

Transportation Association of Canada
Financial Statements
March 31, 2024

Independent Auditor's Report	2 - 4
Financial Statements	
Operations	5
Changes in Net Assets	6
Cash Flows	7
Financial Position	8
Notes to Financial Statements	9 - 17

Independent Auditor's Report

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To the members of
Transportation Association of Canada

Opinion

We have audited the financial statements of Transportation Association of Canada (hereafter "the Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to 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 March 31, 2024, and the results of its 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 the 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.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
August 20, 2024

Transportation Association of Canada Operations

Year ended March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
Revenues		
General		
Government membership fees	637,998	616,422
Other membership fees	601,902	567,975
Program		
Project contributions (Note 3)	739,796	761,747
Conference and seminars	1,781,350	1,571,749
Publication sales	214,635	262,574
Services	655,720	502,254
Net investment income	389,056	140,359
	<u>5,020,457</u>	<u>4,423,080</u>
Expenses		
Salaries and employee benefits	1,886,135	1,560,759
Program		
Telecommunications	80,384	81,813
Conference and meetings	809,226	691,000
Consulting	473,740	509,357
Information dissemination	274,358	228,403
Other program costs	82,921	89,255
Translation	44,543	46,690
Travel	28,793	37,254
Donations	1,100	1,000
Overhead		
Equipment rental	4,658	3,251
Office	290,227	281,885
Professional fees	80,471	61,778
Training	2,298	2,577
Software	77,406	33,666
Contribution to Transportation Association of Canada Foundation	10,000	10,000
Loss related to cybersecurity breach	31,883	
Amortization of tangible capital assets	78,319	64,897
	<u>4,256,462</u>	<u>3,703,585</u>
Excess of revenues over expenses	<u>763,995</u>	<u>719,495</u>

The accompanying notes are an integral part of the financial statements.

Transportation Association of Canada

Changes in Net Assets

Year ended March 31, 2024

					<u>2024</u>	<u>2023</u>
	<u>Unrestricted</u>	<u>Invested in Tangible Capital Assets</u>	<u>Internally Restricted</u>		<u>Total</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>Defined Benefit Pension Plan</u>	<u>Projects</u>	<u>\$</u>	<u>\$</u>
Balance, beginning of year	3,297,148	207,508	613,186	3,288,264	7,406,106	7,268,250
Excess (deficiency) of revenues over expenses	842,314	(78,319)			763,995	719,495
Remeasurement of defined benefit asset	97,167		106,905		204,072	(581,639)
Acquisition of tangible capital assets	(110,253)	110,253				
Internal restrictions (Note 13)	(205,918)			205,918		
Use of projects net assets (Note 13)	85,000			(85,000)		
Balance, end of the year	<u>4,005,458</u>	<u>239,442</u>	<u>720,091</u>	<u>3,409,182</u>	<u>8,374,173</u>	<u>7,406,106</u>

The accompanying notes are an integral part of the financial statements.

Transportation Association of Canada

Cash Flows

Year ended March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	763,995	719,495
Non-cash items		
Amortization of tangible capital assets	78,319	64,897
Defined benefit pension plan		(120,238)
Amortization of lease inducement	(37,411)	(37,411)
Changes in working capital items, retirement accrual and deferred contributions		
Trade and other receivables	54,176	71,883
Grant receivable	(14,379)	(207,607)
Prepaid expenses	(11,141)	(42,723)
Accounts payable and accrued liabilities	129,346	81,582
Deferred revenues	227,801	38,042
Retirement accrual	11,630	17,980
Deferred contributions	1,055	183,984
Cash flows from operating activities	<u>1,203,391</u>	<u>769,884</u>
INVESTING ACTIVITIES		
Investments	(6,519,199)	(3,246,260)
Disposal of investments	5,237,404	3,148,599
Acquisition of tangible capital assets	(110,253)	(6,887)
Net changes in due from an organization under common management	<u>1,919</u>	<u>(1,625)</u>
Cash flows from investing activities	<u>(1,390,129)</u>	<u>(106,173)</u>
Net increase (decrease) in cash	(186,738)	663,711
Cash, beginning of year	<u>1,320,920</u>	<u>657,209</u>
Cash, end of year	<u>1,134,182</u>	<u>1,320,920</u>

The accompanying notes are an integral part of the financial statements.

Transportation Association of Canada


Financial Position

March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
ASSETS		
Current		
Cash	1,134,182	1,320,920
Trade and other receivables (Note 4)	409,128	463,304
Grant receivable (Note 5)	325,755	311,376
Prepaid expenses	220,676	209,535
Due from an organization under common management, without interest		1,919
	<u>2,089,741</u>	<u>2,307,054</u>
Long-term		
Investments (Note 6)	8,052,512	6,770,717
Tangible capital assets (Note 7)	239,442	207,508
Employee future benefits (Note 8)	2,147,423	1,943,351
	<u>12,529,118</u>	<u>11,228,630</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	438,101	308,755
Deferred revenues (Note 10)	1,011,887	784,086
	<u>1,449,988</u>	<u>1,092,841</u>
Long-term		
Lease inducements	112,231	149,642
Retirement accrual (Note 11)	272,167	260,537
Deferred contributions (Note 12)	2,320,559	2,319,504
	<u>4,154,945</u>	<u>3,822,524</u>
NET ASSETS		
Unrestricted	4,005,458	3,297,148
Invested in tangible capital assets	239,442	207,508
Internally restricted		
Defined benefit pension plan	720,091	613,186
Projects (Note 13)	3,409,182	3,288,264
	<u>8,374,173</u>	<u>7,406,106</u>
	<u>12,529,118</u>	<u>11,228,630</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,


Director


Director

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

1 - GOVERNING STATUTES AND PURPOSE OF THE ASSOCIATION

Transportation Association of Canada (hereafter "the Association") is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Association's mission is to work together to share ideas, build knowledge, promote best practices, foster leadership, and encourage bold transportation solutions. The Association is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Association's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Association's financial assets and liabilities from transactions not concluded with related parties are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Association's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost or using the cost method, the Association assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Association determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Association receives contributions of capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets.

Amortization

Tangible capital assets are amortized on a straight-line basis over their estimate useful lives at the following annual rates:

	<u>Periods</u>
Computer equipment	3 years
Furniture and fixtures	5 to 10 years
Leasehold improvements	10 years
Software	5 years

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Revenue recognition

Government and other membership fees

The Association recognizes government and other membership fees as revenue when services are rendered, when there's evidence of an arrangement with a price fixed or determinable and collection is reasonably assured. Government and other membership fees received are recorded as deferred revenue and amortized over the duration of the membership period.

Contributions

The Association follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. 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.

Conference and seminars revenue

Conference and seminars revenues are recognized as revenue when the conference or seminars occur, when there's evidence of an arrangement with a price fixed or determinable and collection is reasonably assured.

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Publication sales

The Association recognizes publication sales when delivery has occurred, when there's evidence of an agreement with a price fixed or determinable and collection is reasonably assured.

Services

The Association recognizes services revenues when services are rendered, in accordance with the agreement between the parties, when received or receivable, if the amount to be received can be reasonably estimated and if collection is reasonably assured.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Net investment income includes interest income.

Interest income is recognized on a time apportionment basis.

Net investment income are all not subject to externally imposed restrictions.

Contributed supplies and services

Members contribute many hours per 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.

Employee future benefits

Pension plan

The Association is a member of the Transportation Association of Canada (TAC) Pension Plan. The assets and liabilities of the TAC Pension Plan have been allocated by TAC management between the Association and the Canadian Council of Motor Transport Administrators (CCMTA) based on the number of participating employees of each of the respective organizations. The plan comprises both defined benefit and defined contribution components.

The Association recognizes the defined benefit obligation and the cost for employee future benefits as the employees render services necessary to earn the pension benefits. The defined benefit obligation at the date of statement of financial position is determined using the most recent actuarial valuation report prepared for funding purposes. The date of the most recent actuarial valuation prepared for funding purposes is January 1, 2020 which is extrapolated to the Association's year end.

The amount reported in the statement of financial position is the difference between the accrued benefit obligation and the fair value of plan assets adjusted for any valuation allowance. The current service cost and finance cost of the plan is recognized in the statement of operations. Remeasurements are recognized separately on the statement of changes in net assets. Remeasurements are not reclassified to the statement of operations in a subsequent year.

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Remeasurements comprise the aggregate of the following: the difference between the actual return on plan assets and interest income deducted from the finance cost; actuarial gains and losses relating to the obligation; the effect of any valuation allowance; past service costs.

The cost of the defined contribution pension plan is recognized based on contributions required to be made during the year.

Retirement plan

The Association also sponsors a defined benefit retirement plan. The related expense is recognized in the statement of operations during the year services are provided by employees.

Lease inducements

Lease inducements are amortized according to the straight-line method on the basis of the lease terms of 10 years.

3 - PROJECT CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
	\$	\$
Technical projects	315,748	312,966
COMT and interjurisdictional programs	409,125	427,646
Other	14,923	21,135
	<u>739,796</u>	<u>761,747</u>

4 - TRADE AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
	\$	\$
Trade accounts receivable	409,128	472,879
Doubtful accounts		9,575
	<u>409,128</u>	<u>463,304</u>

5 - GRANT RECEIVABLE

The Association has entered into a five year agreement ending in March 2027 with Transport Canada to deliver specific projects specified within the signed agreement.

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

6 - INVESTMENTS

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash		776,405
Accrued interest	215,770	60,920
Guaranteed investment certificates, bearing interest at weighted average rate of 5.13% (2023 - 2.56%), maturing between June 2024 and March 2026		
	<u>7,836,742</u>	5,933,392
	<u>8,052,512</u>	<u>6,770,717</u>

The fair value of the investments at March 31, 2024 was \$7,836,742 (\$6,709,777 in 2023).

7 - TANGIBLE CAPITAL ASSETS

	<u>2024</u>			<u>2023</u>
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Computer equipment	163,961	130,588	33,373	12,048
Furniture and fixtures	163,264	158,051	5,213	7,251
Leasehold improvements	492,333	343,328	149,005	188,209
Software	64,813	12,962	51,851	
	<u>884,371</u>	<u>644,929</u>	<u>239,442</u>	<u>207,508</u>

8 - EMPLOYEE FUTURE BENEFITS

The Association has a defined contribution plan providing pension benefits to employees hired after December 31, 2000 and employees hired prior to January 1, 2001 that have switched to this plan. The plan is based on the contributions made by employees which are matched by the employer. The pension expense for the year was \$Nil (\$Nil in 2023).

The Association has a defined benefit plan providing pension benefits to employees hired prior to January 1, 2001. The benefits are based on the highest annual average of any five-year period.

The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2020.

The funded status of the pension is as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Fair value of plan assets	6,164,759	6,001,588
Defined benefit obligation	<u>(4,017,336)</u>	<u>(4,058,237)</u>
Defined benefit asset	<u>2,147,423</u>	<u>1,943,351</u>

The amount of pension income recognized in earnings is a net gain amounting to \$97,167 (net gain of \$120,238 in 2023).

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
	\$	\$
Accounts payable	219,682	79,859
Salaries payable	197,666	188,962
Indirect taxes	<u>20,753</u>	<u>39,934</u>
	<u>438,101</u>	<u>308,755</u>

10 - DEFERRED REVENUES

	<u>2024</u>	<u>2023</u>
	\$	\$
Membership fees	616,560	452,626
Conference and seminars	<u>395,327</u>	<u>331,460</u>
	<u>1,011,887</u>	<u>784,086</u>

11 - RETIREMENT ACCRUAL

The retirement accrual is a benefit paid to employees upon retirement. To be eligible for the benefit, the employee must be at least 55 and hired prior to August 2017, and the benefit is equal to one week for each year of employment, up to a maximum of 25 weeks multiplied by the current salary at retirement. The present value of the retirement accrual is based on the likelihood of the employee reaching eligibility, the estimated retirement date and the salary at time of retirement. If the likelihood of eligibility is not readily determinable, the employee retirement benefit was not included in the accrual.

12 - DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent project grants received for expenses in a future year. The Association receives the contributions from governments and other funding agencies and they are externally restricted to specific projects.

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of year	2,319,504	2,135,520
Amount received during the year	2,099,976	1,392,899
Amount recognized in statement of operations during the year	<u>(2,098,921)</u>	<u>(1,208,915)</u>
Balance, end of year	<u>2,320,559</u>	<u>2,319,504</u>

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

13 - PROJECTS

				2024	2023
	Balance, beginning of year	Internal restrictions by the Board of Directors	Use of internally restricted net assets	Total	Total
	\$	\$	\$	\$	\$
Geometric Design Guide	613,545	22,820	(40,000)	596,365	613,545
Guide for the Design of Roadway Lighting	48,100	800		48,900	48,100
Manual of Uniform Traffic Control Devices for Canada	90,300	17,500		107,800	90,300
Foundational Guidelines	152,621	24,798		177,419	152,621
Online training program	100,000			100,000	100,000
Professional Editing of Publication	42,588			42,588	42,588
Provision for Emergency Reserve	1,700,000	100,000		1,800,000	1,700,000
TAC Foundation Contributions	40,000		(10,000)	30,000	40,000
COVID-19 Subsidy	301,110		(35,000)	266,110	301,110
Develop Road Safety Guide	200,000			200,000	200,000
Develop the Cross Section Elements Project		40,000		40,000	
	3,288,264	205,918	(85,000)	3,409,182	3,288,264

Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

14 - RELATED PARTY TRANSACTIONS

Canadian Council of Motor Transport Administrators

The Association and Canadian Council of Motor Transport Administrators ("the Council") are related due to the service agreement that is binding on both parties. The Association received \$400,720 (\$392,802 in 2023) from the Council for reimbursed expenses and administrative services provided.

Transportation Association of Canada Foundation

The Transportation Association of Canada Foundation ("the Foundation") was incorporated in 2003 under Part II of the Canada Corporations Act as a not-for-profit organization without share capital. It also received its certificate of continuance issued December 21, 2012 under the Canada Not-for-Profit Corporations Act as well as confirmation of its registered charitable status from the Canada Revenue Agency on January 14, 2013. This is a separate and distinct legal entity.

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

14 - RELATED PARTY TRANSACTIONS (Continued)

The Foundation's mandate is to support the educational and research needs of the Canadian transportation industry by providing scholarships to individuals attending universities, colleges and trade schools, supporting academic chairs in Canadian educational institutions, providing funding for transportation research and development at Canadian academic institutions and by establishing a program of internships.

The Association and the Foundation are related by virtue of the Association's significant influence over the Foundation due to having common board members.

The Association provided administrative services to Transportation Association of Canada Foundation for which it received \$12,000 (\$12,000 in 2023), which is included in services. The Association also donated \$10,000 (\$10,000 in 2023) to the Foundation.

These transactions were measured at the exchange amount, excluding the resulting financial instruments.

15 - COMMITMENTS

The Association leases its premises under a lease expiring February 2027. The future minimum lease payments total \$767,545 and include the following payments over the next three years: \$263,158 in 2025, \$263,158 in 2026 and \$241,229 in 2027.

The Association has entered into rental and catering agreements for their future events occurring from 2025 to 2026. Future minimum payments total \$705,332 and include the following payments over the next three years: \$434,420 in 2025 and \$270,912 in 2026.

16 - FINANCIAL RISKS

Credit risk

The Association is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Association has determined that the financial assets with more credit risk exposure are trade and other receivables and grant receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Association.

Market risk

The Association's financial instruments expose it to market risk, in particular, interest rate risk, resulting from its investing activities:

Interest rate risk

The Association is exposed to interest rate risk on financial instruments at fixed rates such as guaranteed investment certificates. Fixed rate instruments subject the Association to fair value risk since fair value fluctuates inversely to changes in market interest rates.

Transportation Association of Canada

Notes to Financial Statements

March 31, 2024

16 - FINANCIAL RISKS (Continued)

Liquidity risk

The Association's liquidity risk represents the risk that the Association could encounter difficulty in meeting obligations associated with its financial liabilities. The Association is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.