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Canada

March 30, 2023

Jodi MacArthur, Treasurer  
Township of Huron-Kinloss  
21 Queen Street  
P.O. Box 130  
Ripley, Ontario, N0G 2R0

Dear Jodi:

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

Enclosed for your record is a copy of the audited financial statements approved by the board for Saugeen Mobility and Regional Transit (S.M.A.R.T.) for the year ended December 31, 2022.

Yours truly,

A handwritten signature in black ink that reads "Barry Heaney". The signature is written in a cursive, flowing style.

Barry Heaney, CPA, CA, CBV  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants

/lp

Encl.

Sageen Mobility and  
Regional Transit (S.M.A.R.T.)  
Financial Statements  
For the year ended December 31, 2022

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## Independent Auditor's Report

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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, 2022, and the statements 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, 2022, and its results of operations, its changes 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.

### 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 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario  
March 28, 2023

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

December 31	2022	2021
Financial assets		
Cash	\$ 50,355	\$ 30,785
Grants receivable	102,905	63,789
Accounts receivable (Note 2)	77,939	67,414
	<u>231,199</u>	<u>161,988</u>
Liabilities		
Bank indebtedness (Note 4)	190,562	143,922
Accounts payable and accrued liabilities	129,748	91,427
	<u>320,310</u>	<u>235,349</u>
Net debt	<u>(89,111)</u>	<u>(73,361)</u>
Non-financial assets		
Prepaid expenses	89,111	73,361
Tangible capital assets (Note 3)	373,605	563,980
	<u>462,716</u>	<u>637,341</u>
Accumulated surplus (Note 5)	<u>\$ 373,605</u>	<u>\$ 563,980</u>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

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

For the year ended December 31	2022	2022	2021
	Budget	Actual	Actual
<b>Revenue</b>			
Provincial Dedicated Gas Tax Funds			
Operating grant	\$ 765,000	\$ 540,196	\$ 406,122
Capital grant	-	(22,203)	58,539
Investing in Canada infrastructure fund	-	(37,234)	206,023
Municipal contributions (Note 6)	706,500	698,500	650,000
User fees	271,000	339,511	244,680
Donations	4,000	3,271	3,470
Gain (loss) on disposal	-	28,621	10,000
Other revenue	2,500	4,016	37,094
	<u>1,749,000</u>	<u>1,554,678</u>	<u>1,615,928</u>
<b>Expenses</b>			
Advertising and promotion	1,000	1,043	351
Amortization of tangible capital assets	-	159,560	180,839
Bad debts	4,000	241	4,108
Bank charges and interest	6,000	6,789	5,756
Insurance	10,000	8,301	8,486
Office	53,000	72,851	52,716
Membership fees	2,500	5,176	2,486
Professional	28,500	55,955	24,149
Rent	15,000	14,511	13,945
Wages and benefits	983,000	994,104	887,066
Telephone	26,000	17,464	28,315
Vehicles			
Fuel	150,000	221,680	145,022
Other	211,000	187,378	168,966
	<u>1,490,000</u>	<u>1,745,053</u>	<u>1,522,205</u>
Annual surplus (deficit)	259,000	(190,375)	93,723
Accumulated surplus, beginning of year	563,980	563,980	470,257
Accumulated surplus, end of year	<u>\$ 822,980</u>	<u>\$ 373,605</u>	<u>\$ 563,980</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	2022	2022	2021
	Budget	Actual	Actual
Annual surplus (deficit)	\$ 259,000	\$ (190,375)	\$ 93,723
Acquisition of tangible capital assets	-	(1,852)	(284,314)
Proceeds on sale of tangible capital assets	-	61,289	19,752
Amortization of tangible capital assets	-	159,560	180,839
Loss (gain) on disposal of tangible capital assets	-	(28,621)	(10,000)
	-	190,376	(93,723)
Change in prepaid expenses	-	(15,751)	(20,266)
Change in net debt	259,000	(15,750)	(20,266)
Net debt, beginning of the year	(73,361)	(73,361)	(53,095)
Net debt, end of the year	\$ 185,639	\$ (89,111)	\$ (73,361)

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	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (190,375)	\$ 93,723
Items not involving cash		
Amortization of tangible capital assets	159,560	180,839
Gain on disposal of assets	(28,621)	(10,000)
	<u>(59,436)</u>	<u>264,562</u>
Changes in non-cash balances		
Grants receivable	(39,116)	26,234
Accounts receivable	(10,525)	(11,819)
Prepaid expenses	(15,750)	(20,266)
Accounts payable and accrued liabilities	38,320	(8,147)
	<u>(86,507)</u>	<u>250,564</u>
Capital activities		
Acquisition of capital assets	(1,852)	(284,314)
Proceeds on sale of capital assets	61,289	19,752
	<u>(1,563)</u>	<u>(264,562)</u>
Decrease in cash during the year	(27,070)	(13,998)
Bank indebtedness, beginning of year	(113,137)	(99,139)
Bank indebtedness, end of year	\$ (140,207)	\$ (113,137)
Represented by		
Cash	\$ 50,355	\$ 30,785
Bank indebtedness	(190,562)	(143,922)
	<u>\$ (140,207)</u>	<u>\$ (113,137)</u>

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



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

December 31, 2022

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### 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.

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

December 31, 2022

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### 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.

**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

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

December 31, 2022

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2. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Trade	\$ 62,520	\$ 53,687
Allowance for doubtful accounts	<u>(14,659)</u>	<u>(14,659)</u>
	47,861	39,028
HST rebate	27,850	26,615
Other	<u>2,228</u>	<u>1,771</u>
	<u>\$ 77,939</u>	<u>\$ 67,414</u>

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

December 31, 2022

3. Tangible Capital Assets

	2022			2021		
	Automotive equipment	Furniture and fixtures	Total	Automotive equipment	Furniture and fixtures	Total
Cost, beginning of year	\$ 1,907,778	\$ 158,802	\$ 2,066,580	\$ 1,888,026	\$ 155,441	\$ 2,043,467
Additions		1,852	1,852	280,953	3,361	284,314
Disposals	(223,965)	-	(223,965)	(261,201)	-	(261,201)
Cost, end of year	1,683,813	160,654	1,844,467	1,907,778	158,802	2,066,580
Accumulated amortization, beginning of year	1,381,251	121,349	1,502,600	1,467,115	106,095	1,573,210
Amortization	148,156	11,404	159,560	165,585	15,254	180,839
Disposals	(191,298)	-	(191,298)	(251,449)	-	(251,449)
Accumulated amortization, end of year	1,338,109	132,753	1,470,862	1,381,251	121,349	1,502,600
Net carrying amount, end of year	\$ 345,704	\$ 27,901	\$ 373,605	\$ 526,527	\$ 37,453	\$ 563,980

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

December 31, 2022

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### 4. Bank Indebtedness

	<u>2022</u>	<u>2021</u>
Credit union operating loan	\$ 190,562	\$ 143,922

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 loan is secured by a general security agreement covering the assets of the corporation.

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### 5. Accumulated Surplus

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

	<u>2022</u>	<u>2021</u>
Invested in tangible capital assets	\$ 373,605	\$ 563,980
General surplus	<u>-</u>	<u>-</u>
Accumulated surplus	<u>\$ 373,605</u>	<u>\$ 563,980</u>

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

December 31, 2022

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### 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:

	2022	2022		2021
	Budget	Actual		Actual
Municipal contributions				
Town of Hanover	\$ 128,656	\$ 128,656	18.4 %	\$ 114,083
Municipality of Brockton	81,452	81,452	11.7	89,814
Town of Saugeen Shores	120,127	120,127	17.2	110,843
Municipality of West Grey	94,132	94,132	13.5	78,131
Municipality of Kincardine	81,966	81,966	11.7	74,967
Municipality of Arran-Elderslie	62,104	62,104	8.9	50,764
Township of Southgate	26,924	26,924	3.8	35,818
Township of Huron Kinloss	33,266	33,266	4.7	44,442
Township of Chatsworth	53,873	53,873	7.6	51,138
Municipality of Grey Highlands	24,000	16,000	2.2	-
	<u>\$ 706,500</u>	<u>\$ 698,500</u>	<u>100 %</u>	<u>\$ 650,000</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.

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### 7. Public Sector Salary Disclosure Act

No employees of Saugeen Mobility and Regional Transit (S.M.A.R.T.) were paid a salary of \$100,000 or more during the year.

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

December 31, 2022

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### 8. Contractual Commitments

During the year, the organization ordered one van that is expected to be delivered in Spring 2023 and three buses committed to in 2021 are expected to arrive in Spring of 2023. The value of the van ordered totals approximately \$90,000, and the buses total approximately \$320,000, which will be fully funded by the federal public transit infrastructure fund, and the provincial gas tax program.

Saugeen Municipal and Regional Transit entered into a three year tenancy agreement with the Municipality of Brockton. The total of the commitment is \$14,210.56 plus HST per year, totalling approximately \$48,000 for all three years.

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### 9. Contingency

At the financial statement date of December 31, 2022, there is one contingent matter that is outstanding. Legal counsel and the insurance provider believe that any financial outlay will be fully covered by Saugeen Municipal and Regional Transit's insurance.

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