



ANNUAL
REPORT
2022

REIMAGINING
TRANSIT

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REIMAGINING TRANSIT

Canada's public transit industry is evolving to meet the changing needs of commuters. In recent years, we have witnessed a significant shift in the way that people think about public transit. Rather than simply a means to get from point A to point B, transit is being reimagined as a crucial part of the solution to some of the most pressing issues facing our cities, including traffic congestion, climate change, and social equity. This transformation is being driven by a range of factors, including advances in technology, changing demographics, and shifting attitudes towards urban mobility. With sustainability and accessibility at the forefront, the transit industry is focusing on incorporating new technologies and systems that are designed to better meet the needs of commuters while also reducing carbon emissions. Through collaborations with local governments, private companies, and community stakeholders, the transit industry is working towards creating more connected and efficient public transportation networks that are better equipped to handle the challenges of Canada's growing communities. As Canada emerged from the pandemic in 2022, the transit industry has been forced to adapt to new commuter patterns. CUTA is proud to facilitate important discussions about how the industry can reimagine transit to respond to these challenges and opportunities.

WE ARE CUTA

CUTA is the national voice for public transit. Our members include transit systems that carry 95% of the country's riders, public bodies, companies that supply the sector, and experts in urban mobility. We advocate for investment and support from governments. We share best practices. We facilitate conversations and connections to help transit professionals keep up with the latest. And we're the leading data collection body in the field.

MESSAGE FROM THE CHAIR OF THE BOARD



Jim McDonald,
Chair of the Board

As we come together to reflect on the past year, I am proud of what we have accomplished in the face of significant challenges. The pandemic has impacted the transit industry in unprecedented ways, but through perseverance and collaboration, we have made incredible progress in our efforts to reimagine transit across Canada.

At CUTA, we remain committed to driving the agenda forward to improve transit across the country. Our advocacy efforts at the federal and provincial levels have been fruitful, resulting in a significant infusion of emergency operating funds to help transit systems recover from the pandemic. I am also proud of our productive conversations with the federal government about new programs that will transform how public transit infrastructure is funded.

Reimagining public transit requires passionate and dedicated leaders in the next generation. That's why we are delighted to continue to support the growth of young transit professionals through our Young Leaders Summit and Mentorship Program.

These initiatives are vital in ensuring a sustainable and innovative transit industry for the future.

As we move forward, we must continue to demonstrate the value of transit and show how it makes a difference in the lives of all Canadians. Public transit plays an essential role in creating sustainable and livable communities, reducing congestion, and providing affordable transportation options for Canadians. CUTA will continue to work tirelessly to make things better for our riders and communities.

I want to thank our members for their ongoing support, commitment, and dedication to Canada's commuters. Your contributions and engagement have been vital in driving our collective efforts forward, and we are grateful for your continued partnership.

I am optimistic about the future of transit in Canada. Despite the challenges, we have shown resilience, adaptability, and a shared commitment to creating a sustainable, equitable, and innovative transit system for all Canadians. Let us continue to work together to build a better future for transit.

MESSAGE FROM THE PRESIDENT AND CEO



I am proud to reflect on CUTA's achievements in 2022, as we facilitated vital public transit discussions and spearheaded priority initiatives on behalf of our members. We are delighted to see riders returning to transit in communities across Canada, recognizing the crucial role public transit plays in our economic recovery and the creation of fairer, more livable cities.

CUTA's work in 2022 was diverse, encompassing public affairs, networking events with our members, and thought leadership related to national ridership recovery efforts. I am particularly pleased with the successful in-person conferences we hosted in Quebec City and Montreal, which allowed us to connect with colleagues from all corners of the industry. The positive energy and engagement from attendees made 2022 a memorable year for all of us at CUTA, and we thank you for your support.

As we continue to recover from the pandemic, transit systems now face new challenges that could delay economic recovery efforts and jeopardize the ridership recovery that so many municipalities have been

waiting for. Funding challenges, aging infrastructure, and concerns related to safety are among the top priorities on our radar. CUTA is honored to represent our members as we navigate these challenges together. We set the stage for this work in 2022. We created our safety and security taskforce to better understand the root causes of safety and security incidents on transit and advocate for real-world solutions. We challenged governments at all levels to come to the table to help fund public transit and avoid service cuts, and we worked closely with government to help shape future infrastructure funding programs.

I am optimistic about our ability to work together and with our government partners to navigate these challenges and emerge stronger on the other side. I want to thank you for your continued support of CUTA and your dedication to public transit. As we embark on 2023, let us work together to reimagine transit and build a stronger, more resilient future for Canadians and the public transit systems they rely on.

PUBLIC AFFAIRS

PRIORITIZING PUBLIC TRANSIT POLICY AT ALL LEVELS OF GOVERNMENT

Through successful advocacy at the federal and provincial levels, Canada's transit agencies received an additional \$750 million in emergency operating support from the federal government, with provincial matching dollars. These funds helped transit systems avoid service cuts in 2022 as they continued to recover from the pandemic. As the role of government in supporting the transit industry evolves, CUTA worked closely with the federal government to represent the interests of transit systems in relation to the Permanent Public Transit Fund. The program, which was announced mid-year, represents a \$3 billion annual investment in permanent, predictable capital funding starting in 2026.

CUTA organized a Policy Forum event on September 20 in Ottawa, allowing members and key government staff to delve into the intersections between housing and transit. This in-person event provided an opportunity to exchange ideas and perspectives on this critical topic. Building on this momentum, CUTA plans to lead research and consultation on this issue in 2023.

In addition to its ongoing advocacy work, CUTA is deepening its relationships with federal ministries, allied associations and other stakeholders. By leveraging these partnerships, CUTA is advancing the goal of making public transit more accessible, sustainable, and resilient in the face of the complex challenges of today's rapidly changing world.

MEMBERSHIP

OUR ONGOING COMMITMENT TO HELPING MEMBERS LEARN, LEAD, NETWORK AND GROW

CUTA was thrilled to welcome 16 new members into the fold in 2022. As an association, we are dedicated to providing our members with the necessary tools, support, and up-to-date data and information they need to build the future of transit.

For 119 years, CUTA has been the driving force behind this commitment, and we are proud to continue providing our members with access to a network of systems, suppliers, businesses, and experts through our events, directory, and various channels. Our members have access to resources and expertise that enables them to improve how Canadians commute.

We take great pride in bringing our members together at events to foster collaboration and innovation in the transit industry. This year, CUTA planned and delivered three in-person events, with more than 1,500 people in attendance, and over a hundred companies exhibited. We will continue connecting our members from coast to coast. What really matters to us is your success.

INDUSTRY PROGRAMS

PROVIDING LEADING EDGE RESEARCH AND SUPPORT PROGRAMS
TO HELP OUR MEMBERS SUCCEED

2022 saw significant progress on CUTA's research priorities with the goal of reimagining transit. In collaboration with Metrolinx, we released the On-Demand Toolkit. This toolkit provides valuable advice and guidance on service design objectives, implementation strategies, and considerations for on-demand transit projects. We worked with UITP to conduct on-demand transit training and relaunched in-person programs, including the Transit Ambassador customer service program and Scheduling and Runcutting training. We also launched the Introduction to Specialized Transit e-learning program.

Looking ahead, CUTA plans to launch redesigned online training courses such as Transit Planning for Sustainable Communities and Scheduling and Runcutting. We are also developing a new Zero-Emission Bus course to assist transit systems in managing the ways electric buses will change operations.

CUTA plans to expand data collection in areas such as electric buses and on-demand transit, providing valuable insights into emerging trends and practices. CUTA also plans to enhance the online Canadian Transit dashboard, to allow members and the public to get a pulse on the transit industry.

Coming out of the pandemic, many transit agencies are seeking new ways to recover lost revenue from low ridership. We have been developing a Fare Recovery Report, which is an assessment of different fare policies in light of changing ridership patterns. We are also developing a Ridership Metric Report, to provide guidance on how to measure and report ridership numbers.

STAFF

NAME	POSITION
Calvin Chia	Transit Industry Solution Specialist
William Currie	Coordinator, Digital Media & Marketing
Marco D'Angelo	President & CEO
Ariel Davis	Policy Analyst
Dieynaba Deme	Director, Membership Success & Events
Olga Elonga	Coordinator, Bilingual Membership Success & Events
Alisha Goyal	Coordinator, Human Resources & Operations
Sarah Ingram	Coordinator, E-Learning & Programs
Benjamin Kennedy	Data Researcher
Richard Kong	Coordinator, Finance
Alex Krause	Specialist, Communications & Public Affairs
Jon MacMull	Director, Communications & Public Affairs
Milly Mikkelsen	Director, Human Resources & Operations
Simon Minelli	Director, Research, Technical Services & Industry Programs
Oliver Nicholls	Coordinator, Research/Data & Webinars
Louise St Amand	Coordinator, Membership Success
Joanne Vézina	Manager of CEO office
Daniel Waller	Coordinator, Membership Success & Events
Denise Waller	Controller, Finance

CUTA Staff as of December 31, 2022

EXECUTIVE COMMITTEE

NAME	POSITION
EXECUTIVE COMMITTEE	
Jim McDonald, Edmonton Metropolitan Transit Services Commission	Chair
Kelly Paleczny, London Transit Commission	First Vice Chair
Alain Mercier, Réseau de transport de la Capitale (RTC Québec)	Immediate Past Chair
Dave Reage, Halifax Transit	Vice Chair-Finance
Ann-Marie Carroll, York Region Transit	Vice Chair-C&PA
Geneviève Bourbeau, Société de transport de Montréal (STM)	Vice Chair-Tech Services
Kevin Schubert, BC Transit	Vice Chair-Workforce Dev.
Wade Coombs, Strathcona County Transit	Vice Chair-Small Systems
Dennis Kar, Dillon Consulting Ltd.	Vice Chair-Biz& Ntl Chair-BMs
Pierre Zivec, Transdev Canada	2ND Vice Chair-BM
Josh Colle, Ernst & Young	Vice Chair-Integrated Mobility
Wes Brodhead, City of St Albert	Vice Chair-Mun Councils
Michael Atlas, Toronto Transit Commission	Honourary Counsel
Marco D'Angelo, CUTA	President & CEO

BOARD OF DIRECTORS

NAME	POSITION
TRANSIT SYSTEM MEMBERS	
Bjorn Radstrom, Winnipeg Transit	Director
Tim Luey, Niagara Transit Commission	Director
Tony D'Alessandro, Town of Milton	Director
Pamela Kraft, Toronto Transit Commission (TTC)	Director
Guy Picard, Société de transport de Laval (STL)	Director
Neil Malcolm, Grand River Transit	Director
Michael McDaniel, TransLink	Director
Carrie Hotton-MacDonald, Edmonton Transit Service	Director
Doug Morgan, Calgary Transit	Director
Sophie St-Pierre, Société de transport de l'Outaouais (STO)	Director
Kate Flanagan, Miramichi Transit	Director
Maureen Cosyn Heath, Hamilton Street Railway	Director
Marc Rousseau, exo RTM	Director
Alex Milojevic, Brampton Transit	Director
Chris MacIsaac, City of Airdrie	Director
Judy Powell, St John's Transportation	Director
BUSINESS MEMBERS	
Mike Bismeyer, Proterra	Director
Scott Pass, Passenger Contracted Transportation Services Ltd.	Director
Sophie Le Blanc, Transit	Director
Christos Kritsidimas, Nova Bus	Director
Amy Miller, Clever Devices	Director
Bruce McCuaig, AECOM	Director
Dennis Fletcher, Dennis Fletcher & Associates	Director
Jean-Pierre Miroux, THALES	Director
Vance Harris, DIALOG	Director
Jennifer McNeill, NFI Group Inc.	Director
Vincent Patterson, Keolis GR Light Rail Transit	Director
GOVERNMENT AGENCIES, AFFILIATES AND OTHERS	
Sarina Gersher, City of Saskatoon	Director
Marc Blanchet, ARTM	Director
Lorenzo Mele, ACT Canada	Director



WHEN WE INVEST IN PUBLIC TRANSIT INFRASTRUCTURE, WE ARE SUPPORTING GOOD MIDDLE CLASS JOBS, CREATING BETTER COMMUTES, FIGHTING CLIMATE CHANGE, AND HELPING MAKE LIFE EASIER AND MORE AFFORDABLE FOR CANADIANS.

PRIME MINISTER JUSTIN TRUDEAU



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE CANADIAN URBAN TRANSIT ASSOCIATION

OPINION

We have audited the financial statements of Canadian Urban Transit Association (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, operations, 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 Association as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO CANADA LLP

Chartered Accountants
Licensed Public Accountants

Oakville, Ontario
May 7, 2023

CANADIAN URBAN TRANSIT ASSOCIATION
 STATEMENT OF
FINANCIAL POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 \$	2021 \$
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,741,050	\$ 1,194,236
Short term investments restricted (Note 2)	602,052	595,269
Accounts receivable	357,076	245,479
Prepaid expenses	122,189	132,396
	2,822,367	2,167,380
CAPITAL ASSETS (Note 3)	102,652	171,170
	\$ 2,925,019	\$ 2,338,550
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 708,966	\$ 256,768
Deferred revenue (Note 4)	164,320	23,135
Deferred contribution (Note 5)	160,526	160,526
	1,033,812	440,429
NET ASSETS		
Unrestricted	\$ 1,599,272	\$ 1,454,779
Internally restricted		
Project fund	182,604	182,604
Regional youth summit fund	20,889	20,889
Business members' assessment fund	63,803	190,210
Advocacy fund	21,535	46,535
Quebec advocacy fund	3,104	3,104
	1,891,207	1,898,121
	\$ 2,925,019	\$ 2,338,550

CANADIAN URBAN TRANSIT ASSOCIATION
STATEMENT OF
OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$
REVENUE		
Membership fees	\$ 1,662,711	\$ 1,704,124
Advertising	132,592	120,121
Fee for service	124,376	123,067
Publication and other	14,518	10,406
Investment income (Note 2)	16,559	7,607
	1,950,756	1,965,325
PROGRAM REVENUES		
Meetings	\$ 1,455,253	\$ 367,369
Advocacy	513,739	530,036
Training/Ambassador	214,276	99,985
STRADA	133,957	88,430
Safe restart	-	128,545
	2,317,225	\$ 1,214,365
TOTAL REVENUE	4,267,981	3,179,690
PROGRAM EXPENSES		
Meetings	\$ 981,860	\$ 136,668
Advocacy	164,871	26,469
Training/ambassador	186,355	110,125
STRADA	41,763	29,504
Project funds	10,895	-
COVID-19 pandemic public policy	-	127,283
Safe Restart	-	128,545
	\$ 1,385,744	\$ 548,437
GENERAL OPERATING EXPENSES (Schedule)	2,889,151	2,477,253
TOTAL EXPENSES	4,274,895	3,025,690
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	\$ (6,914)	\$ 154,000

CANADIAN URBAN TRANSIT ASSOCIATION
 STATEMENT OF
CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 \$	2021 \$
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (6,914)	\$ 154,000
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by (used in) operating activities		
Amortization	77,855	78,890
Changes in non cash working capital balances		
Accounts receivable	(111,597)	195,968
Prepaid expenses	10,207	(59,412)
Accounts payable and accrued liabilities	452,198	49,452
Deferred revenue	141,185	(55,922)
Deferred contribution	-	(44,974)
	562,934	318,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short term investments - net	(6,783)	(500,974)
Purchase of capital assets	(9,337)	(8,498)
	(16,120)	(509,472)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	546,814	(191,470)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,194,236	1,385,706
CASH AND CASH EQUIVALENTS, END OF YEAR	\$1,741,050	\$1,194,236

GENERAL OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$
Amortization	\$ 77,855	\$ 78,890
Branding and marketing	19,350	12,657
Committee meetings	72,563	7,841
Occupancy costs - Ottawa	60,780	57,553
Occupancy costs - Toronto	208,487	204,798
Office and general	98,196	78,408
Postage	14,309	14,172
Printing	3,963	-
Professional development	9,824	12,105
Professional fees	364,982	207,018
Salaries and benefits	1,820,405	1,739,014
Telephone	24,640	24,286
Travel	113,797	40,511
	\$ 2,889,151	\$2,477,253

CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Unrestricted	Project	Regional	Business	Advocacy	Quebec	2022	2021
	Fund	Fund	Youth	Members'	Fund	Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	1,454,779	182,604	20,889	190,210	46,535	3,104	1,898,121	1,744,121
Excess (deficiency) of revenue over expenses for the year	(6,914)	-	-	-	-	-	(6,914)	154,000
Interfund transfers (Note 1)	151,407	-	-	(126,407)	(25,000)	-	-	-
Net assets, end of year	1,599,272	182,604	20,889	63,803	21,535	3,104	1,891,207	1,898,121



NATURE OF OPERATIONS

The Canadian Urban Transit Association (the “Association”) is a not-for-profit trade association, incorporated without share capital, under the Canada Not-for-Profit Corporations Act (“NFP Act”). The Association is exempt from income taxes under Section 149(1)(1) of the Income Tax Act (Canada).

VISION

To inspire and influence the evolution of integrated urban mobility.

MISSION STATEMENT

- The Association is the collective and influential voice of public transportation in Canada, dedicated to being the centre of urban mobility issues with all levels of government, and delivering the highest value to its members and the communities they serve.
- The Association will be the “go-to” organization for information, trends, networking and training providing leadership for its members and all stakeholders.
- To operate effectively, the Association will foster a culture of active engagement with its members.
- The Association will deliver a high performance working environment. Its team will be consummate experts and professionals.
- Success will be measured by an action-oriented focus, achievements and contributions to member success.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

REVENUE RECOGNITION

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Capital asset contributions are recognized as revenue on the same basis as amortization expense. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Annual membership fees are recognized as revenue in the year to which the membership relates. Advertising, fee for service and publication revenue are recognized in the year in which services are performed when the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and other income is recognized as revenue when earned. Revenue from the Association's programs, including its meetings, advocacy, training/ambassador, STRADA, and youth regional summit, are recognized in the year the events are held or services are provided; with any fees billed in advance recorded as deferred revenue.

INTERNALLY RESTRICTED NET ASSETS

Project Fund

In 2018 the Board of Directors approved the transfer of \$159,936 from the unrestricted net assets to the Project Fund. The purpose of this fund is for investment in one-time projects with one or more of the following criteria:

- Adds benefit to the membership;
- Enables the creation of revenue for the Association;
- Should not cause an ongoing operational expense; and
- Improves the productivity of staff.

In 2019, the Board of Directors approved a transfer of \$20,014 from the Project Fund to the unrestricted net assets for Centre of Excellence and Research Report projects.

Regional Youth Summit Fund

The Youth Summit Fund was approved by the Board of Directors for funds received for the purpose of holding youth summits. Instead of a national youth summit, as was organized by the Association in the past, five regional events took place in 2012, and were organized by volunteers from the selected transit system host from each regional committee.

Each regional host was fully responsible for the use of funds they received, including any financial deficit. Any financial surplus resulting from Regional Youth Summits were transferred to the Association's bank account, to be held "in trust" for the next regional youth summit for that region. This amount is to be released, upon approval by the Board, in the following years. If the summits do not continue, the Association's Board of Directors will decide how any surplus funds held in trust will be used.

1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Business Members' Assessment Fund

The fund holds the proceeds received from annual membership fee supplements collected from the Association's business members. The funds are to be used to offset the costs of the Business Members Evening Event held twice per annum. The Chair/Co-Chair of the Business Members Committee approves the release of the funds and is based on the location of the event.

During the year, a transfer of \$126,407 into the unrestricted fund for costs associated with the Business Members Evening Events was approved.

Advocacy Fund

The Board of Directors approved the establishment of an Advocacy Fund as a result of transferring the VIP program to the Association's ongoing advocacy activities. The fund holds the proceeds from the annual membership fee supplements collected from all transit system and business members and is internally restricted for Advocacy activities only. The annual budget is prepared by the Communications & Public Affairs Committee with approval by the Executive Committee. Input from the Quebec Regional Committee is used to determine the recommendations with regards to the French language component.

In 2019, the Board of Directors approved a transfer of \$25,000 (2021 - \$25,000) from the Advocacy Fund to the unrestricted net assets for specific advocacy activities.

EXTERNALLY RESTRICTED NET ASSETS

Quebec Advocacy Fund

This fund was initiated from the net proceeds of a Quebec Workshop for Elected Officials held in 2000. Disbursement of the fund is under the jurisdiction of Quebec Regional Committee and intended for use in Quebec advocacy initiatives.

Contributed Services

Volunteers contribute a substantial number of hours each year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and money market funds that are readily convertible to cash.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets, if any, are recorded at fair value at the date of contribution less accumulated amortization.

Amortization is provided over the estimated useful lives of the assets as follows:

Computer equipment	3 years straight line basis
Furniture and fixtures	5 years straight line basis
Leasehold improvements	over the lease term

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods and rates and useful life of capital assets is reviewed annually and is based on management's best estimates. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

2. SHORT TERM INVESTMENTS

Investments are summarized as follows:

	2021	2020
Restricted Investments		
CIBC Flexible GIC, 1.40%, maturing June 15, 2023	\$ 73,365	\$ -
CIBC Flexible GIC, 2.40%, maturing August 31, 2023	11,256	-
CIBC Variable GIC, prime less 2.3%, maturing March 21, 2023	10,730	-
CIBC Flexible GICs, matured	-	95,269
	\$ 95,641	94,269
Unrestricted Investments		
CIBC Variable GICs, prime less 2.60%, maturing October 5, 2023	506,411	500,000
	\$ 602,052	595,269

Interest earned on the GICs during the year was \$16,559 (2021 - \$7,607)..

The Association's investment policy states that investments are limited to instruments backed by either the federal or provincial governments or the Canadian Deposit Investment Corporation. The term of the investments should not exceed 36 months and a minimum 25% of the invested funds are to be accessible within three months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3. CAPITAL ASSETS

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 390,649	\$ 379,437	\$ 381,312	\$ 373,492
Furniture and fixtures	61,179	48,943	61,179	36,707
Leasehold improvements	298,368	219,164	298,368	159,490
	\$ 750,196	\$ 647,544	\$ 740,859	\$ 569,689
Net book value		\$ 102,652		\$ 171,170

4. DEFERRED REVENUE

Deferred revenue includes the funding received, less the costs incurred to date for programs which were not complete as at December 31, 2021 as well as membership fees, training and registration fees and other funds received in advance.

Deferred revenue is comprised on the following:

	2022 \$	2021 \$
Membership fees	\$148,860	\$ 11,860
Leasehold inducement	15,460	11,275
	\$164,320	\$ 23,135

5. DEFERRED CONTRIBUTION

Deferred contribution includes the funding received, less the costs incurred to date for the Safe Restart program as at September 30, 2022.

	Balance beginning of year	Received in the year	Disbursed and recognized in the year	Balance end of year
Safe Restart Program	\$ 160,526	\$ -	\$ -	\$ 160,526

6. COMMITMENTS

The Association is committed to minimum amount of rentals under a long-term lease for its Toronto premises, which expires May 31, 2025 and its Ottawa premise, which expires September 30, 2023.

Future minimum payments under the operating leases, including estimated maintenance fees for the next five years are as follows:

2023	\$ 137,843
2024	99,912
2025	41,630
	279,385

The Association is also responsible for its share of operating costs and realty taxes, which are estimated at \$116,512 annually.

7. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivables. This risk has not changed from the prior year.

The Association is also exposed to credit risk arising from all of its bank accounts and shortterm investments being held at one financial institution and deposits are only insured up to \$100,000.

Liquidity Risk

Liquidity risk is the risk that the Association may encounter difficulty in meeting its obligations associated with its financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on a due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial assets. Liquidity risk arises from the Association's accounts payable and accrued liabilities and commitments. This risk has not changed from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to this risk through its interest bearing investments. Interest rate risk is managed by the Association through construction of a portfolio of fixed yield investments with varying maturity and interest rates. This risk has not changed from prior year.

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Head Office

55 York Street, Suite 1401
Toronto, Ontario M5J 1R7
416.365.9800

Ottawa Office

440 Laurier Avenue West, Suite 200
Ottawa, Ontario K1R 7X6

