Ministry of Natural Resources and Forestry to construct, operate and maintain a landfill area at the foot of Leslie Street on a portion of the Leslie Street Spit. The Port Authority lease expires on October 31, 2027. The Port Authority is required under its lease to maintain the shoreline and associated hardpoints in a dynamically stable condition.

As part of the obligations under the lease, the Port Authority monitors the hardpoints and beaches along the east and south shores of the Leslie Street Spit for shoreline stabilization. Through this monitoring program, the reconstruction of Hardpoint J has been determined to require improvement as a condition of Lease termination. The Port Authority is reviewing options to complete this remediation and has accrued a liability relating to this work reflective of the Port Authority's current best estimate.

The Port Authority currently has a lease for its head office premises located at 207 Queens Quay West. The lease will be renewed effective October 1, 2025 with an expiry date of February 28, 2035. The Port Authority also has a lease for an IT service room and lunch and locker room in the terminal building located at Billy Bishop Toronto City Airport. The lease expires on June 29, 2033. Please see Note 5 for details on the lease liability recorded in respect of these two leases.

14. Guarantees

In the normal course of business, the Port Authority enters into agreements that meet the definition of a guarantee. The Port Authority's primary guarantees are as follows:

(a) Indemnity has been provided to all directors and or officers of the Port Authority for various items including, but not limited to, all costs to settle suits or actions due to association with the Port Authority, subject to certain restrictions. The Port Authority has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnified party served as, director or officer of the Port Authority. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) In the normal course of business, the Port Authority has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Port Authority to compensate counterparties for losses incurred by the counterparties because of breaches in representation and regulations or because of litigation claims or statutory sanctions that may be suffered by the counterparty because of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated. In addition to the foregoing, in connection with the lease of real property from the City of Toronto by the Port Authority's wholly owned subsidiary, 2315155 Ontario Inc., the Port Authority has guaranteed 2315155 Ontario Inc.'s obligation to the City. The maximum liability of the Port Authority to the City pursuant to this guarantee is $500.

Other than the guarantee to the City described above, the nature of these indemnification agreements prevents the Port Authority from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Port Authority has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the statement of financial position with respect to these agreements.

15. Tunnel Project

On March 8, 2012, the Toronto Port Authority and BBIA LP, an entity controlled by Forum Infrastructure Partners signed a Project Agreement ("the Agreement") to construct a Tunnel to link the Billy Bishop Toronto City Airport ("Airport") to the Mainland at the foot of Bathurst Street, under the Western Gap. BBIA LP agreed to design, build, finance, operate and maintain the Tunnel for twenty years. The base contract price for BBIA LP to construct the Tunnel was $82.5 million and it was substantially completed and accepted by the Port Authority on May 29, 2015. The Tunnel was officially opened to the public and stakeholders on July 30, 2015. Title to the Tunnel will remain with the Port Authority throughout the term of the Agreement.

The Port Authority has capitalized construction costs as well as the present value of future Capital Lifecycle payments to be made over the term of the concession period (Expiry Date April 8, 2034). The Port Authority has also recognized a liability for the Tunnel, equal to the asset, less payments made. As at December 31, 2024 an asset of $110,418 ($110,418 in 2023) has been included as part of capital assets, with a related liability of $47,037 ($50,623 in 2023).

On April 8, 2016 BBIA LP sold its interest in the Tunnel to BBPT AF LP, an entity controlled by Fiera Capital Corporation. As part of this transaction the Agreement was assigned by BBIA LP to BBPT AF LP and BBPT AF LP assumed all of BBIA LP's obligations under the Agreement.

The Port Authority pays monthly Capital Payments totaling $6,583 per year until April 8, 2034 to BBPT AF LP using a portion of the airport improvement fee collected for enplaning (departing) passengers at the Airport.

The Port Authority is also responsible for monthly Lifecycle Payments totalling $212 per year and monthly Operating Payments totalling $1,301 per year, until 2034, to be indexed to inflation. As at December 31, 2024, the indexed amounts are $217 ($212 in 2023) and $1,756 ($1,689 in 2023) per year, respectively.

(In thousands of Canadian dollars)

16. Revenue and expenses by business units

The following is an analysis of the Toronto Port Authority's results from the Consolidated statement of operations and comprehensive income by business units:

	Unit revenue 2024 $	Unit revenue 2023 $	Unit expenses 2024 $	Unit expenses 2023 $	Business unit net income 2024 $	Business unit net income 2023 $
Business units						
Port operations	**13,746**	7,942	**5,231**	4,547	**8,515**	3,395
Outer Harbour Marina	**6,652**	6,707	**3,447**	3,602	**3,205**	3,105
BBTCA and AIF, net	**57,378**	52,788	**26,740**	22,739	**30,638**	30,049
Property and other	**3,529**	3,644	**952**	1,117	**2,577**	2,527
Investment income	**5,955**	5,290	**—**	—	**5,955**	5,290
Corporate services	**—**	—	**9,859**	7,210	**(9,859)**	(7,210)
	87,260	76,371	**46,229**	39,215	**41,031**	37,156

	2024 $	2023 $
Net income from operations and airport improvement fees, net before the following	**41,031**	37,156
Payments in lieu of taxes	**(2,473)**	(1,165)
Amortization of right-of-use and capital assets	**(11,499)**	(10,971)
Interest expense	**(4,230)**	(4,650)
Charge on gross revenue	**(3,625)**	(3,526)
Net income for the year before the following item	**19,204**	16,844
Provision for Leslie Street Spit Hardpoint J & Other Obligations	**(2,200)**	(7,533)
Net income for the year	**17,004**	9,311
Loss on interest rate swap - effective portion	**(131)**	(122)
Remeasurement gain on employee future benefits	**7,815**	1,201
Comprehensive income for the year	**24,688**	10,390

17. Net change in non-cash working capital balances related to operations

The changes in non-cash working capital items are as follows:

	2024 $	2023 $
Accounts receivable (net)	**(3,433)**	(1,747)
Other current assets	**805**	(226)
Fair value of the interest rate swap	**(122)**	(109)
Gain on lease modification	**(78)**	—
Prepaid expenses	**165**	418
Accounts payable and accrued liabilities	**294**	11,970
Unearned revenue	**(5,063)**	454
	(7,432)	10,760

(In thousands of Canadian dollars)

18. Goods and services operating expenses details

The significant items under Goods and Services are as follows:

	2024	2023
	$	$
Repairs and maintenance	**8,259**	8,403
Operating materials and utilities	**7,495**	5,984
Professional and consulting fees	**5,072**	2,118
Security	**4,571**	4,142
Office and general	**1,874**	1,559
Insurance	**1,698**	1,765
Public Affairs	**1,277**	697
Rents	**682**	622
Other expenses	**648**	263
	31,576	25,553

19. Prior years comparative figures

Certain of prior year’s comparative figures have been reclassified to conform with current year’s presentation.