

**Tidal Transit Authority
(Formerly known as
"Kings Transit Authority")
Financial Statements
For the Year Ended March 31, 2026**

**Tidal Transit Authority
Financial Statements
For the Year Ended March 31, 2026**

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Independent Auditor's Report

To the Board of Directors of Tidal Transit Authority

Opinion

We have audited the financial statements of the Tidal Transit Authority (the "Authority"), which comprise the statement of financial position as at March 31, 2026, the statements of operations and accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2026, and its results of operations, changes in net assets, and 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 report. We are independent of the Authority 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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 Professional Accountants
Halifax, Nova Scotia
June 25, 2026

Management's Responsibility for the Financial Statements

The accompanying financial statements of Tidal Transit Authority (the "Authority") are the responsibility of management and have been approved by the Board of Directors.

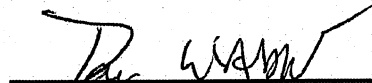
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and as such, include amounts that are the best estimates and judgements of management.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Authority's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

BDO Canada LLP, as the Board's appointed independent external auditors, have audited the financial statements. The auditor's report is addressed to the Board of Directors and appears on the previous page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position, operations, changes in net assets, and cash flows of the Authority in accordance with Canadian public sector accounting standards.



Director of Finance & Corporate Services



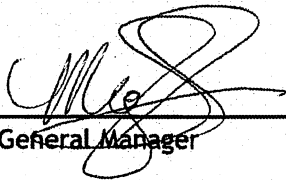
General Manager

Tidal Transit Authority Statement of Financial Position

March 31	2026	2025
Financial Assets		
Cash	\$ 1,882,829	\$ 2,223,766
Accounts receivable (Note 3)	<u>173,658</u>	<u>196,688</u>
	<u>2,056,487</u>	<u>2,420,454</u>
Liabilities		
Bank indebtedness (Note 4)	-	306,815
Accounts payable and accrued liabilities (Note 5)	208,132	238,649
Capital grants reserve, service partners (Note 6)	-	647,760
Advance from Municipality of the County of Kings	631,863	-
Deferred revenue	126,000	76,000
Asset retirement obligation (Note 7)	-	85,000
	<u>965,995</u>	<u>1,354,224</u>
Net Assets	<u>1,090,492</u>	<u>1,066,230</u>
Non-financial assets		
Prepaid expenses and supplies	503,560	485,167
Tangible capital assets (Schedule 1)	<u>2,193,380</u>	<u>1,508,697</u>
	<u>2,696,940</u>	<u>1,993,864</u>
Accumulated surplus (Schedule 2)	<u>\$ 3,787,432</u>	<u>\$ 3,060,094</u>

On behalf of the Board:

Chair of Board



General Manager

See accompanying notes to the financial statements.

Tidal Transit Authority

Statement of Operations and Accumulated Surplus

For the year ended March 31

2026

2025

	Unaudited Budget	Actual	Actual
Revenue			
Fares	\$ 892,320	\$ 781,028	\$ 630,275
Operating grants (Note 9)	3,212,679	3,285,310	1,760,793
Capital grant (Note 9)	80,000	80,000	80,000
Capital grant, Province	375,000	375,000	375,000
Capital grant, special projects	-	-	154,935
Advertising	24,000	66,589	29,750
Management fees (Note 1)	-	-	384,096
Interest and other	-	-	10,760
Capital interest	36,000	34,091	68,106
	<u>4,619,999</u>	<u>4,622,018</u>	<u>3,493,715</u>
Expenditures			
Advertising	945	2,448	326
Amortization	319,945	380,840	196,248
Capital grant, service partners (Note 1)	132,750	-	132,750
Commission	6,267	6,578	4,665
Employee benefits	378,622	435,635	270,563
Insurance	217,899	207,019	134,910
Interest and bank charges	6,234	9,406	7,873
License and permits	7,838	8,932	4,796
Miscellaneous	2,540	776	8,087
Printing	11,445	24,065	11,495
Professional fees	37,474	72,790	45,114
Rent and building maintenance	115,306	109,704	96,483
Salaries and wages	2,053,655	2,135,600	1,371,555
Freight and transportation	-	14,954	-
Supplies	29,002	36,227	20,074
Telephone and radios	114,633	80,171	107,915
Training and professional development	17,961	17,254	25,920
Travel and meetings	6,030	6,635	3,922
Uniforms	10,714	6,236	10,002
Vehicle fuel	597,837	490,016	325,573
Vehicle repairs and maintenance	514,597	468,479	377,579
	<u>4,581,694</u>	<u>4,513,765</u>	<u>3,155,850</u>
Recognition of capital grants reserves, service partners (Note 6)	-	647,760	-
Impairment loss on tangible capital assets	-	(33,475)	(31,501)
Gain on sale of tangible capital assets	-	4,800	-
	<u>38,305</u>	<u>727,338</u>	<u>306,364</u>
Annual surplus			
Accumulated surplus, beginning of the year		<u>3,060,094</u>	<u>2,753,730</u>
Accumulated surplus, end of the year		<u>\$ 3,787,432</u>	<u>\$ 3,060,094</u>

See accompanying notes to the financial statements.

Tidal Transit Authority Statement of Changes in Net Assets

For the year ended March 31	2026	2025
	Actual	Actual
Annual surplus	\$ 727,338	\$ 306,364
Acquisition of tangible capital assets	(1,186,865)	(79,737)
Amortization of tangible capital assets	380,840	196,248
Proceeds on sale of tangible capital assets	7,667	-
Impairment loss on tangible capital assets	33,475	31,501
Gain on sale of tangible capital assets	(4,800)	-
Derecognition of asset retirement obligation	85,000	-
	42,655	454,376
Acquisition of prepaid expenses and supplies	(18,393)	(86,198)
Increase in net assets	24,262	368,178
Net assets		
Beginning of year	1,066,230	698,052
End of year	\$ 1,090,492	\$ 1,066,230

See accompanying notes to the financial statements.

Tidal Transit Authority Statement of Cash Flows

For the year ended March 31	2026	2025
Operating Activities		
Annual surplus	\$ 727,338	\$ 306,364
Amortization	380,840	196,248
Impairment loss on tangible capital assets	33,475	31,501
Gain on sale of tangible capital assets	(4,800)	-
	<u>1,136,853</u>	<u>534,113</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	23,030	(114,317)
Increase in prepaid expenses and supplies	(18,393)	(86,198)
Decrease in accounts payable and accrued liabilities	(30,517)	(100,481)
(Decrease) increase in capital grants reserve, service partners	(647,760)	132,750
Increase (decrease) in deferred revenue	50,000	(24,000)
Increase in advances from municipal partner	631,863	-
	<u>8,223</u>	<u>(192,246)</u>
Capital Transactions		
Acquisition of tangible capital assets	(1,186,865)	(79,737)
Proceeds from sale of tangible capital assets	7,667	-
	<u>(1,179,198)</u>	<u>(79,737)</u>
Net (decrease) increase in cash	(34,122)	262,130
Cash, beginning of the year	<u>1,916,951</u>	<u>1,654,821</u>
Cash, end of the year	<u>\$ 1,882,829</u>	<u>\$ 1,916,951</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 1,882,829	\$ 2,223,766
Bank indebtedness	-	(306,815)
	<u>\$ 1,882,829</u>	<u>\$ 1,916,951</u>

See accompanying notes to the financial statements

Tidal Transit Authority Notes to the Financial Statements

March 31, 2026

1. Nature of Business

Tidal Transit Authority (the “Authority”), formerly known as Kings Transit Authority, operates a fleet of buses in the Municipality of the County of Kings, Municipality of the County of Annapolis, Municipality of Digby, Town of Berwick, Town of Wolfville, Town of Kentville, and Town of Middleton municipalities of Nova Scotia. The Authority is exempt from income taxes under the Income Tax Act.

Effective June 30, 2025, the Authority entered into an amended and restated intermunicipal services agreements, together with a related regional services agreements, which establishes a revised governance and cost-sharing framework among participating municipalities. By board decision, the financial treatment of the aforementioned agreements will be effective April 1st, 2025.

Under previous agreements, the Authority operated transit services on behalf of individual municipal partners. Net operating results were settled with the respective partner, and any excess funding received or amounts recoverable were recorded. These balances were presented as liabilities or receivables, as applicable, as they represented obligations to remit excess funds or rights to recover deficits from specific partners.

Under the amended and restated agreement, the Authority operates under a regional, pooled cost-sharing model in which participating municipalities collectively fund net operating costs based on an established allocation formula. Governance and financial decision-making have been centralized through the Valley Regional Services framework. As a result of these changes, the Authority no longer maintains separate project accounts for individual service partners.

Accordingly, during the year, the Authority reassessed the nature of service partner balances previously recorded as liabilities. As these balances no longer meet the definition of a liability, they were reclassified to accumulated surplus. This reclassification reflects a change in the underlying economic substance of the arrangements and has been accounted for prospectively.

The percentage of contributions by each municipal party are as follows:

	2026	2025
Municipality of the County of Kings	38.40 %	60.00 %
Municipality of Annapolis County	23.20	-
Town of Kentville	12.80	20.00
Town of Wolfville	9.40	15.00
Municipality of Digby	11.20	-
Town of Berwick	3.40	5.00
Town of Middleton	1.70	-

Tidal Transit Authority Notes to the Financial Statements

March 31, 2026

2. Significant Accounting Policies

Basis of Accounting The financial statements of Tidal Transit Authority are prepared in accordance with Canadian public sector accounting standards ("PSAS").

Cash and Cash Equivalents Cash and cash equivalents include cash on hand and balances with banks, and highly liquid investments with original maturities of three months.

Financial Instruments *Initial measurement*
Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial instruments consist of cash, accounts receivables, bank indebtedness, accounts payables and accrued liabilities and long-term debt.

Subsequent measurement
At each reporting date, the Authority measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Authority uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are cash, accounts receivables, bank indebtedness, accounts payables and accrued liabilities and long-term debt.

Impairment
For financial assets measured at cost or amortized cost, the Authority regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Authority determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial assets, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest or credit risks arising from financial instruments.

Supplies Supplies held for consumption are recorded at the lower of cost and replacement cost.

Tidal Transit Authority Notes to the Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

Non - Financial Assets	Non-financial assets are used to provide the Authority's services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold. The Authority's non-financial assets include tangible capital assets and prepaid expenses.
Revenue Recognition	Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Advertising revenue received in advance is deferred and recognized over the life of the contract as the service is performed.
Use of Estimates	In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Estimates include the useful life of tangible capital assets. Actual results could differ from these estimates.
Tangible Capital Assets	Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its estimated useful life. Assets under construction are not amortized until the asset is put into use. Amortization is recorded as an expense commencing in the year of acquisition. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Tidal Transit Authority
Notes to the Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

**Tangible Capital
Assets (Continued)**

The estimated useful lives are as follows:

Buildings	25 years
Furniture and office equipment	5 years
Shop equipment	5-10 years
Vehicles	3-15 years

**Asset Retirement
Obligations**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Authority to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities. The best estimate of an asset retirement obligation incorporates a present value technique, when reasonably determinable, to the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Authority reviews the carrying amount of the liability. The Authority recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Authority continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Tidal Transit Authority
Notes to the Financial Statements

March 31, 2026

3. Accounts Receivable

The accounts receivable at year end is comprised of the following:

	<u>2026</u>	<u>2025</u>
Trade receivables	\$ 75,424	\$ 43,944
Municipal partners	72,630	64,022
Due from Annapolis, bus repairs	-	73,529
Government remittances recoverable	<u>25,604</u>	<u>15,193</u>
	<u>\$ 173,658</u>	<u>\$ 196,688</u>

4. Bank Indebtedness

As at March 31, 2026, the Authority has an available line of credit of \$500,000 (2025 - \$500,000) in which there has not been any funds withdrawn (2025 - \$306,815). The line of credit bears interest at the prime lending rate of the Credit Union, plus 0.5%, and is secured by a general security agreement.

5. Accounts Payable and Accrued Liabilities

The accounts payable at year end is comprised of the following:

	<u>2026</u>	<u>2025</u>
Trade payables	\$ 131,562	\$ 86,441
Payroll liabilities	<u>76,570</u>	<u>152,208</u>
	<u>\$ 208,132</u>	<u>\$ 238,649</u>

6. Capital Grants Reserve, Service Partners

The capital grants reserve, service partners includes amounts earmarked for capital expenditures on behalf of service partners as follows:

	<u>2026</u>	<u>2025</u>
Municipality of the County of Annapolis	\$ -	\$ 451,683
Municipality of the County of Digby	<u>-</u>	<u>196,077</u>
	<u>\$ -</u>	<u>\$ 647,760</u>

During the fiscal year, the Authority entered into a new Inter Municipal Service Agreement, in which the Authority recognized the capital grants reserves from the service partners as revenue.

Tidal Transit Authority Notes to the Financial Statements

March 31, 2026

7. Asset Retirement Obligation

The Authority operates a building and is obligated to perform closure and post-closure activities upon retirement. The Company recognized a liability for the asset retirement obligation and a corresponding amount had been capitalized as an asset retirement cost and added to the carrying value of buildings. The asset retirement cost was amortized on a straight-line basis over the useful life of the buildings.

The Company estimated the amount of the liability using undiscounted future expenditures estimated to retire the tangible asset. The liability had not been discounted as the timing of future expenditures could not be reasonably determinable as a result of significant variances in potential timing of costs to be incurred. The significant assumptions used to determine the best estimate of the liability were:

- The square footage of the building.
- The estimated cost per square foot to remove asbestos and demolish the building, and
- The assumption that there was no current legislation from the Province of Nova Scotia for the expected timing of removal of potential asbestos and demolition.

	<u>2026</u>	<u>2025</u>
Balance, beginning of the year	\$ 85,000	\$ 85,000
Derecognition of liability	<u>(85,000)</u>	<u>-</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ 85,000</u>

During the year, the Authority completed an inspection of the property performed by a qualified engineer, who determined there is no evidence of asbestos or other hazardous materials requiring remediation upon retirement of the building. As such, the liability has been derecognized.

8. Municipal Contribution Settlement

For the purpose of the Authority's surplus disbursement policy, the operating fund annual surplus owing to the municipal parties is calculated as follows:

	<u>2026</u>
Annual surplus, before municipal contribution settlement	\$ 654,706
Add:	
Amortization of tangible capital assets	380,840
Loss on sale of tangible capital assets	(4,800)
Impairment loss on tangible capital assets	33,475
Less:	
Capital grant	(80,000)
Capital grant, Province	(375,000)
Recognition of capital grants reserves, service partners	(647,760)
Capital interest	<u>(34,091)</u>
Receivable from municipal partners	<u>\$ (72,630)</u>

Tidal Transit Authority
Notes to the Financial Statements

March 31, 2026

9. Related Party Transactions

All related party transactions are recorded at the exchange amount, which is the amount of consideration paid or payable, as agreed to by the related parties.

During the year, the following grants were contributed by the municipal service partners:

	<u>2026</u>	<u>2025</u>
Capital Grants		
Town of Wolfville	\$ 8,839	\$ 12,000
Town of Berwick	3,338	4,000
Town of Kentville	12,257	16,000
Municipality of the County of Kings	36,838	48,000
Municipality of Annapolis County	11,872	-
Town of Middleton	2,227	-
Municipality of Digby	4,629	-
	<u>\$ 80,000</u>	<u>\$ 80,000</u>
Operating Grants		
Town of Wolfville	\$ 301,269	\$ 264,119
Town of Berwick	108,292	88,040
Town of Kentville	411,143	352,159
Municipality of the County of Kings	1,234,787	1,056,475
Municipality of Annapolis County	743,960	-
Town of Middleton	54,714	-
Municipality of Digby	358,514	-
	<u>\$ 3,212,679</u>	<u>\$ 1,760,793</u>

Tidal Transit Authority Notes to the Financial Statements

March 31, 2026

10. Segmented Reporting - Transportation Services

Revenue	2026	2025
Grants	\$ 3,365,310	\$ 2,379,824
Sales of services	847,617	660,025
Other revenue from own sources	34,091	78,866
Conditional transfers from federal and provincial governments	375,000	375,000
Total revenue	4,622,018	3,493,715
Expenditures		
Amortization	380,840	196,248
Contracted services	75,238	45,440
Grants to service partners	-	132,750
Materials, goods, supplies and utilities	612,650	463,564
Other operating expenses	840,507	638,015
Principal, interest and debt charges	9,406	7,873
Salaries, wages, benefits, training and travel	2,595,124	1,671,960
Total expenditures	4,513,765	3,155,850
Recognition of capital grants reserves, service partners	647,760	-
Impairment loss on tangible capital asset	(33,475)	(31,501)
Gain on sale of tangible capital assets	4,800	-
Annual surplus	\$ 727,338	\$ 306,364

11. Remuneration

Pursuant to the Public Sector Compensation Disclosure Act, the Authority is required to disclose individuals with compensation greater than \$100,000. These individuals are as follows:

General Manager, Megan Hodges	<u>\$ 138,656</u>
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Tidal Transit Authority Notes to the Financial Statements

March 31, 2026

12. Financial Instruments

In the normal course of operations, the Authority is exposed to a number of risks in relation to financial instruments. The following analysis provides a measure of the Authority's risk exposures and concentrations at March 31, 2026.

Fair value

The fair value of the Authority's financial instruments that are comprised of cash, accounts receivables, bank indebtedness, and accounts payables and accrued liabilities, approximate their carrying value due to their short-term nature. The fair value of long-term debt is based on rates currently available to the Authority with similar terms and maturities and approximates its carrying value.

There has been no change in fair value risk during the year.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The carrying amount of the Authority's financial instruments best represents the maximum exposure to credit risk.

At year-end, the amounts outstanding for the Authority's accounts receivable are as follows:

	2026			2025		
	Accounts Receivable	Less impairment allowance	Total	Accounts Receivable	Less impairment allowance	Total
Current	\$ 141,599	\$ -	\$ 141,599	\$ 175,110	\$ -	\$ 175,110
31 to 60 days	910	-	910	3,120	-	3,120
61 to 90 days	5,545	-	5,545	-	-	-
Over 90 days	-	-	-	3,265	-	3,265
	\$ 148,054	\$ -	\$ 148,054	\$ 181,495	\$ -	\$ 181,495

There has been a decrease to credit risk during the year as the Authority's trade accounts receivable has decreased.

Risk management

The Authority manages its credit risk by reviewing their aged receivables listing regularly. Factors included in determining collectability include historic payments, communication between counter party and the number of days aged. When a receivable is determined to be impaired, the Authority provides allowances for these accounts receivable. The Authority has determined that an allowance for uncollectible receivables is not required for the year ended March 31, 2026 (2025 - \$0).

Tidal Transit Authority
Notes to the Financial Statements

March 31, 2026

13. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The Authority manages its risk by constantly monitoring forecasted and actual cash flows and expenditures. The Authority is exposed to liquidity risk through its bank indebtedness and accounts payable, which are all due within the next 12 months.

The following table sets out the of financial liabilities:

		2026			
		Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	\$	208,133	\$ -	\$ -	\$ -
Advances from service partner		631,863	-	-	-
	\$	839,996	\$ -	\$ -	\$ -
		2025			
		Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	\$	238,649	\$ -	\$ -	\$ -
Due to service partners		-	-	-	647,760
	\$	238,649	\$ -	\$ -	\$ 647,760

The Authority's liquidity risk has decreased during the year as a result of an increase in net assets.

13. Comparative Figures

Certain figures from the prior year have been reclassified to conform with this year's financial statement presentation.

**Tidal Transit Authority
Tangible Capital Assets
Schedule 1**

For the year ended March 31	Land	Buildings	Furniture & Office Equipment	Shop Equipment	Vehicles	2026	2025
Cost							
Opening costs	\$ 125,000	\$ 1,269,535	\$ 261,357	\$ 282,545	\$ 2,967,031	\$ 4,905,468	\$ 4,857,232
Additions during the year	-	33,671	600	52,187	1,100,407	1,186,865	79,737
Disposals during the year	-	(87,867)	(6,138)	(5,319)	(62,800)	(162,124)	-
Impairment loss on tangible assets	-	-	-	-	-	-	(31,501)
Closing costs	<u>125,000</u>	<u>1,215,339</u>	<u>255,819</u>	<u>329,413</u>	<u>4,004,638</u>	<u>5,930,209</u>	<u>4,905,468</u>
Accumulated Amortization							
Opening accumulated amortization	-	581,042	258,062	252,066	2,305,601	3,396,771	3,200,521
Amortization	-	41,362	1,875	18,702	318,901	380,840	196,248
Removal of amortization on disposals	-	-	(6,138)	(5,319)	(29,325)	(40,782)	-
Closing accumulated amortization	<u>-</u>	<u>622,404</u>	<u>253,799</u>	<u>265,449</u>	<u>2,595,177</u>	<u>3,736,829</u>	<u>3,396,771</u>
	\$ 125,000	\$ 592,935	\$ 2,020	\$ 63,964	\$ 1,409,461	\$ 2,193,380	\$ 1,508,697

Buildings include \$0 (2025 - \$2,599) of development which is not yet in use. Vehicles include \$49,513 (2025 - \$0) of vehicle repairs that are not yet in use.

**Tidal Transit Authority
Accumulated Surplus
Schedule 2**

For the year ended March 31	General Operating Fund	Capital Reserve Fund	Investment in Net Assets Fund	2026	2025
Opening balance	\$ -	\$ 1,636,398	\$ 1,423,696	\$ 3,060,094	\$ 2,753,730
Capital grants	3,212,679	80,000	-	3,292,679	1,840,793
Net operating costs	(3,285,309)	-	-	(3,285,309)	(1,813,809)
Municipal contribution settlement	72,630	-	-	72,630	64,022
Amortization of tangible capital assets	-	-	(380,840)	(380,840)	(196,248)
Impairment loss on tangible capital assets	-	-	56,327	56,327	(31,500)
Acquisition of tangible capital assets	-	(1,186,865)	1,186,865	-	-
Derecognition of asset retirement obligation	-	(85,000)	-	(85,000)	-
Recognition of capital grants reserves, service partners	-	647,760	-	647,760	-
Capital grant, Province	-	375,000	-	375,000	375,000
Capital interest	-	34,091	-	34,091	68,106
Closing balance	\$ -	\$ 1,501,384	\$ 2,286,048	\$ 3,787,432	\$ 3,060,094

Tidal Transit Authority
Budget Figures
Schedule 3

For the year ended March 31, 2026

	Approved Operating Budget (unaudited)	Adjustments	Budget per Financial Statements (unaudited)
Revenue			
Fares	\$ 892,320	\$ -	\$ 892,320
Grants, municipal units	3,212,679	-	3,212,679
Capital Grant, Province	375,000	-	375,000
Capital grant, municipal units	80,000	-	80,000
Advertising	24,000	-	24,000
Capital interest	36,000	-	36,000
	<u>4,619,999</u>	<u>-</u>	<u>4,619,999</u>
Expenditures			
Advertising	945	-	945
Amortization	319,945	-	319,945
Capital grant, service partners	132,750	-	132,750
Commission	6,267	-	6,267
Employee benefits	378,622	-	378,622
Insurance	217,899	-	217,899
Interest and bank charges	6,234	-	6,234
License and permits	7,838	-	7,838
Miscellaneous	2,540	-	2,540
Printing	11,445	-	11,445
Professional fees	37,474	-	37,474
Rent and building maintenance	115,306	-	115,306
Salaries and wages	2,053,655	-	2,053,655
Supplies	29,002	-	29,002
Telephone and radios	114,633	-	114,633
Training and professional development	17,961	-	17,961
Travel and meetings	6,030	-	6,030
Uniforms	10,714	-	10,714
Vehicle fuel	597,837	-	597,837
Vehicle repairs and maintenance	514,597	-	514,597
	<u>4,581,694</u>	<u>-</u>	<u>4,581,694</u>
Annual surplus (deficit)	\$ 38,305	\$ -	\$ 38,305