



**LAURENTIAN PILOTAGE
AUTHORITY**

(Established under the Pilotage Act)

**ADMINISTRATION DE PILOTAGE
DES LAURENTIDES**

(Constituée en vertu de la Loi sur le pilotage)

STATEMENT OF FINANCIAL POSITION
(unaudited)

In Canadian Dollars	AS AT SEPTEMBER 30 2017	AS AT DECEMBER 31 2016
<u>ASSETS</u>		
Current		
Cash	9 141 929 \$	10 970 651 \$
Receivables	11 763 577	11 534 302
Short-term investments	5 042 494	5 024 126
	<u>25 948 000 \$</u>	<u>27 529 079 \$</u>
Non-current		
Property and equipment	15 935 908 \$	14 952 170 \$
Intangible assets	242 129	377 253
Total assets	<u>42 126 037 \$</u>	<u>42 858 502 \$</u>
 <u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	12 692 005 \$	13 188 272 \$
	<u>12 692 005 \$</u>	<u>13 188 272 \$</u>
Non-current		
Employee benefits	327 779 \$	340 032 \$
Lease Inducement	179 554	200 272
Total liabilities	<u>13 199 338 \$</u>	<u>13 728 576 \$</u>
 <u>EQUITY</u>		
Retained earnings	28 926 699 \$	29 129 926 \$
	<u>28 926 699 \$</u>	<u>29 129 926 \$</u>
TOTAL LIABILITIES AND EQUITY	<u>42 126 037 \$</u>	<u>42 858 502 \$</u>



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - SEPTEMBER 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2017	2016	2017	2016
<u>Revenues</u>				
Pilotage charges	24 135 835 \$	23 317 395 \$	67 380 137 \$	63 798 850 \$
Other income	43 077	35 473	121 525	131 451
	<u>24 178 912 \$</u>	<u>23 352 868 \$</u>	<u>67 501 662 \$</u>	<u>63 930 301 \$</u>
<u>Expenses</u>				
Pilot fees	19 663 932 \$	18 695 862 \$	55 048 739 \$	51 272 962 \$
Operating costs of pilot boats	2 267 888	2 179 187	7 561 815	7 210 136
Employee salaries and benefits	903 191	854 686	2 936 758	2 733 796
Professional and special services	292 392	310 417	1 366 202	1 009 284
Rents	90 548	87 491	278 320	272 842
Utilities, material and supplies	92 505	58 303	238 189	189 407
Transportation, travel and hospitality	21 632	23 375	93 377	57 492
Communications	17 953	20 229	58 261	56 520
Maintenance	2 412	45	9 291	69 675
Finance costs	3 726	4 225	8 756	10 421
Other expenses	29 454	25 828	105 181	100 726
	<u>23 385 633 \$</u>	<u>22 259 648 \$</u>	<u>67 704 889 \$</u>	<u>62 983 261 \$</u>
<u>Comprehensive income for the period</u>	<u>793 279 \$</u>	<u>1 093 220 \$</u>	<u>(203 227) \$</u>	<u>947 040 \$</u>



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STATEMENT OF CHANGES IN EQUITY
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - SEPTEMBRE 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2017	2016	2017	2016
Retained earnings, beginning of the period	28 133 420 \$	27 444 002 \$	29 129 926 \$	27 590 182 \$
Comprehensive income for the period	793 279 \$	1 093 220 \$	(203 227) \$	947 040 \$
<u>Retained earnings, end of the period</u>	<u>28 926 699 \$</u>	<u>28 537 222 \$</u>	<u>28 926 699 \$</u>	<u>28 537 222 \$</u>



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STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	- SEPTEMBER 30		- SEPTEMBER 30	
In Canadian Dollars	2017	2016	2017	2016
<u>OPERATING ACTIVITIES</u>				
Comprehensive income for the period	793 279 \$	1 093 220 \$	(203 227) \$	947 040 \$
Adjustment to determine net cash flows generated by (used for) operating activities :				
Depreciation and amortization	235 698	262 916	638 615	779 099
Changes in long-term portion of employee benefits	(659)	(98 292)	(12 253)	(76 152)
Changes in long-term portion of the lease inducement	(6 906)	(6 906)	(20 718)	(20 718)
Loss (gain) on asset disposals	-	-	-	(250)
Changes in non-cash working capital items :				
Changes in receivables	(519 354)	(1 410 593)	(229 275)	(1 060 430)
Changes in accounts payable and accrued liabilities	571 387	1 183 885	(496 267)	1 118 950
Cash flows from operating activities	1 073 445 \$	1 024 230 \$	(323 125) \$	1 687 539 \$
<u>INVESTING ACTIVITIES</u>				
Net purchase of investments	(3 986) \$	- \$	(18 368) \$	- \$
Acquisition of property and equipment	(28 577)	(19 167)	(1 487 229)	(37 953)
Acquisition of intangible assets	-	-	-	-
Proceeds on property and equipment disposal	-	-	-	250
Cash flows from investing activities	(32 563) \$	(19 167) \$	(1 505 597) \$	(37 703) \$
<u>CASH</u>				
Change for the period	1 040 882 \$	1 005 063 \$	(1 828 722) \$	1 649 836 \$
Balance, beginning of period	8 101 047	8 309 824	10 970 651	7 665 051
<u>BALANCE, END OF PERIOD</u>	9 141 929 \$	9 314 887 \$	9 141 929 \$	9 314 887 \$

Notes to the interim financial statements (unaudited)
(in Canadian dollars)

1. Status and activities

The Laurentian Pilotage Authority was established in 1972 under the *Pilotage Act*. Its objectives are to establish, operate, maintain and administer, in the interest of safety, an efficient pilotage service within certain designated Canadian waters in and around the Province of Québec. The Act provides that pilotage tariffs shall permit the Authority to operate on a self-sustaining financial basis and shall be fair and reasonable. The Authority does not have access to Parliamentary appropriations.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Authority is not an agent of Her Majesty and is exempt from income taxes.

2. Basis of preparation

The Laurentian Pilotage Authority (or the « Authority » or the « LPA ») prepares its financial statements in accordance with generally accepted accounting principles (GAAP), which incorporates International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 « Interim Financial Reporting ». The current financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Authority for the year ended December 31, 2016.

The Authority's Audit Committee has approved for issue these interim financial statements on November 23, 2017.

The Authority's third operating quarter usually is usually representative in terms of assignment volume of the full year (almost 26% of total 2016 assignments were performed during the third quarter of 2016). The Authority's cost structure includes an important proportion of variable costs which reduces potential unfavorable economic impact in the event of reduced revenues.

LAURENTIAN PILOTAGE AUTHORITY
Unaudited financial statements
QUARTER ENDED SEPTEMBER 30, 2017

Notes to the interim financial statements (unaudited)
(in Canadian dollars)

3. Significant accounting policies

The September 30, 2017 interim financial statements of the Laurentian Pilotage Authority have been prepared in accordance with accounting policies outlined in Note 4 of its audited annual financial statements as at December 31, 2016. Note 3 of these audited annual financial statements can also be reviewed to consult current and future accounting standards.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rentals as at September 30, 2017 are as follows:

Less than 1 year	\$	446 852
1 to 5 years		1 816 262
Over 5 years		1 462 555
	\$	<u>3 725 669</u>

Furthermore, the Authority has entered into agreements covering legal services, computer services and ancillary costs related to pilotage services. As at September 30, 2017, estimated amounts payable are:

Less than 1 year	\$	1 040 154
1 to 5 years		2 216 638
Over 5 years		-
	\$	<u>3 256 792</u>

5. Contingencies

The Authority is subject to various claims or lawsuits within the normal course of business. Two notices of litigation totalling \$ 1 244 284 and relating to a contractual agreement have been sent to the Authority. To date, these claim's have been referred to an arbitrator in compliance with the contractual agreement between the parties.