

**PEG CITY CAR CO-OP LTD.**  
**Financial Statements**  
**Year Ended September 30, 2021**

**PEG CITY CAR CO-OP LTD.**  
**Index to Financial Statements**  
**Year Ended September 30, 2021**

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# Rawluk & Robert

## CHARTERED PROFESSIONAL ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

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To the Members of Peg City Car Co-op Ltd.

#### *Opinion*

We have audited the financial statements of Peg City Car Co-op Ltd. (the Co-op), which comprise the balance sheet as at September 30, 2021, and the statements of income, deficit and cash flows 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 Co-op as at September 30, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

#### *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 Co-op in accordance with 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 Information*

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *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 ASPE, 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 Co-op'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 Co-op or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-op's financial reporting process.

(continues)



Independent Auditor's Report to the Members of Peg City Car Co-op Ltd. (continued)

*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 Co-op'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 Co-op'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 Co-op 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.

Winnipeg, MB  
January 26, 2022

  
Rawluk & Robert Chartered Professional Accountants Inc.  
Chartered Professional Accountants

# PEG CITY CAR CO-OP LTD.

## Balance Sheet

September 30, 2021

	2021	2020 (Restated)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 935,443	\$ 517,121
Investments	-	86,050
Accounts receivable	162,291	138,305
Prepaid expenses	7,000	1,476
	<u>1,104,734</u>	<u>742,952</u>
PROPERTY AND EQUIPMENT (Note 4)	1,111,323	1,017,719
LONG TERM INVESTMENTS (Note 5)	88,552	-
INVESTMENT SHARE ACCOUNT (Note 6)	474	474
	<u>\$ 2,305,083</u>	<u>\$ 1,761,145</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 86,419	\$ 40,288
Deferred income (Note 9)	68,554	81,686
Callable debt due in one year (Note 10)	35,188	32,832
Current portion of long term debt (Note 11)	39,525	94,927
Current portion of obligations under capital lease (Note 12)	32,481	51,463
	<u>262,167</u>	<u>301,196</u>
Callable debt due thereafter (Note 10)	96,267	133,802
	<u>358,434</u>	<u>434,998</u>
LONG TERM DEBT (Note 11)	110,945	239,171
OBLIGATIONS UNDER CAPITAL LEASE (Note 12)	73,605	148,669
LONG TERM DEFERRED INCOME (Note 9)	22,979	29,631
CANADIAN EMERGENCY BUSINESS ACCOUNT (Note 13)	60,000	40,000
	<u>625,963</u>	<u>892,469</u>
<b>MEMBERS' EQUITY</b>		
Share capital (Note 14)	473,500	394,500
Investment shares (Note 15)	1,225,000	645,375
Deficit (Note 16)	(19,380)	(171,199)
	<u>1,679,120</u>	<u>868,676</u>
	<u>\$ 2,305,083</u>	<u>\$ 1,761,145</u>

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements



**PEG CITY CAR CO-OP LTD.**  
**Statement of Income**  
**Year Ended September 30, 2021**

	2021	2020 (Restated)
<b>REVENUES</b>		
Usage fees	\$ 981,625	\$ 761,840
Project fees	125,784	76,592
In-kind contributions	53,648	40,932
Damage pool	37,200	30,320
Other income	15,824	15,393
Application fees	12,713	10,141
Grants	-	1,000
	<u>1,226,794</u>	<u>936,218</u>
<b>EXPENSES</b>		
Staff costs	239,949	195,433
Fleet Expenses - General (Schedule 1)	161,972	132,148
Fleet Expenses - Ownership (fixed) (Schedule 2)	270,673	252,939
Fleet Expenses - Operating (variable) (Schedule 3)	215,517	178,611
Marketing and Promotion Expenses (Schedule 4)	99,319	80,529
Administration (Schedule 5)	56,354	47,835
Office Expenses (Schedule 6)	32,077	16,554
	<u>1,075,861</u>	<u>904,049</u>
<b>INCOME FROM OPERATIONS</b>	<u>150,933</u>	<u>32,169</u>
<b>OTHER INCOME</b>		
Gain on disposal of property and equipment	885	500
Canada emergency wage subsidy	-	20,131
	<u>885</u>	<u>20,631</u>
<b>NET INCOME</b>	<u>\$ 151,818</u>	<u>\$ 52,800</u>

See notes to financial statements

**PEG CITY CAR CO-OP LTD.**  
**Statement of Deficit**  
**Year Ended September 30, 2021**

	2021	2020 <i>(Restated)</i>
<b>DEFICIT - BEGINNING OF YEAR</b>		
As previously reported	(182,211)	(230,375)
Prior period adjustments <i>(Note 20)</i>	<u>11,013</u>	<u>6,376</u>
As restated	(171,198)	(223,999)
NET INCOME	<u>151,818</u>	<u>52,800</u>
<b>DEFICIT - END OF YEAR</b>	<u><b>\$ (19,380)</b></u>	<u><b>\$ (171,199)</b></u>

See notes to financial statements

**PEG CITY CAR CO-OP LTD.**  
**Statement of Cash Flows**  
**Year Ended September 30, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 151,818	\$ 52,800
Items not affecting cash:		
Amortization of property and equipment	151,969	119,936
Gain on disposal of property and equipment	(885)	(500)
	<u>302,902</u>	<u>172,236</u>
Changes in non-cash working capital:		
Accounts receivable	(23,986)	(61,146)
Prepaid expenses	(5,524)	(1,476)
Accounts payable and accrued liabilities	46,126	(6,629)
Deferred income	(13,132)	18,059
Long term deferred income	(6,652)	(23,120)
	<u>(3,168)</u>	<u>(74,312)</u>
Cash flow from operating activities	<u>299,734</u>	<u>97,924</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(305,948)	(414,688)
Proceeds on disposal of property and equipment	61,261	8,250
Purchase of investments	(2,502)	(2,425)
Cash flow used by investing activities	<u>(247,189)</u>	<u>(408,863)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from callable debt financing	-	178,500
Repayment of callable debt	(35,178)	(11,866)
Proceeds from long term financing	75,000	90,344
Repayment of long term debt	(258,625)	(91,676)
Repayment of obligations under capital lease	(94,045)	(30,404)
Canadian emergency business account	20,000	40,000
Members' shares	79,000	62,000
Investment shares	579,625	(33,375)
Cash flow from financing activities	<u>365,777</u>	<u>203,523</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>418,322</u>	<u>(107,416)</u>
Cash - beginning of year	<u>517,121</u>	<u>624,537</u>
<b>CASH - END OF YEAR</b>	<u>\$ 935,443</u>	<u>\$ 517,121</u>
<b>CASH CONSISTS OF:</b>		
Chequing	\$ 415,054	\$ 131,421
High Rate Savings	502,143	367,029
Reserve Fund	18,167	18,131
Other	79	540
	<u>\$ 935,443</u>	<u>\$ 517,121</u>

See notes to financial statements



**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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**1. DESCRIPTION OF BUSINESS**

Peg City Car Co-op Ltd. (the "Co-op") was incorporated provincially under the Cooperatives Act of Manitoba on September 20, 2010. The Co-op's principal business activity is providing residents of Winnipeg with a car share service.

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**2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cash and short term investments

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	5 years	straight-line method
Furniture and fixtures	8 years	straight-line method
Motor vehicles	7 years	straight-line method

The Co-op regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

The Co-op capitalizes all amounts in excess of \$500.

Assets under capital leases

Assets under capital lease are stated at cost or deemed cost less accumulated amortization and are amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Motor vehicles	7 years	straight-line method
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All additions made during the year are amortized at 50% of the above rates.

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

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**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

General Reserve

In accordance with the Co-op's By Laws, a general reserve will be established and the minimum reserve value will accumulate to 25% of the total value of then outstanding member shares of the Co-op when operations of the Co-op result in a surplus, ie, retained earnings. Additional transfers to the reserve fund will be made as determined from time to time by the board provided that at all times the board has maintained the minimum reserve balance.

Callable debt

The Co-op's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Leases

Leases are classified as either capital or operating leases. At the time the Co-op enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Revenue recognition

The Co-op recognizes revenue when they are earned, specifically when all the following conditions are met:

- services are provided to members or non-members
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Usage fees are recognized as revenue as soon as the user has completed a trip.

Project fees are revenues earned from service contracts. Revenue collected on contracts in advance is deferred and taken into income as the services are provided.

In kind contributions represents the fair market value of services provided.

Damage pool revenue represents the fees charged to members as soon as the user has incurred the costs.

Application fees are recognized in revenue once the member application has been approved.

Other income represents rental income and interest and dividend income that is recognized in revenue when earned.

Grant income is recognized in revenue when it is received.

Income taxes

The Co-op uses the income taxes payable method of accounting for income taxes. Under this method, the Co-op reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

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**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

4. PROPERTY AND EQUIPMENT

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 5,663	\$ 1,141	\$ 2,876	\$ 288
Furniture and fixtures	75,477	11,375	40,726	4,863
Motor vehicles	1,438,622	395,923	1,289,895	310,627
	<b>\$ 1,519,762</b>	<b>\$ 408,439</b>	<b>\$ 1,333,497</b>	<b>\$ 315,778</b>
Net book value	<b>\$ 1,111,323</b>		<b>\$ 1,017,719</b>	

5. LONG TERM INVESTMENTS

	Purchase date	Maturity date	Interest rate %	2021	2020
24-35M GIC	December 18, 2020	December 18, 2022	1.5	<b>\$ 88,552</b>	<b>\$ 86,050</b>

6. INVESTMENT SHARE ACCOUNT

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together. The Co-op is, therefore, a member of the following:

	2021	2020
ACU Share	\$ 5	\$ 5
Red River Co-op Share	469	469
	<b>\$ 474</b>	<b>\$ 474</b>



**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

**7. BANK INDEBTEDNESS**

The Assiniboine Credit Union has approved a commercial line of credit to a maximum of \$30,000, with a rate set at prime plus 3% (2020 - 5.45%). The line of credit is to cover fleet and operating expenses. The balance of this line of credit in the form of overdraft in 2021 is \$Nil (2020 - \$Nil).

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2021</b>	<b>2020</b>
Accounts payable and accrued liabilities	\$ 47,874	\$ 19,051
Goods and service tax	14,818	4,421
Provincial sales tax	23,728	16,816
	<b>\$ 86,420</b>	<b>\$ 40,288</b>

**9. DEFERRED INCOME**

	<b>2021</b>	<b>2020</b>
Dennistoun Real Estate	\$ 8,962	\$ 18,741
Old Grace Housing	-	14,466
Ranjan	-	6,393
Sherbrook Inc	27,434	46,799
Wellington Ltd	15,250	30,500
Westminster	34,500	34,500
Stradbrook	18,500	18,500
Colony	27,167	4,666
South Osborne Housing Corp	17,000	-
Walker Court	32,500	-
Uptown Ventures	31,500	-
Unredeemed car sharing credits	1,745	2,004
Subtotal	214,558	176,569
Income recognized during the year	(123,025)	(65,252)
	<b>\$ 91,533</b>	<b>\$ 111,317</b>
Deferred income - current portion	\$ 68,554	\$ 81,686
Deferred income - long term portion	22,979	29,631
Total deferred income	<b>\$ 91,533</b>	<b>\$ 111,317</b>

**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

10. CALLABLE DEBT

	2021	2020
Assiniboine Credit Union loan bearing interest at 5.45%, repayable in blended monthly payments of \$3,615. The loan matures on February 21, 2025 and is secured by a registered security agreement providing a fixed, first charge on each vehicle financed and Promissory Note in the amount of \$178,500.	\$ 131,455	\$ 166,634
Amounts payable within one year	<u>(35,188)</u>	<u>(32,832)</u>
	<u>\$ 96,267</u>	<u>\$ 133,802</u>
Principal repayment terms are approximately:		
2022	\$ 35,188	
2023	37,713	
2024	40,419	
2025	<u>18,135</u>	
	<u>\$ 131,455</u>	

11. LONG TERM DEBT

	2021	2020
Honda Financial Services loan bearing interest at 2.99% compounded monthly, repayable in monthly blended payments of \$318.	\$ -	\$ 6,070
Honda Financial Services loan bearing interest at 3.99% compounded monthly, repayable in monthly blended payments of \$329.	-	6,278
Honda Financial Services loan bearing interest at 2.99% compounded monthly, repayable in monthly blended payments of \$318.	-	6,069
CSBFP loan bearing interest at 5.45% compounded monthly, repayable in monthly blended payments of \$1,750. The loan matured on March 1, 2021 and was secured by Promissory note for \$88,204 and Registered Security Agreement providing first charge on all vehicles related to this financing.	-	10,292
Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in monthly blended payments of \$454.	-	7,818
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$459.	-	13,735
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$459.	-	13,744

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**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

11. LONG TERM DEBT *(continued)*

	2021	2020
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$363.	-	12,785
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$363.	-	12,785
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$523.	-	18,396
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$430.	-	10,607
Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$213.	-	17,351
Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$240. The loan matures on May 15, 2024 and is secured by the vehicle purchased with the loan which has a carrying value of \$-.	-	20,053
Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$209.	-	17,874
Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$195.	-	18,992
Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$193.	-	16,662
Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in bi-weekly blended payments of \$171.	-	17,391
Canadian Co-operative Investment Fund loan bearing interest at 6.5% compounded monthly, repayable in monthly blended payments of \$799. The loan matures on October 1, 2024 and is secured by the vehicles purchased with the loan which has a carrying value of \$54,090.	<b>26,866</b>	33,246
Community Forward Fund loan bearing interest at 6.5% compounded monthly, repayable in monthly blended payments of \$390. The loan matures on December 31, 2024 and is secured by the vehicle purchased with the loan which has a carrying value of \$19,620.	<b>13,102</b>	16,601
Otto Canada loan bearing interest at 6.75% per annum, repayable in monthly blended payments of \$763. The loan matures on July 24, 2024 and is secured by the vehicles purchased with the loan which has a carrying value of \$28,505	<b>22,968</b>	30,515

*(continues)*



**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

11. LONG TERM DEBT *(continued)*

Otto Canada loan bearing interest at 6.75% per annum, repayable in monthly blended payments of \$578. The loan matures on March 25, 2025 and is secured by the vehicles purchased with the loan. which has a carrying value of \$24,757.

	2021	2020
	<b>21,553</b>	26,834

Canadian Co-operative Investment Fund loan bearing interest at 6% per annum, repayable in monthly blended payments of \$1,450. The loan matures on December 31, 2025 and is secured by the vehicles purchased with the loan which has a carrying value of \$75,373.

	<b>65,981</b>	-
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	<b>150,470</b>	334,098
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Amounts payable within one year

	<b>(39,525)</b>	(94,927)
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	<b>\$ 110,945</b>	\$ 239,171
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Principal repayment terms are approximately:

2022	\$ 39,525	
2023	42,310	
2024	44,391	
2025	19,240	
2026	5,004	

	<b>\$ 150,470</b>
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**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

**12. OBLIGATIONS UNDER CAPITAL LEASE**

	<u>2021</u>	<u>2020</u>
Heffner Auto Finance Corp lease bearing interest at 8.5% compounded monthly, repayable in bi-weekly blended payments of \$251.	\$ -	\$ 24,049
Heffner Auto Finance Corp lease bearing interest at 8.5% compounded monthly, repayable in bi-weekly blended payments of \$265.	-	25,390
Heffner Auto Finance Corp lease bearing interest at 8.5% compounded monthly, repayable in bi-weekly blended payments of \$170.	-	17,219
Heffner Auto Finance Corp lease bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$169.	-	17,311
Heffner Auto Finance Corp lease bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$164.	-	18,234
GC Credit Bail Quebec lease bearing interest at 2.7% per annum, repayable in monthly blended payments of \$761. The lease matured on July 31, 2021	-	8,115
Vickar Chevrolet lease bearing interest at 6.5% compounded monthly, repayable in monthly blended payments of \$582. The lease matures on May 26, 2024 and is secured by 2019 Kia Sedona which has a carrying value of \$23,969.	<b>21,605</b>	25,904
Vickar Chevrolet lease bearing interest at 6.5% compounded monthly, repayable in monthly blended payments of \$725. The lease matures on March 9, 2025 and is secured by 2019 Ford Transit which has a carrying value of \$32,017.	<b>26,097</b>	33,098
Vickar Chevrolet lease bearing interest at 6.5% compounded monthly, repayable in monthly blended payments of \$775. The lease matures on May 31, 2024 and is secured by 2019 Nissan Frontier which has a carrying value of \$29,221.	<b>22,595</b>	30,812
Element Cars lease bearing interest at 3.65% per annum, repayable in monthly blended payments of \$837. The lease matures on May 1, 2026 and is secured by 2 2021 Hyundai Venue which has a carrying value of 37,524.	<b>35,789</b>	-
	<b>106,086</b>	200,132
Amounts payable within one year	<b>(32,481)</b>	(51,463)
	<b>\$ 73,605</b>	<b>\$ 148,669</b>

Future minimum capital lease payments are approximately:

2022	\$ 32,481
2023	32,759
2024	27,744
2025	9,010
2026	4,092
Total minimum payments	<b>\$ 106,086</b>

**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

**13. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN**

The Organization qualified and received an additional \$20,000 during the year for a total of \$60,000 under the Canadian Emergency Business Account Program (CEBA) relating to Federal government initiatives due to COVID-19. The loan bears no interest and no repayment requirements until December 31, 2022. If repaid within the 2 year period \$20,000 is forgiven. If repayment in full is not made, interest payments will be required on the full amount outstanding at a rate of 5% per annum with the total principal balance due on December 31, 2025.

**14. SHARE CAPITAL**

Authorized:

Unlimited Membership shares at \$1 par value per share. The minimum number of shares per member is 500

	<u>2021</u>	<u>2020</u>
Issued:		
473,500 Membership shares	<u>\$ 473,500</u>	<u>\$ 394,500</u>

Share transactions during the year

	<u>2021</u>		<u>2020</u>	
	Shares	Amount	Shares	Amount
<b><u>Membership shares</u></b>				
Shares outstanding at the beginning of the year	394,500	\$ 394,500	332,500	\$ 332,500
Issued	79,000	79,000	62,000	62,000
Shares outstanding at the end of the year	<u>473,500</u>	<u>\$ 473,500</u>	<u>394,500</u>	<u>\$ 394,500</u>

**15. INVESTMENT SHARES**

The Co-op is authorized to issue unlimited Class "A" investment shares at \$100 par value per share.

Upon the fifth year of the investment purchase offering, the Co-op is required to pay back 25% of the investment share balance relating to the initial issuance in four consecutive years.

	<u>2021</u>	<u>2020</u>
Issued:		
Opening shares 6,453.75 (2020 - 6,787.50)	\$ 645,375	\$ 678,750
New share purchases 5,998 (2020 - \$nil) shares	599,800	-
Shares bought back 201.75 (2020 - 333.75)	<u>(20,175)</u>	<u>(33,375)</u>
Total issued 12,250 (2020 - 6,453.75)	<u>\$ 1,225,000</u>	<u>\$ 645,375</u>



**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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**16. GENERAL RESERVE**

A general reserve of 25% of total member shares is required when once the operation of the Co-op reach a surplus.

	<u>2021</u>	<u>2020</u>
Member shares	\$ 473,500	\$ 394,500
25% minimum	118,375	98,625
Deficit end of year	(19,048)	(171,196)

The Co-op is in compliance with the requirements established in the By-Laws as the Co-op currently maintains a net deficit. At year end a reserve account has been maintained of \$18,167 (2020 - \$18,131).

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**17. COMMITMENTS**

The Co-op has entered into an operating lease for two vehicles for a five year period expiring December 1, 2021. Monthly payments are \$298 plus applicable taxes.

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**18. LEASE COMMITMENTS**

The Co-op has a long term lease with respect to its premises. The lease expires March 31, 2024. Future minimum lease payments as at year end are as follows:

2022	\$ 16,500
2023	18,900
2024	10,500
	<u>\$ 45,900</u>

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**PEG CITY CAR CO-OP LTD.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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**19. FINANCIAL INSTRUMENTS**

The Co-op is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Co-op's risk exposure and concentration as of September 30, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Co-op is exposed to credit risk from customers. In order to reduce its credit risk, the Co-op reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Co-op has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Co-op is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases and accounts payable.

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 rate risk, interest rate risk and other price risk. The Co-op is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Co-op manages exposure through its normal operating and financing activities. The Co-op is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Co-op is not exposed to significant other price risks arising from these financial instruments.

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**20. PRIOR PERIOD ADJUSTMENT**

During the course of the year it came to management's attention that a capital lease was treated as an operating lease. Management has decided to adjust the financial records to reflect this change which has resulted in a prior period adjustment to increase assets and adjust retained earnings in accordance with the useful life from prior periods.

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**21. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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**PEG CITY CAR CO-OP LTD.**  
**Fleet Expenses - General**  
**Year Ended September 30, 2021**

(Schedule 1)

	2021	2020
<b>EXPENSES</b>		
Alternative transport	\$ 222	\$ 204
Decals	8,949	3,238
Engage (Car Share Everywhere)	27,635	22,634
Lease payments	7,151	7,151
OnStar	16	392
Open car hardware	16,649	9,930
Parking stall rental	95,820	81,978
Parking stall signage	1,881	3,446
Printing	2,968	414
Towing	681	2,761
	<u>\$ 161,972</u>	<u>\$ 132,148</u>

**Fleet Expenses - Ownership (fixed)**  
**Year Ended September 30, 2021**

(Schedule 2)

	2021	2020
<b>EXPENSES</b>		
Amortization	\$ 151,969	\$ 119,936
Insurance & registration	84,700	84,660
Interest on callable debt	8,093	3,804
Interest on long term debt	17,146	24,667
Interest on obligations under capital lease	8,765	19,872
	<u>\$ 270,673</u>	<u>\$ 252,939</u>

**Fleet Expenses - Operating (variable)**  
**Year Ended September 30, 2021**

(Schedule 3)

	2021	2020
<b>EXPENSES</b>		
Cleaning	\$ 4,095	\$ 2,527
Damage	31,949	24,957
Electricity charges	-	240
Fuel	119,426	77,809
Maintenance	60,047	73,078
	<u>\$ 215,517</u>	<u>\$ 178,611</u>



**PEG CITY CAR CO-OP LTD.**  
**Marketing and Promotion Expenses**  
**Year Ended September 30, 2021**

**(Schedule 4)**

	2021	2020
<b>EXPENSES</b>		
A/V rental	\$ 119	\$ 176
Consulting fees	24,487	6,204
Display table/booth	1,233	-
Driving abstracts & others	5,370	4,462
Driving credit	11,652	17,195
Food	5,624	1,922
Graphic design	8,247	7,245
Marketing materials	1,127	-
Membership referral	1,540	500
Posters	1,768	5,799
Print ads	8,517	9,598
Printing	3,167	3,665
Prizes	457	110
Shop local credit	410	470
Silverbox ads	6,275	5,655
Sponsorships	5,375	-
Video	1,245	761
Web ads	11,958	14,859
Website design	221	1,148
Website hosting	527	760
	<b>\$ 99,319</b>	<b>\$ 80,529</b>

**PEG CITY CAR CO-OP LTD.**  
**Administration**  
**Year Ended September 30, 2021**

**(Schedule 5)**

	2021	2020
<b>EXPENSES</b>		
Bad debts expense	\$ 11,315	\$ 7,434
Bank charges	7,131	5,719
Donations	1,100	1,650
Insurance (Directors)	655	658
Interest expense (Other)	85	49
Licenses and fees	774	987
Membership fees	95	388
Parking	459	1,102
Printing	-	299
Professional fees: audit fees	10,005	8,998
Professional fees: bookkeeping	4,650	3,301
Professional fees: legal fees	1,046	437
Transportation	16	-
Travel	(815)	865
Visa Desjardins	19,838	15,948
	<u>\$ 56,354</u>	<u>\$ 47,835</u>

**Office Expenses**  
**Year Ended September 30, 2021**

**(Schedule 6)**

	2021	2020
<b>EXPENSES</b>		
Courier	\$ 190	\$ 412
Equipment & furnishings	95	-
Insurance	1,831	1,463
Internet	1,146	1,089
Office supplies	2,927	1,291
Phone	6,036	3,806
Postage	750	873
Rent	13,500	4,505
Software	5,602	3,115
	<u>\$ 32,077</u>	<u>\$ 16,554</u>