

Financial Statements of

**HALIFAX DARTMOUTH BRIDGE
COMMISSION**

Year ended March 31, 2026

Independent auditor's report

Halifax Dartmouth Bridge Commission

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Opinion

We have audited the financial statements of the Halifax Dartmouth Bridge Commission ("the Commission"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Halifax Dartmouth Bridge Commission as at March 31, 2026, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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.

Emphasis of Matter – Comparative information

We draw attention to Note 15 in the financial statements which describes that the Commission adopted Canadian public sector accounting standards on April 1, 2025 with a transition date of April 1, 2024. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2025 and April 1, 2024, and the statement of operations, changes in net financial assets and cash flows for the year ended .As part of our audit of the financial statements for the year ended March 31, 2025, and related disclosures. Our opinion is not modified in respect of this matter.

We are not engaged to report on the comparative information, and as such, it is unaudited.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

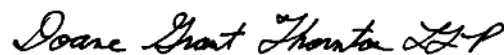
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Halifax, Canada
July 17, 2026

Chartered Professional Accountants

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Financial Position

March 31, 2026, with comparative figures for 2025 and
date of transition to PSAS of April 1, 2024
(in thousands of dollars)

	March 31 2026	March 31 2025	April 1 2024
Financial assets			
Cash and cash equivalents	\$ 7,396	\$ 9,833	\$ 4,109
Restricted cash (note 5)	-	-	16,391
Accounts receivable	5,137	1,065	754
Short-term investments (note 5)	-	8,192	-
	12,533	19,090	21,254
Liabilities			
Accounts payable, accrued and other liabilities (note 6)	12,430	16,368	5,987
Deferred revenue	-	-	5,105
Employee benefits liability (note 7)	505	463	417
Asset retirement obligation (note 8)	497	440	429
Debt (note 9)	-	-	145,000
	13,432	17,271	156,938
Net financial assets (net debt)	(899)	1,819	(135,684)
Non-financial assets			
Tangible capital assets (note 10)	376,507	316,029	298,008
Prepays	417	437	365
Inventories of supplies	-	45	119
	376,924	316,511	298,492
Accumulated surplus	\$ 376,025	\$ 318,330	\$ 162,808

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Commission:



Tony Wright
Chief Executive Officer

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Operations

Year ended March 31, 2026, with comparative figures for 2025
(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Revenues			
Toll revenue	\$ -	\$ -	\$ 36,499
Government transfers - capital	85,900	68,630	
- operating	15,000	14,711	-
Debt forgiveness (note 9)	-	-	157,000
Investment income	140	330	996
Other income	326	335	354
	101,366	84,006	194,849
Expenses:			
Administration	4,014	3,784	4,003
Amortization	14,529	12,308	11,234
Interest expenses	-	-	4,756
Impairment and loss on disposal of tangible capital assets	-	14	5,743
Maintenance	7,192	5,423	6,615
Operating	4,860	4,782	6,976
	30,595	26,311	39,327
Annual surplus	70,771	57,695	155,522
Accumulated surplus, beginning of year	318,330	318,330	162,808
Accumulated surplus, end of year	\$ 389,101	\$ 376,025	\$ 318,330

The accompanying notes are an integral part of these financial statements.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2026, with comparative figures for 2025

(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Annual surplus	\$ 70,771	\$ 57,695	\$ 155,522
Impairment and loss on disposal of tangible capital assets	-	14	5,743
Proceeds on disposal of tangible capital assets	-	38	175
Amortization	14,529	12,308	11,234
Revaluation of asset retirement costs	-	(46)	-
Purchase of tangible capital assets	(71,324)	(72,792)	(35,173)
	(56,795)	(60,478)	(18,021)
Change in other non-financial assets	-	65	2
Change in net debt	13,976	(2,718)	137,503
Net financial assets (debt), beginning of the year	1,819	1,819	(135,684)
Net financial assets (debt), end of year	\$ 15,795	\$ (899)	\$ 1,819

The accompanying notes are an integral part of these financial statements.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Cash Flows

Year ended March 31, 2026, with comparative figures for 2025
(in thousands of dollars)

	2026	2025
Operating activities:		
Annual surplus	\$ 57,695	\$ 155,522
Adjustments for items not involving cash:		
Amortization	12,308	11,234
Accretion of asset retirement obligation	11	11
Impairment and loss on disposal of tangible capital assets	14	5,743
Revaluation of asset retirement costs	(46)	-
Debt forgiveness	-	(157,000)
	69,982	15,510
Changes in non-cash working capital balances		
Accounts receivable	(4,073)	(311)
Inventory	45	74
Prepays	20	(72)
Accounts payable and accrued liabilities	(3,937)	10,381
Deferred revenue	-	(5,105)
Employee benefit liability	42	46
Cash provided by operations	62,125	20,523
Capital transactions:		
Purchase of tangible capital assets	(72,792)	(35,173)
Proceeds on sale of tangible capital assets	38	175
Cash applied to capital transactions	(72,754)	(34,998)
Investing activities:		
Purchase of short-term investments	8,192	(8,192)
Proceeds from investment in restricted assets	-	16,391
Cash generated from investing activities	8,192	8,199
Financing activities:		
Proceeds from use of line of credit	-	20,000
Repayment of long-term debt	-	(8,000)
Cash generated from financing activities	-	12,000
Net change in cash during the year	(2,437)	5,724
Cash and cash equivalents, beginning of year	9,833	4,109
Cash and cash equivalents, end of year	\$ 7,396	\$ 9,833

The accompanying notes are an integral part of these financial statements.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

1. Reporting entity

The Halifax-Dartmouth Bridge Commission (the "Commission"), operating as Halifax Harbour Bridges, was created in 1950 by a statute of the Province of Nova Scotia (now the Halifax-Dartmouth Bridge Commission Act - Statutes of Nova Scotia, 2005, c.7). The Commission's address and principal place of business is 125 Wyse Road, Dartmouth, Nova Scotia, B3A 4K9.

The principal activities of the Halifax-Dartmouth Business Commission are the operation and maintenance of two bridges spanning Halifax Harbour; the Angus L. MacDonald Bridge and the A. Murray MacKay Bridge. The Commission is exempt from income tax under Section 149 of the income Tax Act.

On March 24, 2025, the Financial Measures (2025) Act (the "Act") was passed by the Nova Scotia Legislature (Government Bill No. 68). The Act included amendments to the Halifax-Dartmouth Bridge Commission Act to facilitate the removal of tolls from the Angus L. MacDonald Bridge and the A. Murray MacKay Bridge. Sections of the Act relevant to the Commission are effective April 1, 2025 (the first day of the Commission's fiscal 2026 year). Additional changes noted within the Act include i) removing the Commission's ability to make rules and regulations relating to rates, tolls, fees or charges, ii) changing the status of the Commission to not be a public utility and allowing for the Minister of Public Works or delegate to make determinations on behalf of the Commission, and iii) the assignment of various responsibilities in accordance with the Act to The Governor in Council.

Following the introduction of the Act, the Commission elected to end tolling on the two bridges on March 17, 2025, to facilitate removal of the relevant tolling equipment and reconstruction of the approach lanes in advance of the April 1, 2025 removal requirements noted within the Act. As part of the toll removal process, various assets were decommissioned during the year ended March 31, 2025 (see note 10). The Commission's tolling revenue generation ceased on March 17, 2025 and various balances owing to government were forgiven on March 31, 2025 (Notes 9 & 11). Future revenue sources, commencing as of April 1, 2025, are expected to come from the Province of Nova Scotia to fund the operations and capital maintenance required to operate and maintain the two bridges.

2. Basis of preparation

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). These are the Commission's first financial statements prepared in accordance with PSAS, with a date of transition of April 1, 2024. Prior to this date, the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

See note 15 for further information on the impact of the adoption of PSAS on the Commission's financial statements.

In preparing these financial statements, the Commission has applied the requirements of PSAS Section PS 2125 First-time adoption of Public Sector Accounting Standards.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

2. Basis of preparation (continued)

a. Statement of Management's Responsibility

The financial statements for the year ended March 31, 2026 are the responsibility of management and have been prepared in accordance with the PSAS Handbook, as issued by the Public Sector Accounting Board (PSAB).

b. Measurement uncertainty

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial Instruments

Financial instruments are recognized when the Commission becomes party to the contractual provisions of the instrument. All financial instruments are initially recorded at the exchange amount (unless there are concessionary terms) plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method.

The Commission's financial instruments are comprised of the following:

Financial instrument	Classification
Cash	Amortized cost
Short-term investments	Amortized cost
Receivables	Amortized cost
Accounts payable	Amortized cost
Long-term debt (forgiven in the prior the year)	Amortized cost
Line of credit (forgiven in the prior the year)	Amortized cost

(i) Derecognition

The Commission derecognizes a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by the Commission is recognized as a separate asset or liability.

The Commission derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

3. Significant accounting policies (continued)

(a) Financial Instruments (continued)

(ii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(iii) Investment income and interest expense

Investment income comprises interest income on funds invested. Investment income is recognized as it accrues in the statement of operations, using the effective interest method.

Interest expense comprises the interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a tangible capital asset are recognized in the statement of operations using the effective interest method.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term highly liquid investments that are readily convertible to known amounts with short maturities of three months or less from the date of acquisition.

(c) Tangible capital assets

(i) Recognition and measurement

Items of tangible capital assets are measured at cost less accumulated amortization and any accumulated write-downs. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes; the cost of materials and direct labor, any other costs directly attributable to bringing the asset to working condition for its intended use, the cost of dismantling and removing the items, and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. When funds are temporarily invested pending their expenditure on qualifying assets, any such interest income earned on such funds is deducted from the borrowing costs incurred.

When parts of a tangible capital asset have different useful lives, they are accounted for as separate items (major components) of tangible capital assets.

An item of tangible capital assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gains and losses on disposal of a tangible capital asset are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within statement of operations.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026

(in thousands of dollars)

3. Significant accounting policies (continued)

(c) Tangible capital assets (continued)

(a) Write-downs

When conditions indicate that a tangible capital asset no longer contributes to the Commission's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. Write-downs are not reversed.

(b) Amortization of tangible capital assets

Amortization is recognized in the statement of operations on a straight-line basis over the estimated useful lives of each component of a tangible capital asset since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

Amortization commences in the year an asset is put in use. Amortization methods, useful lives and residual values are reviewed at each financial year end, based on consultation with the Commission's internal and external consulting engineers, and adjusted if appropriate. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Rate
Buildings	5 - 50 years
Bridge and bridge components:	
Angus L. MacDonald	5 - 125 years
A. Murray MacKay	5 - 125 years
Victoria Road Interchange (VRI)	25 years
Transferable electronic toll transponder	8 years
Other assets	2 - 25 years
IT Computer and other equipment	3 - 25 years
Mobile equipment	5 - 10 years

(iv) Repairs and maintenance

Repairs and maintenance costs are expensed as incurred, except when they enhance the service potential of a tangible capital. In these instances the portion of these repairs relating to the betterment is capitalized as part of the related tangible capital asset.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

3. Significant accounting policies (continued)

(d) Asset retirement obligations

An asset retirement obligation is recognized at the time a tangible capital asset is acquired, constructed, or developed when all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefit will be given up; and
- A reasonable estimate of the amount can be made.

The liability is measured at the Commission's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

(g) Employee benefits liability

The Commission provides retirement benefits to certain employees under the Province's plan. The Commission's defined benefit obligation related to the retiree health benefit plan is actuarially determined using the projected benefit method prorated on services based on management's best estimate of retirement ages, inflation rates, investment returns, wage and salary escalation, insurance and health care costs trends, employee turnover, and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group of 14 years (2025 – 15 years).

The Commission's contributes to a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan whereby the Commission's contributions are recognized as an expense as the services are provided.

(e) Revenue recognition

Until March 17, 2025 (note 1), the Commission recognized toll revenue at the time a vehicle crosses a bridge. Customer prepayments of their Electronic Toll Collection (ETC) crossings were initially recorded as deferred revenue. When the customer crossed a bridge, revenue was recognized and the deferred ETC account was reduced accordingly. As of March 17, 2025, toll collection was discontinued, and customer prepayment balances (previously deferred revenue) have been recorded within accounts payable and accrued liabilities.

(f) Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized, and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

3. Significant accounting policies (continued)

(h) Operating Leases

Lease rentals under operating leases are included in the statement of operations straight-line over the lease term.

(i) Foreign exchange gains and losses

Foreign currency accounts are translated to Canadian dollars as follows:

- At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date.
- At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date.

The Commission has elected to recognize all resulting foreign exchange gains and losses immediately in the statement of operations.

4. Harmonized sales tax (HST) and income tax status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes and is entitled to rebates of 100% of the HST it expends on goods and services.

5. Restricted cash and short-term investments

Restricted cash as of April 1, 2024 consisted of segregated deposits held by the Commission to satisfy the requirements of the outstanding long-term loan agreement entered into with the Province of Nova Scotia.

Effective March 31, 2025, the Commission entered into a termination agreement with the Province of Nova Scotia terminating the Agreement (note 9) which released the Commission from its obligations, covenants, responsibilities, contributions, fees and indemnities under the Agreement. Accordingly, balances recorded in the prior year as restricted assets were reclassified as short-term investments and cash as at March 31, 2025 in accordance with the termination agreement which removed the related restrictions. The short-term investments as at March 31, 2025 in the amount of \$8,192 are held in GIC's, with maturity dates of less than one year from March 31, 2025 with yields ranging from 3.20% - 5.06%. The investments were sold during the fiscal year ended March 31, 2026.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026

(in thousands of dollars)

6. Accounts payable and accrued liabilities

	March 31 2026	March 31 2025	April 1 2024
Trade payables	\$ 5,397	\$ 6,575	\$ 2,089
Accrued expenses	985	2,914	1,362
Project holdbacks	5,520	1,188	799
Accrued liabilities	82	1,229	1,548
MACPASS refundable deposits	392	4,417	-
Unearned revenue	54	45	189
	\$ 12,430	\$ 16,368	\$ 5,987

MACPASS refundable deposits consist of customer prepayments for electronic toll charges. These balances were previously recorded by the Commission as deferred revenue. As of March 17, 2025, toll charges have been discontinued and the deferred revenue balance reclassified to refundable deposits, as part of accounts payable and accrued liabilities. The Commission began refunding customer MACPASS accounts prior to March 31, 2025 and continues to do so.

7. Employee benefits liability

The Commission provides retirement benefits other than pensions for certain employees; these include retirement health benefits for employees. Total benefit payments to retirees during the year were \$6 (2025 — \$5.5). The plan is unfunded and requires no contribution from employees. The most recent actuarial valuation was performed as at April 1, 2024.

The employee benefit liability includes the following components:

	March 31 2026	March 31 2025	April 1 2024
Accrued benefit obligation	\$ 442	\$ 427	\$ 417
Unamortized actuarial gains/losses	63	36	-
	\$ 505	\$ 463	\$ 417

The employee benefit expense recognized during the year was as follows:

	March 31 2026	March 31 2025
Current service cost	\$ 34	\$ 37
Interest on accrued benefit obligation	17	15
Amortization of actuarial gains/losses	(3)	-
	\$ 48	\$ 52

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

7. Employee benefits liability (continued)

The change in the employee benefit liability was as follows:

	March 31 2026	March 31 2025
Balance, beginning of year	\$ 463	\$ 417
Current service cost	34	37
Interest on the obligation	17	15
Actuarial (gain) loss	(3)	-
Benefits paid	(6)	(6)
Balance, end of year	\$ 505	\$ 463

The actuarial valuation was based on a number of assumptions about future events. The assumptions used to reflect the Commission's best estimates of the liability were as follows:

	March 31 2026	March 31 2025	April 1 2025
Healthcare cost inflation rate	7% per year at April 1, 2025 reducing to rate of 4% per year over 20 years		
Mortality	120% of CPM-2014 Public with future mortality improvements according to scale CPM-B		
Discount rate	4.06%	3.67%	3.18%

The Commission is also a Nova Scotia Public Service Superannuation Plan (PSSP) employer, which is a defined benefit plan. Eligible employees of the Commission are PSSP members and the Commission matches employee contributions to the PSSP calculated as 8.4% on eligible earnings up to the year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP), and 10.9% on eligible earnings that is in excess of YMPE. The actuarial and investment risk of the PSSP is administered by Public Service Superannuation Plan Trustee Inc. The Commission is not responsible for any unfunded liability with respect to the PSSP and accounts for the contributions as a defined contribution plan.

The Commission recognized a pension expense of \$331 for the period ended March 31, 2026 (2025 - \$350). No future contributions are required in respect of past service at March 31, 2026.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

8. Asset retirement obligation

The Commission's asset retirement obligation consists of the liability for the removal and disposal of contaminants present with the buildings owned by the Commission and retirement costs associated with above ground oil tanks. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. The asset retirement costs are being amortized over the life of the related tangible capital asset of between 6 to 40 years.

The undiscounted estimated costs are expected to be incurred as follows:

Years	
2027 – 2036	\$ 48
2037 – 2046	388
2047 - 2056	1
2057 - 2066	403
	<u>\$ 840</u>

The Commission has discounted the estimated cash flows using a discount rate of 2.31% (2025 – 2.31%).

The change in the liability during the year was as follows:

	March 31 2026	March 31 2025
Balance, beginning of year	\$ 440	\$ 429
Accretion expense	11	11
Revision to the estimate	46	
Balance, end of year	<u>\$ 497</u>	<u>\$ 440</u>

9. Debt

Effective March 31, 2025, the Commission entered into a termination agreement with the Province of Nova Scotia related to its debt under a 2015 Loan Agreement. Under the agreement, the Province released the Commission from its obligations, covenants, responsibilities, contributions, fees and indemnities under the 2015 Loan Agreement. At the date the termination agreement was executed, the outstanding balance was \$122,000.

On the same date, the Commission entered a separate termination agreement with the Province of Nova Scotia related to an unsecured Line of Credit agreement with the Province of Nova Scotia. The termination agreement also released the Commission from its obligations, covenants, responsibilities, contributions fees and indemnities under the Line of Credit agreement. At the date the agreement was executed, the balance outstanding on the Line of Credit was \$35,000.

As a result, the forgiven amounts were recognized as revenue of \$157,000 in the statement of operations for the year ended March 31, 2025.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

10. Tangible capital assets

Cost	Land	Buildings	Bridge ALM	Bridge AMM	VRI	ARO	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, March 31, 2025	\$ 5,803	\$ 8,788	\$ 307,186	\$ 67,535	\$3,359	\$ 429	\$ 15,414	\$ 6,253	\$ 3,702	\$ 33,171	\$ 451,640
Additions	—	—	—	—	—	46	—	—	—	72,792	72,838
Retirements and write-offs (1)	—	(43)	(12)	—	—	—	—	(151)	(202)	—	(408)
Transfers	—	60	56,634	16,852	—	—	9,060	2,732	246	(85,584)	—
Balance, March 31, 2026	\$ 5,803	\$ 8,805	\$ 363,808	\$ 84,387	\$3,359	\$ 475	\$ 24,474	\$ 8,834	\$ 3,746	\$ 20,379	\$ 524,070

Accumulated Amortization	Land	Buildings	Bridge ALM	Bridge AMM	VRI	ARO	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, March 31, 2025	\$ —	\$ 4,792	\$ 72,947	\$ 38,169	\$2,278	\$ 25	\$ 12,148	\$ 3,560	\$ 1,692	\$ —	\$ 135,611
Amortization expense	—	259	7,592	2,681	134	23	414	794	411	—	12,308
Retirements and write-offs (1)	—	(13)	(12)	—	—	—	—	(152)	(179)	—	(356)
Balance, March 31, 2026	\$ —	\$ 5,038	\$ 80,527	\$ 40,850	\$2,412	\$ 48	\$ 12,562	\$ 4,202	\$ 1,924	\$ —	\$ 147,563

Net Book Values

Balance, March 31, 2026	\$ 5,803	\$ 3,767	\$ 283,281	\$ 43,537	\$ 947	\$ 427	\$ 11,912	\$ 4,632	\$ 1,822	\$ 20,379	\$ 376,507
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HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

10. Tangible capital assets (continued)

Cost	Land	Buildings	Bridge ALM	Bridge AMM	VRI	ARO	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, April 1, 2024	\$ 5,803	\$ 9,038	\$ 285,411	\$ 51,144	\$ 3,359	\$ 429	\$ 22,927	\$ 14,857	\$ 3,113	\$ 44,603	\$ 440,684
Additions	—	—	—	—	—	—	—	—	—	35,173	35,173
Retirements and write-offs (1)	—	(439)	(1,016)	(545)	—	—	(9,126)	(12,474)	(617)	—	(24,217)
Transfers	—	189	22,791	16,936	—	—	1,613	3,870	1,206	(46,605)	—
Balance, March 31, 2025	\$ 5,803	\$ 8,788	\$ 307,186	\$ 67,535	\$ 3,359	\$ 429	\$ 15,414	\$ 6,253	\$ 3,702	\$ 33,171	\$ 451,640

Accumulated Amortization	Land	Buildings	Bridge ALM	Bridge AMM	VRI	ARO	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, April 1, 2024	\$ —	\$ 4,776	\$ 66,592	\$ 36,870	\$ 2,144	\$ —	\$ 19,027	\$ 11,264	\$ 2,003	\$ —	\$ 142,676
Amortization expense	—	264	7,315	1,688	134	25	618	904	286	—	11,234
Retirements and write-offs (1)	—	(248)	(960)	(389)	—	—	(7,497)	(8,608)	(597)	—	(18,299)
Balance, March 31, 2025	\$ —	\$ 4,792	\$ 72,947	\$ 38,169	\$ 2,278	\$ 25	\$ 12,148	\$ 3,560	\$ 1,692	\$ —	\$ 135,611

Net Book Values

Balance, March 31, 2024	\$ 5,803	\$ 4,262	\$ 218,819	\$ 14,274	\$ 1,215	\$ 429	\$ 3,900	\$ 3,593	\$ 1,110	\$ 44,603	\$ 298,008
Balance, March 31, 2025	\$ 5,803	\$ 3,996	\$ 234,239	\$ 29,366	\$ 1,081	\$ 404	\$ 3,266	\$ 2,693	\$ 2,010	\$ 33,171	\$ 316,029

- (1) In accordance with the Financial Measures (2025) Act, various tolling related capital assets were written off during the year ended March 31, 2025. The related assets are no longer required to operate the bridges and as a result, the related tangible capital assets will no longer yield future economic benefits for the Commission. The total net book value of the tangible capital assets written off or disposed of during the prior year was \$5,919, with proceeds on disposal of \$176.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

11. Financial instrument risk

a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to discharge their obligation. The Commission is exposed to this risk arising from its cash and accounts receivable.

The Commission holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash accounts are insured up to \$100,000 (2024 - \$100,000).

Accounts receivable is primarily due from the Province which minimizes the risk to the Commission.

b) Interest rate risk

Up to March 31, 2025, the debt carried a fixed interest rate for the entire term and consequently, there was no significant interest rate risk on the balance owed. The line of credit and operating loan facility were floating rate facilities with the interest rate set on the date of advance which consequently subjected the Commission to interest rate risk exposure on any outstanding balances. With the forgiveness of the debt balances during the year ended March 31, 2025 (note 9) and the cancellation of the line of credit with a chartered bank, the Commission no longer has any exposure to interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission mitigates this risk by monitoring short and long-term cash flows, and controlling the level of operating and capital expenditures. Until March 31, 2025, when the Commission signed the debt termination agreements with the Province of Nova Scotia (note 9), the Commission was exposed to liquidity risk arising primarily from its long-term debt and line of credit. Following the removal of the tolls (note 1), the Commission will be reliant on funding from the Province of Nova Scotia to meet operational cash flow needs and fund capital projects related to the Bridges.

12. Related party transactions

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia. The Commission is also related to the City of Halifax by virtue of Halifax's right to appoint four members of the Commission's Board of Commissioners.

Effective March 31, 2025 entered into two termination agreements related to its debt owing to the Province of Nova Scotia which resulted in the recognition of \$157,000 in loan forgiveness revenue. The transaction was recorded at its carrying amount. See note 9 for further information. For the year ended March 31, 2026, interest expense included \$Nil (2025 - \$4,755) in interest related to the loans of which \$Nil (2025 - \$1,292) was payable at year-end.

During the year, March 31, 2025, the Commission collected toll revenue from the Province of Nova Scotia and the City of Halifax and made purchases from the City of Halifax in the normal course of business.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

13. Commitments

The Commission has entered into contracts for the 2025-2026 fiscal year for the continued maintenance and capital improvement of the bridges, in the amount of \$42,027.

	2027	2028	2029	2030	2031
Contract obligations	\$ 407	\$ 150	\$ 125	\$ 153	\$ 25
Capital contract obligations	33,452	-	-	-	-
Total contract obligations	\$ 33,859	\$ 150	\$ 125	\$ 153	\$ 25

14. Statement of remeasurement gains and losses

A statement of remeasurement gains and losses has not been presented because the Commission has no transactions to recognize during the period.

15. First-time adoption of PSAS

These financial statements, for the year ended March 31, 2026, are prepared in accordance with Canadian Public Sector Accounting Standards ('PSAS'). For periods up to and including the year ended March 31, 2025, the Commission prepared its financial statements in accordance with International Financial Reporting Standards ('IFRS').

Accordingly, the Commission has prepared financial statements that comply with PSAS applicable as at March 31, 2026, together with the comparative period for the year ended March 31, 2025, as described in the significant accounting policies. In preparing the financial statements, the Commission's opening statement of financial position was prepared as at April 1, 2024, the Commission's date of transition to PSAS.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

15. First-time adoption of PSAS (continued)

Upon first-time adoption, the Commission applied PSAS retroactively, apart from the following exceptions and exemptions:

- Tangible capital assets - The requirements for the conditions to write-down tangible capital assets have been applied prospectively from the date of transition of April 1, 2024.
- Accounting estimates - The retroactive application of accounting estimates is expressly prohibited on first time adoption of PSAS. Estimates that were not required under IFRS reflect conditions that existed at the date of transition to PSAS.

Adjustments arising from the adoption of PSAS have been recognized directly in the Commission's accumulated surplus as at April 1, 2024 as follows:

	April 1, 2024
Opening equity, as previously stated under IFRS	\$ 165,460
Reversal of fair value adjustment on land taken on original conversion to IFRS in 2010	(3,449)
Removal of right-of-use-asset due to treatment as operating lease under PSAS	(501)
Removal of finance lease obligation since operating lease under PSAS	501
Recognize interchange tangible capital assets transferred from the Province in 2009 that were previously recorded net of funding received	1,214
Recognize retirement benefit liability	(417)
Opening accumulated surplus, as restated under PSAS	<u>\$ 162,808</u>

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

15. First-time adoption of PSAS (continued)

As a result of the transition to PSAS, the adjustments to the statement of operations and cash flows were as follows for the year ended March 31, 2025:

	As previously reported (IFRS)	Presentational adjustments	Transitional adjustments	As restated (PSAS)
Revenues				
Toll revenue	\$ 36,499	\$ -	\$ -	\$ 36,499
Other rate revenue	206	(206)	-	-
Government transfers	-	-	-	-
Debt forgiveness (a)	-	-	157,000	157,000
Investment income	-	996	-	996
Other revenues	148	206	-	354
	36,853	996	157,000	194,849
Expenses				
Administration expenses	4,003	-	-	4,003
Amortization (b)(c)(f)	11,261	-	(27)	11,234
Interest expense	-	4,756	-	4,756
Impairment expense and loss on disposal of tangible capital assets	5,743	-	-	5,743
Maintenance expenses	6,569	-	46	6,615
Operating expenses (d)(e)	6,782	-	194	6,976
	34,358	4,756	213	39,327
Finance costs				
Finance income	(966)	966	-	-
Finance costs	4,756	(4,756)	-	-
	3,760	(3,760)	-	-
(Comprehensive loss) / Annual surplus				
	\$ (1,265)	-	\$ 156,787	\$ 155,522

HALIFAX DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements (continued)

Year ended March 31, 2026
(in thousands of dollars)

15. First-time adoption of PSAS (continued)

	As previously reported (IFRS)	Presentational adjustments	Transitional adjustments	As restated (PSAS)
Cash flows from operating activities (d)	\$ 19,713	\$996	\$ (186)	\$ 20,523
Cash flows from capital activities	-	(34,998)	-	(34,998)
Cash flows from investing activities	(25,803)	34,002	-	8,199
Cash flows from financing activities (d)	11,814	-	186	12,000

- a) To recognize the forgiveness of the province of Nova Scotia loans as government transfer revenue rather than a charge to equity.
- b) To reverse the amortization related to the right-of-use asset, since the lease is an operating lease under PSAS.
- c) To recognize the amortization related to the asset retirement costs included in tangible capital assets at the date of transition.
- d) To recognize the rental expense on the operating lease for the year ended March 31, 2025. The lease was previously recognized as a finance/capital lease under IFRS.
- e) To recognize the accretion expense on the asset retirement obligation recognized at the date of transition.
- f) To recognize amortization on the Victoria Road Interchange assets, which was previously recorded net of funding received.
- g) To recognize the accrued retirement benefit expense for the period.

16. Subsequent Events

Effective May 1, 2026, the Governor in Council on the report and recommendation of the Minister of Public Works dated April 14, 2026, and pursuant to Section 27A of Chapter 7 of the Acts of 2005, the *Halifax-Dartmouth Bridges Act*, made new regulations to replace the by-laws of the former Halifax-Dartmouth Bridge Commission. Halifax Harbour Bridges became a Division of Link Nova Scotia.