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March 26, 2021

RECEIVED

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TOWNSHIP OF HURON-KINLOSS

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, 2020.

Yours truly,

Barry Heaney, CPA, CA, CBV
Partner
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, 2020**

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Independent Auditor's Report

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, 2020, 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, 2020, 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 26, 2021

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

December 31	2020	2019
Financial assets		
Cash	\$ 20,688	\$ 23,461
Grants receivable	90,023	106,202
Accounts receivable (Note 2)	55,595	98,680
	<u>166,306</u>	<u>228,343</u>
Liabilities		
Bank indebtedness (Note 4)	119,827	139,438
Accounts payable and accrued liabilities	99,574	141,605
	<u>219,401</u>	<u>281,043</u>
Net debt	<u>(53,095)</u>	<u>(52,700)</u>
Non-financial assets		
Prepaid expenses	53,095	52,700
Tangible capital assets (Note 3)	470,257	359,789
	<u>523,352</u>	<u>412,489</u>
Accumulated surplus (Note 5)	<u>\$ 470,257</u>	<u>\$ 359,789</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	2020	2020	2019
	Budget	Actual	Actual
Revenue			
Provincial Dedicated Gas Tax Funds			
Operating grant	\$ 600,000	\$ 295,650	\$ 669,224
Capital grant	-	71,447	20,067
Investing in Canada infrastructure fund	-	186,169	-
Municipal contributions (Note 6)	750,000	750,000	660,000
User fees	380,000	221,091	432,349
Donations	4,000	5,629	7,249
Loss on disposal of tangible capital assets	-	(669)	(956)
Other revenue	2,000	3,544	3,653
	<u>1,736,000</u>	<u>1,532,861</u>	<u>1,791,586</u>
Expenses			
Advertising and promotion	4,000	372	14,041
Amortization of tangible capital assets	200,000	146,479	149,895
Bad debts	4,000	663	2,736
Bank charges and interest	6,000	3,573	8,037
Insurance	6,000	7,522	6,895
Office	56,500	60,218	60,484
Membership fees	2,500	2,418	2,523
Professional	30,000	25,552	24,625
Rent	15,000	13,931	6,255
Wages and benefits	1,249,000	845,098	1,246,971
Telephone	30,000	30,261	33,780
Vehicles			
Fuel	168,000	101,111	188,805
Other	165,000	185,195	180,135
	<u>1,936,000</u>	<u>1,422,393</u>	<u>1,925,182</u>
Annual surplus (deficit)	(200,000)	110,468	(133,596)
Accumulated surplus, beginning of year	359,789	359,789	493,385
Accumulated surplus, end of year	\$ 159,789	\$ 470,257	\$ 359,789

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	2020	2020	2019
	Budget	Actual	Actual
Annual surplus (deficit)	\$ (200,000)	\$ 110,468	\$ (133,596)
Acquisition of tangible capital assets	-	(257,616)	(20,067)
Amortization of tangible capital assets	200,000	146,479	149,895
Loss on disposal of tangible capital assets	-	669	956
	<u>200,000</u>	<u>(110,468)</u>	<u>130,784</u>
 Change in prepaid expenses	 -	 (395)	 (2,888)
 Change in net debt	 -	 (395)	 (5,700)
 Net debt, beginning of the year	 (52,700)	 (52,700)	 (47,000)
Net debt, end of the year	\$ (52,700)	\$ (53,095)	\$ (52,700)

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	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 110,468	\$ (133,596)
Items not involving cash		
Amortization of tangible capital assets	146,479	149,895
Loss on disposal of assets	669	956
	<u>257,616</u>	<u>17,255</u>
Changes in non-cash balances		
Grants receivable	16,180	39,297
Accounts receivable	43,085	(3,293)
Prepaid expenses	(395)	(2,888)
Accounts payable and accrued liabilities	<u>(42,032)</u>	<u>(18,347)</u>
	<u>274,454</u>	<u>32,024</u>
Capital activities		
Acquisition of capital assets	<u>(257,616)</u>	<u>(20,067)</u>
Increase in cash during the year	<u>16,838</u>	<u>11,957</u>
Bank indebtedness, beginning of year	<u>(115,977)</u>	<u>(127,934)</u>
Bank indebtedness, end of year	<u>\$ (99,139)</u>	<u>\$ (115,977)</u>
Represented by		
Cash	\$ 20,688	\$ 23,461
Bank indebtedness	<u>(119,827)</u>	<u>(139,438)</u>
	<u>\$ (99,139)</u>	<u>\$ (115,977)</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, 2020

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, 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, 2020

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

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

December 31, 2020

2. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Trade	\$ 46,678	\$ 79,867
Allowance for doubtful accounts	<u>(12,625)</u>	<u>(12,112)</u>
	34,053	67,755
HST rebate	19,934	28,368
Other	<u>1,608</u>	<u>2,557</u>
	<u>\$ 55,595</u>	<u>\$ 98,680</u>

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

December 31, 2020

3. Tangible Capital Assets

	2020			2019	
	Automotive equipment	Furniture and fixtures	Total	Automotive equipment	Furniture and fixtures
Cost, beginning of year	\$ 1,673,991	\$ 151,704	\$ 1,825,695	\$ 1,713,835	\$ 131,637
Additions	253,879	3,737	257,616	-	20,067
Disposals	(39,844)	-	(39,844)	(39,844)	-
Cost, end of year	1,888,026	155,441	2,043,467	1,673,991	151,704
					1,825,695
Accumulated amortization, beginning of year	1,380,160	85,746	1,465,906	1,293,120	61,779
Amortization	126,130	20,349	146,479	125,928	23,967
Disposals	(39,175)	-	(39,175)	(38,888)	-
Accumulated amortization, end of year	1,467,115	106,095	1,573,210	1,380,160	85,746
					1,465,906
Net carrying amount, end of year	\$ 420,911	\$ 49,346	\$ 470,257	\$ 293,831	\$ 65,958
					\$ 359,789

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

December 31, 2020

4. Bank Indebtedness

	<u>2020</u>	<u>2019</u>
Credit union operating loan	<u>\$ 119,827</u>	<u>\$ 139,438</u>

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.

5. Accumulated Surplus

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

	<u>2020</u>	<u>2019</u>
Invested in tangible capital assets	<u>\$ 470,257</u>	<u>\$ 359,789</u>
General surplus	<u>-</u>	<u>-</u>
Accumulated surplus	<u>\$ 470,257</u>	<u>\$ 359,789</u>

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

December 31, 2020

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:

	2020	2020		2019
	Budget	Actual		Actual
Municipal contributions				
Town of Hanover	\$ 150,546	\$ 150,546	20.0 %	\$ 137,055
Municipality of Brockton	98,536	98,536	13.0	86,385
Town of Saugeen Shores	131,834	131,834	17.5	113,984
Municipality of West Grey	81,667	81,667	10.8	75,962
Municipality of Kincardine	98,365	98,365	13.0	78,892
Municipality of Arran-Elderslie	51,155	51,155	6.7	48,466
Township of Southgate	32,839	32,839	4.3	26,332
Township of Huron Kinloss	54,837	54,837	7.2	52,894
Township of Chatsworth	50,221	50,221	7.3	40,030
	<u>\$ 750,000</u>	<u>\$ 750,000</u>	100 %	<u>\$ 660,000</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.

The Township of Southgate and the Township of Chatsworth have given notice that they will be leaving the partnership effective December 31, 2021.

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.

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

December 31, 2020

8. Contractual Commitments

In September 2020, the organization ordered three 2021 buses that are expected to be delivered in April 2021. The value of the vehicles ordered total approximately \$278,213, which will be fully funded by the provincial gas tax program and the federal public transit infrastructure fund.

9. Uncertainty due to COVID-19

The World Health Organization declared the COVID 19 outbreak as a public health emergency in January 2020. The COVID 19 pandemic has caused a significant drop in the number of rides the entity is accustomed to performing which has resulted in a number of employees being laid off and others having hours reduced. User fee revenue has already been impacted by this event however at this time, the full potential impact of COVID-19 on this entity is not known.
