

PEG CITY CAR CO-OP LTD.
Financial Statements
Year Ended September 30, 2020

PEG CITY CAR CO-OP LTD.
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Year Ended September 30, 2020

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Rawluk & Robert

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2020, 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, 2020, 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 19, 2021


Rawluk & Robert Chartered Professional Accountants Inc.
Chartered Professional Accountants

PEG CITY CAR CO-OP LTD.


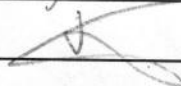
Balance Sheet

September 30, 2020

| | 2020 | 2019 |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 517,121 | \$ 624,537 |
| Investments (Note 4) | 86,050 | - |
| Accounts receivable | 138,305 | 77,159 |
| Prepaid expenses | 1,476 | - |
| | 742,952 | 701,696 |
| PROPERTY AND EQUIPMENT (Note 5) | 998,592 | 637,997 |
| INVESTMENT SHARE ACCOUNT (Note 6) | 474 | 474 |
| INVESTMENTS (Note 4) | - | 83,625 |
| | \$ 1,742,018 | \$ 1,423,792 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 8) | \$ 40,288 | \$ 46,918 |
| Deferred income (Note 9) | 81,686 | 63,627 |
| Callable debt due in one year (Note 10) | 32,832 | - |
| Current portion of long term debt (Note 11) | 94,927 | 87,167 |
| Current portion of obligations under capital lease (Note 12) | 51,463 | 33,464 |
| | 301,196 | 231,176 |
| Callable debt due thereafter (Note 10) | 133,802 | - |
| | 434,998 | 231,176 |
| LONG TERM DEBT (Note 11) | 239,171 | 248,262 |
| OBLIGATIONS UNDER CAPITAL LEASE (Note 12) | 140,554 | 110,728 |
| LONG TERM DEFERRED INCOME (Note 9) | 29,631 | 52,751 |
| CANADIAN EMERGENCY BUSINESS ACCOUNT (Note 13) | 40,000 | - |
| | 884,354 | 642,917 |
| MEMBERS' EQUITY | | |
| Members' shares (Note 15) | 394,500 | 332,500 |
| Investment shares (Note 16) | 645,375 | 678,750 |
| Deficit | (182,211) | (230,375) |
| | 857,664 | 780,875 |
| | \$ 1,742,018 | \$ 1,423,792 |

COMMITMENTS (Note 14)

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, 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| REVENUES | | |
| Usage fees | \$ 761,840 | \$ 591,294 |
| Project fees | 76,592 | 77,608 |
| In-kind contributions | 40,932 | 40,932 |
| Damage pool | 30,320 | 20,710 |
| Other income | 15,393 | 6,318 |
| Application fees | 10,144 | 11,946 |
| Grant | 1,000 | - |
| | <u>936,221</u> | <u>748,808</u> |
| EXPENSES | | |
| Staff costs | 195,435 | 129,922 |
| Fleet Expenses - General (Schedule 1) | 140,263 | 119,556 |
| Fleet Expenses - Ownership (fixed) (Schedule 2) | 249,461 | 203,224 |
| Fleet Expenses - Operating (variable) (Schedule 3) | 178,611 | 158,280 |
| Marketing and Promotion Expenses (Schedule 4) | 80,529 | 73,578 |
| Administration (Schedule 5) | 47,835 | 44,664 |
| Office Expenses (Schedule 6) | 16,554 | 11,509 |
| | <u>908,688</u> | <u>740,733</u> |
| INCOME FROM OPERATIONS | <u>27,533</u> | <u>8,075</u> |
| OTHER INCOME | | |
| Canada emergency wage subsidy | 20,131 | - |
| Gain (loss) on disposal of property and equipment | 500 | (16,373) |
| Prior year recovery | - | 40,817 |
| | <u>20,631</u> | <u>24,444</u> |
| NET INCOME | <u>\$ 48,164</u> | <u>\$ 32,519</u> |

See notes to financial statements

PEG CITY CAR CO-OP LTD.
Statement of Deficit
Year Ended September 30, 2020

| | 2020 | 2019 |
|------------------------------------|----------------------------|----------------------------|
| DEFICIT - BEGINNING OF YEAR | \$ (230,375) | \$ (262,894) |
| NET INCOME | 48,164 | 32,519 |
| DEFICIT - END OF YEAR | <u>\$ (182,211)</u> | <u>\$ (230,375)</u> |

See notes to financial statements

PEG CITY CAR CO-OP LTD.
Statement of Cash Flows
Year Ended September 30, 2020

| | 2020 | 2019 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 48,164 | \$ 32,519 |
| Items not affecting cash: | | |
| Amortization of property and equipment | 116,458 | 76,247 |
| Loss (gain) on disposal of property and equipment | (500) | 16,373 |
| | <u>164,122</u> | <u>125,139</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (61,146) | (5,191) |
| Prepaid expenses | (1,476) | - |
| Accounts payable and accrued liabilities | (6,630) | 24,830 |
| Deferred income | 18,059 | 26,666 |
| Long term deferred income | (23,120) | 24,637 |
| | <u>(74,313)</u> | <u>70,942</u> |
| Cash flow from operating activities | <u>89,809</u> | <u>196,081</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (414,688) | (126,038) |
| Proceeds on disposal of property and equipment | 8,250 | 13,000 |
| Investments | (2,425) | (83,625) |
| Cash flow used by investing activities | <u>(408,863)</u> | <u>(196,663)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from callable debt | 178,500 | - |
| Proceeds from long term debt | 90,344 | 59,867 |
| Repayment of callable debt | (11,866) | - |
| Repayment of long term debt | (91,676) | (80,795) |
| Repayment of obligations under capital lease | (22,289) | (16,089) |
| Canadian emergency business account | 40,000 | - |
| Members' shares | 62,000 | 77,500 |
| Investment shares | (33,375) | 351,575 |
| Cash flow from financing activities | <u>211,638</u> | <u>392,058</u> |
| INCREASE (DECREASE) IN CASH FLOW | <u>(107,416)</u> | <u>391,476</u> |
| Cash - beginning of year | <u>624,537</u> | <u>233,061</u> |
| CASH - END OF YEAR | <u>\$ 517,121</u> | <u>\$ 624,537</u> |

See notes to financial statements

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

1. DESCRIPTION OF BUSINESS

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

2. BASIS OF PRESENTATION

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

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 | 55% declining balance method |
| Furniture and fixtures | 5 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.

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.

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 |
|----------------|------------------------------|

All additions made during the year are amortized at 50% of the above rates.

(continues)

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

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

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

Grant income is recognized in revenue when it is received.

Canada Emergency Wage Subsidy (CEWS)

In order to determine if the Organization is eligible to claim the CEWS, a subsidy of 75% of employee wages, due to loss of revenue the Organization has chosen to use their baseline revenue from 2019 compared to that in 2020.

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.

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.

(continues)

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

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. INVESTMENTS

| | Purchase date | Maturity date | Interest rate % | 2020 | 2019 |
|------------|-------------------|-------------------|-----------------|-----------|-----------|
| 24-35M GIC | December 18, 2018 | December 18, 2020 | 2.9 | \$ 86,050 | \$ 83,625 |

5. PROPERTY AND EQUIPMENT

| | 2020 | | 2019 | |
|------------------------|---------------------|--------------------------|-------------------|--------------------------|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Computer equipment | \$ 2,876 | \$ 288 | \$ - | \$ - |
| Furniture and fixtures | 40,726 | 4,863 | 13,173 | 1,495 |
| Motor vehicles | 1,265,551 | 305,410 | 829,848 | 203,529 |
| | \$ 1,309,153 | \$ 310,561 | \$ 843,021 | \$ 205,024 |
| Net book value | \$ 998,592 | | \$ 637,997 | |

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:

| | 2020 | 2019 |
|-----------------------|---------------|---------------|
| ACU Share | \$ 5 | \$ 5 |
| Red River Co-op Share | 469 | 469 |
| | \$ 474 | \$ 474 |

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

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%, 2019 - 6.95%). The line of credit is to cover fleet and operating expenses. The balance of this line of credit in the form of overdraft in 2020 is \$Nil (2019 - \$Nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2020 | 2019 |
|--|------------------|------------------|
| Accounts payable and accrued liabilities | \$ 19,051 | \$ 25,422 |
| Goods and service tax | 4,421 | 9,881 |
| Provincial sales tax | 16,816 | 11,615 |
| | <u>\$ 40,288</u> | <u>\$ 46,918</u> |

9. DEFERRED INCOME

| | 2020 | 2019 |
|-------------------------------------|-------------------|-------------------|
| Aembit Development | \$ - | \$ 6,250 |
| Dennistoun Real Estate | 18,741 | 27,997 |
| Old Grace Housing | 14,466 | 37,752 |
| Ranjan | 6,393 | 15,917 |
| Sherbrook Inc | 46,799 | 58,096 |
| Wellington Ltd | 30,500 | 30,500 |
| Westminster | 34,500 | - |
| Stradbrook | 18,500 | - |
| Colony | 4,666 | - |
| Unredeemed carsharing credits | 2,004 | - |
| Subtotal | 176,569 | 176,512 |
| Income recognized during the year | (65,252) | (60,134) |
| | <u>\$ 111,317</u> | <u>\$ 116,378</u> |
| Deferred income - current portion | \$ 81,686 | \$ 63,627 |
| Deferred income - long term portion | 29,631 | 52,751 |
| Total deferred income | <u>\$ 111,317</u> | <u>\$ 116,378</u> |

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

10. CALLABLE DEBT

Assiniboine Credit Union loan bearing interest at 6.95%, 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.

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-------------------|-------------|
| | \$ 166,634 | \$ - |
| | 166,634 | - |
| Amounts payable within one year | (32,832) | - |
| | \$ 133,802 | \$ - |

Principal repayment terms are approximately:

| | |
|------|-------------------|
| 2021 | \$ 32,832 |
| 2022 | 35,188 |
| 2023 | 37,713 |
| 2024 | 40,419 |
| 2025 | 20,482 |
| | <u>\$ 166,634</u> |

11. LONG TERM DEBT

Honda Financial Services loan bearing interest at 2.99% compounded monthly, repayable in monthly blended payments of \$318. The loan matures on April 15, 2022 and is secured by the vehicle purchased with the loan.

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|-----------------|
| | \$ 6,070 | \$ 9,506 |

Honda Financial Services loan bearing interest at 3.99% compounded monthly, repayable in monthly blended payments of \$329. The loan matures on April 15, 2022 and is secured by the vehicle purchased with the loan.

6,278 9,714

Honda Financial Services loan bearing interest at 2.99% compounded monthly, repayable in monthly blended payments of \$318. The loan matures on April 15, 2022 and is secured by the vehicle purchased with the loan.

6,069 9,505

CSBFP loan loan bearing interest at 5.45% compounded monthly, repayable in monthly blended payments of \$1,750. The loan matures on March 1, 2021 and is secured by Promissory note for \$88,204 and Registered Security Agreement providing first charge on all vehicles related to this financing.

10,292 25,607

(continues)

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

11. LONG TERM DEBT *(continued)*

| | 2020 | 2019 |
|---|--------|--------|
| Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in monthly blended payments of \$454. The loan matures on December 8, 2021 and is secured by the vehicle purchased with the loan. | 7,818 | 11,529 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$459. The loan matures on May 1, 2023 and is secured by the vehicle purchased with the loan. | 13,735 | 17,361 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$459. The loan matures on May 1, 2023 and is secured by the vehicle purchased with the loan. | 13,744 | 17,372 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$363. The loan matures on December 31, 2023 and is secured by the vehicle purchased with the loan. | 12,785 | 15,659 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$363. The loan matures on December 31, 2023 and is secured by the vehicle purchased with the loan. | 12,785 | 15,659 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$523. The loan matures on December 1, 2023 and is secured by the vehicle purchased with the loan. | 18,396 | 22,536 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in monthly blended payments of \$430. The loan matures on January 31, 2024 and is secured by the vehicle purchased with the loan. | 10,607 | 16,369 |
| Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$213. The loan matures on April 30, 2024 and is secured by the vehicle purchased with the loan. | 17,351 | 21,207 |
| 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. | 20,053 | 24,401 |
| Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$209. The loan matures on June 30, 2024 and is secured by the vehicle purchased with the loan. | 17,874 | 21,488 |

(continues)

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

11. LONG TERM DEBT *(continued)*

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$195. The loan matures on September 30, 2024 and is secured by the vehicle purchased with the loan . | 18,992 | 19,527 |
| Heffner Motors Limited loan bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$193. The loan matures on July 31, 2024 and is secured by the vehicle purchased with the loan. | 16,662 | 20,007 |
| Go Drive Sales and Leasing Inc loan bearing interest at 6.75% compounded monthly, repayable in monthly blended payments of \$763. The loan matures on July 1, 2024 and is secured by the vehicles purchased with the loan and general PPSA of borrowers assets in the amount of \$44,600. | 30,515 | 37,692 |
| Heffner Motors Limited loan bearing interest at 8% compounded monthly, repayable in bi-weekly blended payments of \$171. The loan matures on May 21, 2024 and is secured by the vehicle purchased with the loan. | 17,391 | 20,290 |
| 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 15, 2024 and is secured by the vehicles purchased with the loan. | 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. | 16,601 | - |
| Go Drive Sales and Leasing Inc loan bearing interest at 6.75% compounded monthly, repayable in monthly blended payments of \$578. The loan matures on April 1, 2025 and is secured by the vehicle purchased with the loan. | 26,834 | - |
| | 334,098 | 335,429 |
| Amounts payable within one year | (94,927) | (87,167) |
| | \$ 239,171 | \$ 248,262 |

Principal repayment terms are approximately:

| | |
|------|-------------------|
| 2021 | \$ 94,927 |
| 2022 | 94,016 |
| 2023 | 79,062 |
| 2024 | 56,454 |
| 2025 | 9,639 |
| | \$ 334,098 |

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

12. OBLIGATIONS UNDER CAPITAL LEASE

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Heffner Auto Finance Corp lease bearing interest at 8.5% compounded monthly, repayable in bi-weekly blended payments of \$251. The lease matures on October 31, 2024 and is secured by 2017 Nissan Frontier SV which has a carrying value of \$26,320. | \$ 24,049 | \$ 27,094 |
| Heffner Auto Finance Corp lease bearing interest at 8.5% compounded monthly, repayable in bi-weekly blended payments of \$265. The lease matures on October 31, 2024 and is secured by 2018 Dodge Van which has a carrying value of \$27,299. | 25,390 | 28,583 |
| Heffner Auto Finance Corp lease bearing interest at 8.5% compounded monthly, repayable in bi-weekly blended payments of \$170. The lease matures on December 31, 2024 and is secured by 2019 Hyundai Accent which has a carrying value of \$17,843. | 17,219 | 19,498 |
| Heffner Auto Finance Corp lease bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$169. The lease matures on November 30, 2024 and is secured by 2019 Hyundai Accent which has a carrying value of \$17,960. | 17,311 | 19,196 |
| Heffner Auto Finance Corp lease bearing interest at 8.25% compounded monthly, repayable in bi-weekly blended payments of \$164. The lease matures on December 31, 2025 and is secured by 2019 Hyundai Accent which has a carrying value of \$17,960. | 18,234 | 19,618 |
| 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 \$28,593. | 25,904 | 30,203 |
| 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 \$36,475. | 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 \$33,170. | 30,812 | - |
| | 192,017 | 144,192 |
| Amounts payable within one year | (51,463) | (33,464) |
| | \$ 140,554 | \$ 110,728 |

(continues)

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

12. OBLIGATIONS UNDER CAPITAL LEASE *(continued)*

Future minimum capital lease payments are approximately:

| | |
|------------------------------|-------------------|
| 2021 | \$ 51,463 |
| 2022 | 51,463 |
| 2023 | 51,463 |
| 2024 | <u>37,628</u> |
| Total minimum lease payments | <u>\$ 192,017</u> |

13. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN

The Organization qualified and received \$40,000 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 25% is forgiven.

14. 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.

15. MEMBERS' SHARES

Authorized:

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

Issued:

394,500 Membership Shares

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| | <u>\$ 394,500</u> | <u>\$ 332,500</u> |

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2020

16. INVESTMENT SHARES

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

As part of the Manitoba's Community Enterprise Development (CED) tax credit program, investment shares up to \$200,000 (i.e. 2,000 shares) would be eligible for the tax credit. Any shares issued after this limit will not be eligible for the tax credit.

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Issued: | | |
| Opening shares | \$ 678,750 | \$ 327,175 |
| New share purchases 2020 - \$nil (2019 - 4,015.75) shares | - | 400,000 |
| Shares bought back | <u>(33,375)</u> | <u>(48,425)</u> |
| | <u>\$ 645,375</u> | <u>\$ 678,750</u> |

17. COMPARATIVE FIGURES

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

PEG CITY CAR CO-OP LTD.
Fleet Expenses - General
Year Ended September 30, 2020

(Schedule 1)

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| EXPENSES | | |
| Alternative transport | \$ 204 | \$ 490 |
| Decals | 3,238 | 4,320 |
| Engage (Car Share Everywhere) | 22,634 | 16,847 |
| Lease payments | 7,151 | 8,514 |
| OnStar | 392 | 272 |
| Open car hardware | 18,045 | 21,048 |
| Parking stall rental | 81,978 | 65,421 |
| Parking stall signage | 3,446 | 2,644 |
| Printing | 414 | - |
| Towing | 2,761 | - |
| | <u>\$ 140,263</u> | <u>\$ 119,556</u> |

Fleet Expenses - Ownership (fixed)
Year Ended September 30, 2020

(Schedule 2)

| | 2020 | 2019 |
|---|-------------------|-------------------|
| EXPENSES | | |
| Amortization | \$ 116,458 | \$ 76,247 |
| Insurance & registration | 84,660 | 92,719 |
| Interest on callable debt | 3,804 | - |
| Interest on long term debt | 24,667 | 24,655 |
| Interest on obligations under capital lease | 19,872 | 9,603 |
| | <u>\$ 249,461</u> | <u>\$ 203,224</u> |

Fleet Expenses - Operating (variable)
Year Ended September 30, 2020

(Schedule 3)

| | 2020 | 2019 |
|---------------------|-------------------|-------------------|
| EXPENSES | | |
| Cleaning | \$ 2,527 | \$ 655 |
| Damage | 24,957 | 17,868 |
| Electricity charges | 240 | 240 |
| Fuel | 77,809 | 67,441 |
| Maintenance | 73,078 | 63,296 |
| Supplies | - | 6,598 |
| Tires | - | 2,182 |
| | <u>\$ 178,611</u> | <u>\$ 158,280</u> |

PEG CITY CAR CO-OP LTD.
Marketing and Promotion Expenses
Year Ended September 30, 2020

(Schedule 4)

| | 2020 | 2019 |
|----------------------------|------------------|------------------|
| EXPENSES | | |
| A/V rental | \$ 176 | \$ - |
| Consulting fees | 6,204 | 4,316 |
| Driving abstracts & others | 4,462 | 4,653 |
| Driving credit | 17,195 | 18,017 |
| Food | 1,922 | 1,590 |
| Graphic design | 7,245 | 4,271 |
| Membership referral | 500 | 750 |
| Posters | 5,799 | 7,777 |
| Print ads | 9,598 | 11,812 |
| Printing | 3,665 | 2,516 |
| Prizes | 110 | - |
| Shop local credit | 470 | 410 |
| Silverbox ads | 5,655 | 3,095 |
| Sponsorships | - | 1,500 |
| Venue rental | - | 126 |
| Video | 761 | 1,332 |
| Web ads | 14,859 | 9,837 |
| Website design | 1,148 | 1,153 |
| Website hosting | 760 | 423 |
| | \$ 80,529 | \$ 73,578 |

PEG CITY CAR CO-OP LTD.
Administration
Year Ended September 30, 2020

(Schedule 5)

| | 2020 | 2019 |
|--------------------------------|------------------|------------------|
| EXPENSES | | |
| Professional fees: legal fees | \$ 437 | \$ - |
| Bad debts expense | 7,434 | 4,351 |
| Bank charges | 5,719 | 6,689 |
| Donations | 1,650 | 100 |
| Insurance (Directors) | 658 | 908 |
| Interest expense (Other) | 49 | 510 |
| Licenses and fees | 987 | 529 |
| Membership fees | 388 | 615 |
| Other expenses | - | 81 |
| Parking | 1,102 | 697 |
| Printing | 299 | - |
| Professional fees: audit fees | 8,998 | 8,560 |
| Professional fees: bookkeeping | 3,301 | 4,086 |
| Transportation | - | 238 |
| Travel | 865 | 1,201 |
| Visa Desjardins | 15,948 | 16,099 |
| | <u>\$ 47,835</u> | <u>\$ 44,664</u> |

Office Expenses
Year Ended September 30, 2020

(Schedule 6)

| | 2020 | 2019 |
|-----------------|------------------|------------------|
| EXPENSES | | |
| Courier | \$ 412 | \$ 388 |
| Email hosting | - | 307 |
| Insurance | 1,463 | 1,301 |
| Internet | 1,089 | 1,010 |
| Office supplies | 1,291 | 751 |
| Phone | 3,806 | 1,462 |
| Postage | 873 | 611 |
| Rent | 4,505 | 4,500 |
| Software | 3,115 | 1,179 |
| | <u>\$ 16,554</u> | <u>\$ 11,509</u> |