

Sageen Mobility and
Regional Transit (S.M.A.R.T.)
Financial Statements
For the year ended December 31, 2024

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To the Members of Saugeen Mobility and Regional Transit (S.M.A.R.T.):

Opinion

We have audited the financial statements of Saugeen Mobility and Regional Transit (S.M.A.R.T.) (the "Entity"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and the results of its operations, its change in 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.

Other Matters

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on March 22, 2024.

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

Management is responsible for the preparation and fair presentation of the 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 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.

Hanover, Ontario

March 21, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash	\$ 44,059	\$ 45,085
Grants receivable	41,300	180,541
Accounts receivable (Note 2)	98,483	76,216
	<u>183,842</u>	<u>301,842</u>
Liabilities		
Bank indebtedness (Note 4)	141,590	237,765
Accounts payable and accrued liabilities	140,894	152,300
	<u>282,484</u>	<u>390,065</u>
Net debt	<u>(98,642)</u>	<u>(88,223)</u>
Non-financial assets		
Prepaid expenses	98,642	88,223
Tangible capital assets (Note 3)	757,456	617,873
	<u>856,098</u>	<u>706,096</u>
Accumulated surplus (Note 5)	<u>\$ 757,456</u>	<u>\$ 617,873</u>

On behalf of the Board:

_____ Director

_____ Director

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Statement of Operations

For the year ended December 31	2024	2024	2023
	Budget	Actual	Actual
Revenue			
Provincial Dedicated Gas Tax Funds			
Operating grant	\$ -	\$ 635,145	\$ 573,885
Capital grant	-	378,587	205,084
Investing in Canada infrastructure fund	-	-	208,079
Municipal contributions (Note 6)	791,525	731,543	750,275
User fees	447,000	456,216	368,675
Donations	-	20,133	7,425
Gain (loss) on disposal	-	-	1,647
Other revenue	2,000	2,884	43,343
	<u>1,240,525</u>	<u>2,224,508</u>	<u>2,158,413</u>
Expenses			
Advertising and promotion	-	-	534
Amortization of tangible capital assets	-	239,004	170,542
Bad debts	900	3,146	7,715
Bank charges and interest	500	59	4,061
Insurance	10,000	9,489	8,913
Office	68,000	84,258	84,374
Membership fees	3,500	3,274	-
Professional	38,000	42,822	36,277
Rent	16,500	16,073	15,560
Wages and benefits	1,287,937	1,218,917	1,103,540
Telephone	14,000	12,407	23,143
Vehicles			
Fuel	210,000	220,098	221,752
Other	225,200	235,378	237,734
	<u>1,874,537</u>	<u>2,084,925</u>	<u>1,914,145</u>
Annual surplus (deficit)	(634,012)	139,583	244,268
Accumulated surplus, beginning of year	617,873	617,873	373,605
Accumulated surplus (deficit), end of year	<u>\$ (16,139)</u>	<u>\$ 757,456</u>	<u>\$ 617,873</u>

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

Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Change in Net Debt

For the year ended December 31	2024	2024	2023
	Budget	Actual	Actual
Annual surplus (deficit)	\$ (634,012)	\$ 139,583	\$ 244,268
Acquisition of tangible capital assets	-	(378,587)	(426,862)
Proceeds on sale of tangible capital assets	-	-	13,699
Amortization of tangible capital assets	-	239,004	170,542
Loss (gain) on disposal of tangible capital assets	-	-	(1,647)
	-	(139,583)	(244,268)
Change in prepaid expenses	-	(10,419)	888
Change in net debt	(634,012)	(10,419)	888
Net debt, beginning of the year	(88,223)	(88,223)	(89,111)
Net debt, end of the year	\$ (722,235)	\$ (98,642)	\$ (88,223)

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

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 139,583	\$ 244,268
Items not involving cash		
Amortization of tangible capital assets	239,004	170,542
Gain on disposal of assets	-	(1,647)
	<u>378,587</u>	<u>413,163</u>
Changes in non-cash balances		
Grants receivable	139,241	(77,637)
Accounts receivable	(22,267)	1,723
Prepaid expenses	(10,419)	888
Accounts payable and accrued liabilities	<u>(11,406)</u>	<u>22,553</u>
	<u>473,736</u>	<u>360,690</u>
Capital activities		
Acquisition of capital assets	(378,587)	(426,862)
Proceeds on sale of capital assets	-	13,699
	<u>(378,587)</u>	<u>(413,163)</u>
Increase (decrease) in cash during the year	95,149	(52,473)
Bank indebtedness, beginning of year	<u>(192,680)</u>	<u>(140,207)</u>
Bank indebtedness, end of year	<u>\$ (97,531)</u>	<u>\$ (192,680)</u>
Represented by		
Cash	\$ 44,059	\$ 45,085
Bank indebtedness	<u>(141,590)</u>	<u>(237,765)</u>
	<u>\$ (97,531)</u>	<u>\$ (192,680)</u>

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

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization

Saugeen Mobility and Regional Transit (S.M.A.R.T.) is a government partnership incorporated without share capital under the laws of the Province of Ontario. The organization provides transportation services to the physically disabled.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The organization is dependant on funding received from area municipalities through a service agreement with Town of Hanover, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Municipality of Kincardine, Municipality of Grey Highlands, Township of Southgate, Town of Saugeen Shores, Township of Chatsworth and Township of Huron Kinloss. The participating municipalities make up the majority of the board of directors.

Management Responsibility

The financial statements of the Saugeen Mobility and Regional Transit (S.M.A.R.T.) are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. The use of estimates is primarily related to the useful lives of tangible capital assets.

Saugeen Mobility and Regional Transit (S.M.A.R.T.)

Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (continued)

Revenue Recognition User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.

Government Transfers Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributed Materials and Services Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Financial Instruments Cash is measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

**Tangible
Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Automotive equipment - 30% diminishing balance basis
Furniture and fixtures - 30% diminishing balance basis

Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2024

2. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Trade	\$ 90,636	\$ 67,828
Allowance for doubtful accounts	<u>(22,324)</u>	<u>(19,738)</u>
	68,312	48,090
HST rebate	29,490	25,702
Other	<u>681</u>	<u>2,424</u>
	<u>\$ 98,483</u>	<u>\$ 76,216</u>

Sageen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2024

3. Tangible Capital Assets

	2024			2023		
	Automotive equipment	Furniture and fixtures	Total	Automotive equipment	Furniture and fixtures	Total
Cost, beginning of year	\$ 1,829,431	\$ 160,654	\$ 1,990,085	\$ 1,683,813	\$ 160,654	\$ 1,844,467
Additions	378,587	-	378,587	426,862	-	426,862
Disposals	-	-	-	(281,244)	-	(281,244)
Cost, end of year	2,208,018	160,654	2,368,672	1,829,431	160,654	1,990,085
Accumulated amortization, beginning of year	1,231,088	141,124	1,372,212	1,338,109	132,753	1,470,862
Amortization	233,143	5,861	239,004	162,171	8,371	170,542
Disposals	-	-	-	(269,192)	-	(269,192)
Accumulated amortization, end of year	1,464,231	146,985	1,611,216	1,231,088	141,124	1,372,212
Net carrying amount, end of year	\$ 743,787	\$ 13,669	\$ 757,456	\$ 598,343	\$ 19,530	\$ 617,873

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2024

4. Bank Indebtedness

	2024	2023
Credit union operating loan	\$ 141,590	\$ 237,765

The credit union operating loan is due on demand and bears interest at the credit union's prime rate less 0.50%, calculated and payable monthly. The maximum available to the organization is \$250,000. The loan is secured by a general security agreement covering the assets of the corporation.

5. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2024	2023
Invested in tangible capital assets	\$ 757,456	\$ 617,873
General surplus	-	-
Accumulated surplus	\$ 757,456	\$ 617,873

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2024

6. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2024		2024		2023
	Budget		Actual		Actual
Municipal contributions					
Town of Hanover	\$ 150,525	\$ 137,465	18.8 %	\$ 137,465	
Municipality of Brockton	94,883	86,651	11.8	86,651	
Town of Saugeen Shores	143,449	131,003	17.9	131,003	
Municipality of West Grey	114,311	104,394	14.3	104,394	
Municipality of Kincardine	94,120	85,955	11.7	85,955	
Municipality of Arran-Elderslie	78,984	72,132	9.9	72,132	
Township of Southgate	29,735	27,155	3.6	27,155	
Township of Huron Kinloss	44,860	40,968	5.5	40,968	
Township of Chatsworth	15,000	22,388	3.0	44,552	
Municipality of Grey Highlands	25,658	23,432	3.1	20,000	
	<u>\$ 791,525</u>	<u>\$ 731,543</u>	<u>100 %</u>	<u>\$ 750,275</u>	

The Provincial Dedicated Gas Tax Funds are flowed through the Town of Hanover who act as the administrator, and are reported separately on the statement of operations.

Saugeen Mobility and Regional Transit (S.M.A.R.T.)

Notes to Financial Statements

December 31, 2024

7. Contractual Commitments

During the year, the organization ordered two vans that were delivered in January 2025. The value of the vans ordered total approximately \$126,450 each, which will be fully funded by the federal public transit infrastructure fund, and the provincial gas tax program.

Saugeen Municipal and Regional Transit is into a three year tenancy agreement with the Municipality of Brockton. The total of the commitment is \$14,211 plus HST per year, totalling approximately \$48,000 for all three years, ending December 2025.

8. Financial Instrument Risk Management

The organization is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk through its cash and accounts receivable.

The organization manages its credit risk by ensuring the client is in good financial standing, and follow up is done regularly on accounts.

The organization measures its exposure to credit risk based on analyzing the accounts outstanding, and determining their collectibility.

The organization's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position.

There have not been any changes from the prior year in the organization's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2024

10. Financial Instrument Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk through its accounts payable and bank indebtedness.

The organization manages its liquidity risk by monitoring cash activities and expected outflows through budgeting. The organization measures its exposure to liquidity risk based on monthly analytical procedures of comparing budget figures to actual.

There have not been any changes from the prior year in the organization's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk through its bank indebtedness.

The organization manages its interest rate risk by trying to stay out of overdraft position throughout the year. The organization measures its exposure to interest rate risk based on analysis of the bank balance and expected cash inflow and outflow.

There have not been any changes from the prior year in the organization's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.
