

DRAFT #4
March 20, 2025

Financial Statements of

**YORK REGION RAPID TRANSIT
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of York Region Rapid Transit Corporation

Opinion

We have audited the financial statements of York Region Rapid Transit Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditor's report.

We are independent of the Entity 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 public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Due from Regional Municipality of York (note 4)	\$ 518,732	\$ 394,079
Financial Liabilities		
Due to Regional Municipality of York (note 5)	518,731	394,078
Net debt	1	1
Accumulated surplus (note 6)	\$ 1	\$ 1

See accompanying notes to financial statements.

On behalf of the Board:

_____ Treasurer

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 1(d))	2024	2023
Revenue:			
Program management fee (note 7)	\$ 5,108,459	\$ 4,402,717	\$ 5,343,652
Expenses:			
York Region Rapid Transit Program Management:			
Salaries and benefits	6,424,675	6,561,345	6,082,684
External professional contracted services (note 8)	2,728,519	926,531	107,226
Regional Municipality of York professional contracted services (note 9)	601,800	433,582	327,305
Office administration	720,027	294,151	39,772
Occupancy and rent	395,009	96,310	286,580
	10,870,030	8,311,919	6,843,567
Regional Municipality of York Corporate Allocation:			
Legal	353,462	518,667	257,011
Computer hardware	199,926	162,327	666,237
Computer software	97,646	74,399	331,766
Telephone and data management	106,867	94,480	158,499
Finance charges	26,566	17,357	21,078
Human resources	65,259	60,118	56,901
Supplies services	43,879	41,322	40,975
	893,605	968,670	1,532,467
Operating recoveries (note 1(h)):			
Recoveries from the Province of Ontario Capital Projects	–	(193,205)	(293,098)
Recoveries from the Metrolinx Yonge North Subway Extension Projects	(6,655,176)	(1,783,656)	(689,911)
Recoveries from the Regional Capital Projects	–	(2,901,011)	(2,049,373)
	(6,655,176)	(4,877,872)	(3,032,382)
	5,108,459	4,402,717	5,343,652
Annual surplus	–	–	–
Accumulated surplus, beginning of year	–	1	1
Accumulated surplus, end of year	\$ –	\$ 1	\$ 1

See accompanying notes to financial statements.

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus	\$ —	\$ —
Change in non-cash assets and liabilities:		
Due from Regional Municipality of York	(124,653)	2,489
Due to Regional Municipality of York	124,653	(2,489)
Cash, end of year	\$ —	\$ —

See accompanying notes to financial statements.

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Notes to Financial Statements

Year ended December 31, 2024

The York Region Rapid Transit Corporation (the "Organization") was incorporated on July 2, 2003 under the Ontario Business Corporations Act. The Organization is responsible for the planning, design and construction of the rapid transit network and related infrastructure. The expertise of the Organization lies in project management - design and engineering, procurement and financial management and community relations.

The Organization manages the capital projects funded by the Regional Municipality of York such as road widening, sidewalks, landscaping, storm sewers and fiber communications. In addition, the Organization also manages the capital projects funded by Metrolinx.

The Organization is exempt from income taxes if certain requirements of the Income Tax Act (Canada) are met.

The Organization is economically dependent on the Regional Municipality of York.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(b) Accrual basis of accounting:

The financial statements are prepared using accrual basis of accounting. Revenue is recognized as earned and measureable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of a legal obligation to pay.

(c) Revenue recognition:

The program management fee is recognized as revenue in the year in which related expenses are recognized.

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Budget figures:

Budget figures presented in the financial statements are based on the 2024 budget approved by Council on December 21, 2023.

(e) Related party:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the financial statements.

(f) Expense allocations and operating recoveries:

The Organization classifies expenses on the statement of operations and accumulated surplus. Expenses are allocated to the Organization based on corporate allocation from the Regional Municipality of York. Operating recoveries represent salaries and benefits and general administrative costs related to the capital projects managed by the Organization.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates are based on the best information available to management at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(h) Operating recoveries:

Staff and related cost are charged to operating expenses and then allocated to respective capital projects including Bus Rapid Transit, Yonge North Subway Extension Projects. These recoveries from the capital projects are shown under the operating recoveries.

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Notes to Financial Statements

Year ended December 31, 2024

2. Future accounting pronouncements:

- (a) Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the Organization for the year ending on December 31, 2024):

PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

PS 3400 - Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 - Purchased Intangibles, provides guidelines on accounting and reporting for purchased intangibles. Concurrently, PS 1000 - Financial Statement Concepts, has been amended to remove the prohibition against recognizing intangibles purchased in an exchange transaction in public sector financial statements.

There is no impact of these new standards on the financial statements.

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Notes to Financial Statements

Year ended December 31, 2024

2. Future accounting pronouncements (continued):

- (b) Standards applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Organization for the year ending on December 31, 2027):

The Conceptual Framework for Financial Reporting in the Public Sector:

The new Conceptual Framework provides a meaningful foundation for formulating consistent financial reporting standards. The Conceptual Framework will replace current guidance in Section PS 1000 and PS 1100. A Conceptual Framework is a coherent set of interrelated concepts underlying accounting and financial reporting standards. It prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which standards are developed and professional judgment is applied. While the impact of any changes on Region's consolidated financial statements is not reasonably determinable at this time. Region intends to implement the Conceptual Framework effective January 1, 2027.

PS 1202 - Financial Statement Presentation. The new standard provides updated guidance on the general and specific requirements for the presentation of information in general purpose financial statements. PS 1202 will replace PS 1201. While the impact of any changes on Region's consolidated financial statements is not reasonably determinable at this time. Region intends to implement the standard effective January 1, 2027.

3. Statement of change in net debt:

A statement of change in net debt has not been presented, as the amount of net debt remains unchanged year over year and any other information which would be contained within the statement is readily available elsewhere in these financial statements.

4. Due from Regional Municipality of York:

Amounts due from Regional Municipality of York are non-interest bearing and have no specific terms of repayment.

YORK REGION RAPID TRANSIT CORPORATION

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Year ended December 31, 2024

5. Due to Regional Municipality of York:

Due to Regional Municipality of York is primarily comprised of payroll related liabilities at the end of the year. They are non-interest bearing and are normally settled on 30-day terms; therefore, their carrying amount approximates the fair value.

6. Accumulated surplus:

The accumulated surplus at December 31 comprises:

	2024	2023
Share capital	\$ 1	\$ 1

7. Program management fee:

Per the Rapid Transit Agreement, the Organization is the Program Manager tasked with delivering the rapid transit infrastructure projects for the Regional Municipality of York.

In 2017, the Organization and the Regional Municipality of York entered into a Memorandum of Understanding, whereby the Organization will invoice project management fees to the Regional Municipality of York on a semi-annual basis for project management services rendered in the year.

8. External professional contracted services:

Expenses on professional contracted services include external legal counsel, external communications, public relations, consulting services and audit services.

YORK REGION RAPID TRANSIT CORPORATION

DRAFT Notes to Financial Statements

Year ended December 31, 2024

9. Related party transactions - Regional Municipality of York professional contracted services:

For efficiency purposes, York Region Departments provided contracted services to the Organization per Dedicated Charges Agreements between the Regional Municipality of York and the Organization. These charges were fully recovered against capital projects.

	Budget	2024	2023
Regional Municipality of York professional contracted services:			
Legal services	\$ 601,800	\$ 433,582	\$ 327,305
