

PEG CITY CAR CO-OP LTD.
Financial Statements
Year Ended September 30, 2023

PEG CITY CAR CO-OP LTD.
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Year Ended September 30, 2023

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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 "company"), which comprise the balance sheet as at September 30, 2023, and the statements of income, retained earnings 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 company as at September 30, 2023, 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 company 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.

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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company'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:

(continues)

Rawluk & Robert

CHARTERED PROFESSIONAL ACCOUNTANTS

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

- 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 company'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 company'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 company 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
February 5, 2024


Rawluk & Robert Chartered Professional Accountants Inc.
Chartered Professional Accountants

PEG CITY CAR CO-OP LTD.


Balance Sheet


September 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 936,718	\$ 1,129,700
Investments (Note 4)	281,587	90,941
Accounts receivable	290,947	189,129
Prepaid expenses	-	964
	1,509,252	1,410,734
PROPERTY AND EQUIPMENT (Note 5)	2,704,711	1,675,505
INVESTMENT SHARE ACCOUNT (Note 6)	4,928	3,107
	\$ 4,218,891	\$ 3,089,346
LIABILITIES AND MEMBERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 353,754	\$ 162,138
Dividends payable (Note 9)	23,997	34,494
Callable debt due in one year (contra debit) (Note 10)	40,419	37,712
Current portion of long term debt (Note 11)	112,781	73,655
Current portion of obligations under capital lease (Note 12)	128,450	93,279
Deferred income (Note 13)	95,388	59,712
	754,789	460,990
Callable debt due thereafter (Note 10)	16,762	57,248
	771,551	518,238
LONG TERM DEBT (Note 11)	260,108	181,902
OBLIGATIONS UNDER CAPITAL LEASE (Note 12)	344,700	299,866
LONG TERM DEFERRED INCOME (Note 13)	5,990	15,813
CANADIAN EMERGENCY BUSINESS ACCOUNT (Note 14)	-	60,000
	1,382,349	1,075,819
MEMBERS' EQUITY		
Issued share capital (Note 15)	765,500	635,500
Investment shares (Note 9)	1,599,800	1,152,875
Retained earnings	471,242	225,152
	2,836,542	2,013,527
	\$ 4,218,891	\$ 3,089,346

LEASE COMMITMENTS (Note 17)

ON BEHALF OF THE BOARD


Philip Mikulec (Feb 9, 2024 16:03 CST)
 Director


Riel Moar (Feb 14, 2024 07:11 CST)
 Director

See notes to financial statements

PEG CITY CAR CO-OP LTD.
Statement of Income
Year Ended September 30, 2023

	2023	2022
REVENUES		
Usage fees	\$ 2,080,359	\$ 1,474,641
In-kind contributions	111,938	85,891
Project fees	91,302	85,435
Damage pool	39,091	51,850
Other income	38,156	17,848
Application fees	20,416	24,244
Grants	20,000	7,500
	2,401,262	1,747,409
EXPENSES		
Staff costs	447,609	324,358
Fleet Expenses - General (<i>Schedule 1</i>)	297,128	206,634
Fleet Expenses - Ownership (fixed) (<i>Schedule 2</i>)	532,308	345,832
Fleet Expenses - Operating (variable) (<i>Schedule 3</i>)	538,660	364,898
Marketing and Promotion Expenses (<i>Schedule 4</i>)	171,120	131,182
Administration (<i>Schedule 5</i>)	118,058	77,401
Office Expenses (<i>Schedule 6</i>)	54,369	39,096
	2,159,252	1,489,401
INCOME FROM OPERATIONS	242,010	258,008
OTHER INCOME		
Gain on disposal of property and equipment	28,077	21,019
NET INCOME	\$ 270,087	\$ 279,027

See notes to financial statements

PEG CITY CAR CO-OP LTD.
Statement of Retained Earnings
Year Ended September 30, 2023

	2023	2022
RETAINED EARNINGS (DEFICIT) - BEGINNING OF YEAR	\$ 225,152	\$ (19,381)
NET INCOME	<u>270,087</u>	279,027
	495,239	259,646
DIVIDENDS DECLARED	<u>(23,997)</u>	(34,494)
RETAINED EARNINGS - END OF YEAR	<u>\$ 471,242</u>	<u>\$ 225,152</u>

PEG CITY CAR CO-OP LTD.
Statement of Cash Flows
Year Ended September 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 270,087	\$ 279,027
Items not affecting cash:		
Amortization of property and equipment	296,943	197,018
Gain on disposal of property and equipment	(28,077)	(21,019)
	<u>538,953</u>	<u>455,026</u>
Changes in non-cash working capital:		
Accounts receivable	(101,818)	(27,882)
Prepaid expenses	964	6,036
Accounts payable and accrued liabilities	191,613	75,720
Dividends payable	(10,497)	34,494
Deferred income	35,676	(8,842)
Long term deferred income	(9,823)	(7,166)
	<u>106,115</u>	<u>72,360</u>
Cash flow from operating activities	<u>645,068</u>	<u>527,386</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,172,058)	(489,034)
Proceeds on disposal of property and equipment	56,029	100,464
Investments	(190,646)	(89,897)
Investment share account	(1,821)	(2,633)
Long term investments	-	88,552
	<u>(1,308,496)</u>	<u>(392,548)</u>
Cash flow used by investing activities	<u>(1,308,496)</u>	<u>(392,548)</u>
FINANCING ACTIVITIES		
Dividends paid	(23,997)	(34,494)
Proceeds from long term financing	199,620	166,000
Repayment of callable debt	(37,780)	(36,495)
Repayment of long term debt	(82,289)	(60,912)
Repayment of obligations under capital lease	(102,033)	(64,555)
Canadian emergency business account	(60,000)	-
Membership shares	130,000	162,000
Investment shares	446,925	(72,125)
	<u>470,446</u>	<u>59,419</u>
Cash flow from financing activities	<u>470,446</u>	<u>59,419</u>
INCREASE (DECREASE) IN CASH FLOW	(192,982)	194,257
Cash - beginning of year	<u>1,129,700</u>	<u>935,443</u>
CASH - END OF YEAR	\$ 936,718	\$ 1,129,700
CASH CONSISTS OF:		
ACU Chequing	\$ 628,956	\$ 451,677
ACU High Interest Rate Savings Account	307,762	659,708
ACU Reserved Funds Account	-	18,283
ACU Investment Share Account	-	32
	<u>\$ 936,718</u>	<u>\$ 1,129,700</u>

See notes to financial statements

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

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 company'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 on a declining balance basis 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 company 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 leases are stated at cost less accumulated amortization. Assets under capital leases are amortized over their estimated useful lives at the following rates and methods:

Motor vehicles	7 years	straight-line method
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Assets under capital leases acquired during the year but not placed into use are not amortized until they are placed into use.

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, 2023

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 10% 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 company's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Revenue recognition

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

1. Services are provided to members or non-members.
2. There is clear evidence that an arrangement exists.
3. Amounts are fixed or can be determined.
4. 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 the revenue when earned.

Grant income is recognized in revenue when it is received.

Leases

Leases are classified as either capital or operating leases. At the time the company 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 company uses the income taxes payable method of accounting for income taxes. Under this method, the company 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, 2023

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

	2023	2022
12-23M GIC, matures March 29, 2024 4.70%	\$ 275,000	\$ -
24-35M GIC, matures December 18, 2022 1.50%	-	89,881
Interest receivable	6,587	1,060
	\$ 281,587	\$ 90,941

5. PROPERTY AND EQUIPMENT

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 16,737	\$ 5,643	\$ 11,309	\$ 2,839
Furniture and fixtures	190,101	41,270	107,876	22,834
Motor vehicles	3,286,034	741,248	2,103,499	521,506
	\$ 3,492,872	\$ 788,161	\$ 2,222,684	\$ 547,179
Net book value	\$ 2,704,711		\$ 1,675,505	

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:

	2023	2022
ACU Share	\$ 5	\$ 5
Red River Co-op Share	4,923	3,102
	\$ 4,928	\$ 3,107

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

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 8.20% (2022 - 8.45%). The line of credit is to cover fleet and operating expenses. The balance of this line of credit in the form of overdraft in 2023 is \$Nil (2022 - \$Nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts payable and accrued liabilities	\$ 315,426	\$ 118,820
Goods and service tax (recoverable)	(10,926)	7,247
Provincial sales tax	49,253	36,071
	\$ 353,753	\$ 162,138

9. 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.

	2023	2022
Issued:		
Opening shares 11,528.75 (2022 - 12,250)	\$ 1,152,875	\$ 1,225,000
New share purchases 6,045.75 (2022 - nil) shares	604,575	-
Shares bought back 1,576.50 (2022 - 721.25)	(157,650)	(72,125)
Total issued 15,998 (2022 - 11,528.75)	\$ 1,599,800	\$ 1,152,875

Investment shareholders are entitled to vote at a meeting of the shareholders. A 1.50% dividend has been declared on the outstanding shares at year end.

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

10. CALLABLE DEBT

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.

Amounts payable within one year

	2023	2022
	\$ 57,181	\$ 94,960
	(40,419)	(37,712)
	\$ 16,762	\$ 57,248

Principal repayment terms are approximately:

	2024	\$ 40,419
	2025	16,762
		\$ 57,181

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

11. LONG TERM DEBT

	2023	2022
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 \$40,975.	\$ 9,986	\$ 18,692
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 \$14,303.	4,870	9,115
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 \$10,140.	7,404	15,158
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 which has a carrying value of \$18,482.	9,861	15,904
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 \$58,334.	37,311	52,075
Assiniboine Credit Union loan bearing interest at 3.79% per annum, repayable in monthly blended payments of \$1,835. The loan matures on October 1, 2026 and is secured by the vehicles purchased with the loan which has a carrying value of \$118,165.	63,465	82,684
Assiniboine Credit Union loan bearing interest at 4.47% per annum, repayable in monthly blended payments of \$1,230. The loan matures on May 2, 2027 and is secured by the vehicles purchased with the loan which has a carrying value of \$58,556.	49,688	61,929
Assiniboine Credit Union loan bearing interest at 6.6% compounded monthly, repayable in monthly blended payments of \$1,750. The loan matures on March 1, 2028 and is secured by the vehicles purchased with the loan which has a carrying value of \$86,639.	79,804	-
Assiniboine Credit Union loan bearing interest at 6.4% compounded monthly, repayable in monthly blended payments of \$2,160. The loan matures on October 1, 2028 and is secured by the vehicles purchased with the loan which has a carrying value of \$114,940.	110,500	-
	372,889	255,557
Amounts payable within one year	(112,781)	(73,655)
	\$ 260,108	\$ 181,902

Principal repayment terms are approximately:

2024	\$ 112,781
2025	92,072
2026	82,298
2027	52,892
2028	32,846
	\$ 372,889

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

12. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2023</u>	<u>2022</u>
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 \$16,650.	\$ 7,981	\$ 17,306
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 \$23,102.	13,261	19,097
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 \$21,322.	5,974	14,379
Element Cars lease bearing interest at 3.65% compounded monthly, repayable in monthly blended payments of \$837. The lease matures on May 1, 2026 and is secured by 2021 Hyundai Venue which has a carrying value of \$14,528.	10,374	14,249
Element Cars lease bearing interest at 4.525% compounded monthly, repayable in monthly blended payments of \$450. The lease matures on December 31, 2027 and is secured by 2022 Toyota Corolla Hybrid which has a carrying value of \$22,458.	15,862	20,294
Element Cars lease bearing interest at 4.4% compounded monthly, repayable in monthly blended payments of \$396. The lease matures on December 31, 2027 and is secured by 2022 Hyundai Venue Preferred which has a carrying value of \$17,371.	13,995	17,916
Element Cars lease bearing interest at 5.275% compounded monthly, repayable in monthly blended payments of \$395. The lease matures on April 1, 2027 and is secured by 4 2022 Hyundai Venue Preferred which has a carrying value of \$68,058.	59,015	73,975
Element Cars lease bearing interest at 5.275% compounded monthly, repayable in monthly blended payments of \$307. The lease matures on June 1, 2027 and is secured by 2 2022 Hyundai Venue Preferred which has a carrying value of \$37,190.	31,476	39,253
Foss National Leasing lease bearing interest at 5.38% compounded monthly, repayable in monthly blended payments of \$730. The lease matures on June 15, 2027 and is secured by 2022 Ford Transit 150 which has a carrying value of \$37,854.	33,847	41,681
Foss National Leasing lease bearing interest at 5.71% compounded monthly, repayable in monthly blended payments of \$809. The lease matures on September 15, 2027 and is secured by 2022 Toyota Sienna LE which has a carrying value of \$36,069.	33,162	40,544

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PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

12. OBLIGATIONS UNDER CAPITAL LEASE *(continued)*

	2023	2022
Foss National Leasing lease bearing interest at 5.7% compounded monthly, repayable in monthly blended payments of \$630. The lease matures on July 1, 2027 and is secured by 2022 Hyundai Santa FE which has a carrying value of \$28,392.	24,881	30,662
Foss National Leasing lease bearing interest at 5.14% compounded monthly, repayable in monthly blended payments of \$496. The lease matures on June 1, 2027 and is secured by 2022 Toyota Corolla Hybrid which has a carrying value of \$22,355.	19,400	24,068
Foss National Leasing lease bearing interest at 5.78% compounded monthly, repayable in monthly blended payments of \$415. The lease matures on June 1, 2027 and is secured by 2022 Hyundai Venue Preferred which has a carrying value of \$18,407.	16,062	19,870
Foss National Leasing lease bearing interest at 5.14% compounded monthly, repayable in monthly blended payments of \$409. The lease matures on June 1, 2027 and is secured by 2022 Hyundai Venue Preferred which has a carrying value of \$18,407.	16,002	19,851
Foss National Leasing lease bearing interest at 6.68% per annum, repayable in monthly blended payments of \$425. The lease matures on April 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,266.	21,269	-
Foss National Leasing lease bearing interest at 6.68% per annum, repayable in monthly blended payments of \$425. The lease matures on April 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,266.	21,269	-
Foss National Leasing lease bearing interest at 6.68% per annum, repayable in monthly blended payments of \$425. The lease matures on April 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,266.	21,269	-
Foss National Leasing lease bearing interest at 6.68% compounded monthly, repayable in monthly blended payments of \$425. The lease matures on April 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,266.	21,269	-
Foss National Leasing lease bearing interest at 6.68% compounded monthly, repayable in monthly blended payments of \$464. The lease matures on May 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,591.	21,443	-

(continues)

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

12. OBLIGATIONS UNDER CAPITAL LEASE *(continued)*

	2023	2022
Foss National Leasing lease bearing interest at 6.68% compounded monthly, repayable in monthly blended payments of \$464. The lease matures on May 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,591.	21,443	-
Foss National Leasing lease bearing interest at 6.68% compounded monthly, repayable in monthly blended payments of \$464. The lease matures on May 1, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,591.	21,443	-
Foss National Leasing #158 lease bearing interest at 7.47% compounded monthly, repayable in monthly blended payments of \$473. The lease matures on August 10, 2028 and is secured by 2023 Hyundai Venue Preferred which has a carrying value of \$22,675.	22,453	-
	473,150	393,145
Amounts payable within one year	(128,450)	(93,279)
	\$ 344,700	\$ 299,866

Future minimum capital lease payments are approximately:

2024	\$ 128,450
2025	116,130
2026	108,742
2027	87,730
2028	32,098
	473,150
Total minimum payments	473,150
Less interest amount at various rates	7,033
	\$ 466,117

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

13. DEFERRED INCOME

	<u>2023</u>	<u>2022</u>
Bell	\$ 33,063	\$ 34,500
Colony	-	5,625
Grandview Tudor	32,500	-
Les Suites Marion	25,500	-
Main	8,750	15,000
Princess	7,813	18,750
Sherbrook Inc	-	8,070
South Osborne Housing Corp	-	3,866
Walker Court	9,479	25,729
Westminster	4,312	21,562
Uptown Ventures	9,188	24,938
196 Colony Street	31,500	-
763 Wolsley	25,500	-
Unredeemed car sharing credits	5,075	2,920
	<hr/>	<hr/>
Subtotal	192,680	160,960
Income recognized during the year	(91,302)	(85,435)
	<hr/>	<hr/>
	\$ 101,378	\$ 75,525
	<hr/>	<hr/>
Deferred income - current portion	\$ 95,388	\$ 59,712
Deferred income - long term portion	5,990	15,813
	<hr/>	<hr/>
Total deferred income	\$ 101,378	\$ 75,525
	<hr/>	<hr/>

14. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN

The Organization qualified and received an additional \$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, 2023. If repaid within the two year period 25% is forgiven. If not repaid, the loan converts to a 2 year term loan with payments of interest only at 5%. Payment in full is required by December 31, 2025.

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

15. ISSUED SHARE CAPITAL

Authorized

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

Issued

	2023	2022
765,500 Membership shares	\$ 765,500	\$ 635,500

Share transactions during the year

	2023		2022	
	Shares	Amount	Shares	Amount
<u>Membership shares</u>				
Shares outstanding at the beginning of the year	635,500	\$ 635,500	473,500	\$ 473,500
Issued	217,500	217,500	237,500	237,500
Repurchased	(87,500)	(87,500)	(75,500)	(75,500)
Shares outstanding at the end of the year	765,500	\$ 765,500	635,500	\$ 635,500

16. GENERAL RESERVE

Effective May 30, 2022 a revision to the Co-op By Laws resulted in a change in the minimum requirement of the general reserve to 10% from 25% of total member shares. The requirement becomes effective once the operations of the Co-op reach a surplus.

	2023	2022
Member shares	\$ 765,500	\$ 635,500
10% minimum - effective 2022	76,550	63,550
Surplus/(Deficit) end of year	274,861	279,027
	\$ 1,116,911	\$ 978,077

The Co-op is not in compliance with the requirements established in the By-Laws as the Co-op. At year end a reserve account has been maintained of \$nil (2022 - \$18,283).

17. LEASE COMMITMENTS

The company 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:

2024	\$ 10,500
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PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

18. FINANCIAL INSTRUMENTS

The company is exposed to various risks arising from its financial instruments. The following analysis provides information about the company's risk exposure and concentration as of September 30, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company 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 company 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 company 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 and accrued liabilities.

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 company 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 company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is exposed to other price risk through its investment in quoted shares.

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

PEG CITY CAR CO-OP LTD.
Notes to Financial Statements
Year Ended September 30, 2023

19. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 9.00% (2022 - 9.00%) to the income for the year and is reconciled as follows:

	2023	2022
Income before	\$ 270,087	\$ 279,027
Income tax expense at the combined basic federal and provincial tax rate:	\$ 24,308	\$ 25,112
Increase (decrease) resulting from:		
Capital cost allowance claimed in excess of amortization	(38,397)	(19,686)
Non-deductible expenses	(12,417)	(7,339)
Non-capital loss carried forward	-	-
	26,506	1,913
Income tax expense	\$ -	\$ -

PEG CITY CAR CO-OP LTD.
Fleet Expenses - General
Year Ended September 30, 2023

(Schedule 1)

	2023	2022
EXPENSES		
Alternative transport	\$ 803	\$ 1,286
Decals	5,093	3,999
Engage (Car Share Everywhere)	48,930	36,049
Lease payments	-	1,192
Open car hardware	24,343	17,316
Parking stall rental	182,135	136,706
Parking stall signage	5,117	4,503
Printing	84	3,708
Towing	30,623	1,875
	\$ 297,128	\$ 206,634

Fleet Expenses - Ownership (fixed)
Year Ended September 30, 2023

(Schedule 2)

	2023	2022
EXPENSES		
Amortization	\$ 296,943	\$ 197,018
Insurance & registration	187,716	111,560
Interest on callable debt	4,111	6,473
Interest on long term debt	14,207	12,375
Interest on obligations under capital lease	29,331	18,406
	\$ 532,308	\$ 345,832

Fleet Expenses - Operating (variable)
Year Ended September 30, 2023

(Schedule 3)

	2023	2022
EXPENSES		
Cleaning	\$ 5,584	\$ 4,981
Damage	34,846	40,626
Fleet operating	-	250
Fuel	326,825	240,115
Maintenance	150,703	74,310
Supplies	20,108	4,616
Tires	594	-
	\$ 538,660	\$ 364,898

PEG CITY CAR CO-OP LTD.
Marketing and Promotion Expenses
Year Ended September 30, 2023

(Schedule 4)

	2023	2022
EXPENSES		
A/V rental	\$ 545	\$ 43
Consulting fees	49,398	31,155
Display table/booth	549	171
Driving abstracts & others	8,375	9,100
Driving credit	12,109	15,622
Food	18,005	6,406
Graphic design	6,254	2,912
Marketing materials	1,810	1,833
Membership referral	1,140	2,265
Other promotional credit	3,367	1,807
Posters	6,005	6,796
Print ads	11,391	12,189
Printing	12,406	2,960
Prizes	1,723	454
Shop local credit	344	210
Silverbox ads	3,340	6,345
Sponsorships	4,950	7,685
Surveys	-	457
Venue rental	5,328	450
Video	4,895	3,900
Web ads	2,265	16,713
Website design	14,943	1,035
Website hosting	1,978	674
	\$ 171,120	\$ 131,182

PEG CITY CAR CO-OP LTD.
Administration
Year Ended September 30, 2023

(Schedule 5)

	2023	2022
EXPENSES		
Bad debts expense	\$ 20,324	\$ 3,552
Bank charges	4,069	1,108
Conference registration fees	-	2,690
Donations	825	790
Insurance (Directors)	826	655
Interest expense (Other)	73	183
Licenses and fees	1,699	1,211
Membership fees	95	95
Loan application fee	275	-
Other expenses	-	133
Parking	250	357
Printing	641	686
Professional fees: audit fees	18,476	15,455
Professional fees: bookkeeping	7,849	7,700
Professional fees: legal fees	3,366	6,470
Transportation	1,811	1,645
Travel	11,256	3,178
Visa Desjardins	46,223	31,493
	\$ 118,058	\$ 77,401

Office Expenses
Year Ended September 30, 2023

(Schedule 6)

	2023	2022
EXPENSES		
Courier	\$ 1,247	\$ 652
Email hosting	118	998
Equipment & furnishings	4,060	834
Insurance	2,045	1,913
Internet	1,228	1,317
Office supplies	4,641	3,749
Phone	7,700	5,188
Postage	1,117	709
Rent	18,930	16,500
Software	13,283	7,236
	\$ 54,369	\$ 39,096