Canadian Urban Transit Research & Innovation Consortium

Financial Statements

For the year ended December 31, 2025

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Independent Auditor's Report

To the Members of Canadian Urban Transit Research & Innovation Consortium

Opinion

We have audited the financial statements of Canadian Urban Transit Research & Innovation Consortium (the "Consortium"), which comprise the statement of financial position as at December 31, 2025, 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 Consortium as at December 31, 2025, 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 Consortium 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 Consortium'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 Consortium or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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 Consortium'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 Consortium'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 Consortium 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, Licensed Public Accountants
Oakville, Ontario
June 2, 2026

Canadian Urban Transit Research & Innovation Consortium
Statement of Financial Position

December 31	2025	2024
Assets		
Current		
Cash - unrestricted	**$ 2,699,030**	$ 2,060,785
Investment (Note 3)	**-**	210,362
Accounts receivable	**732,781**	1,737,381
Accrued billings receivable (Note 6)	**826,235**	461,073
Prepaid expenses	**37,014**	42,205
	4,295,060	4,511,806
Due from Canadian Urban Transit Zero Emission Bus Joint Procurement Initiative (Note 6)	**236,299**	60,708
Capital assets (Note 4)	**5,433**	7,114
	$ 4,536,792	$ 4,579,628
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 170,406**	$ 159,129
Due to Canadian Urban Transit Zero Emission Bus Joint Procurement Initiative (Note 6)	**149,724**	75,590
Deferred membership (Note 5)	**6,342**	109,203
Deferred sponsorship	**-**	7,000
	326,472	350,922
Net assets		
Unrestricted	**4,210,320**	4,228,706
	$ 4,536,792	$ 4,579,628

On behalf of the Board:

_____ Director

_____ Director

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

Canadian Urban Transit Research & Innovation Consortium
Statement of Changes in Net Assets

For the year ended December 31	2025	2024
Net assets, beginning of year	**$ 4,228,706**	$ 3,897,104
Excess (deficiency) of revenue over expenses for the year	**(18,386)**	331,602
Net assets, end of year	**$ 4,210,320**	$ 4,228,706

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

Canadian Urban Transit Research & Innovation Consortium
Statement of Operations

For the year ended December 31	2025	2024
Revenue		
Membership fees	**$ 524,465**	$ 628,590
Fee-for-service	**2,550,184**	3,623,767
Sponsorship	**121,226**	111,560
Other income	**50,883**	47,318
	3,246,758	4,411,235
Operating expenses		
Advertising and promotion	**269,676**	264,733
Amortization of capital assets	**4,759**	8,176
Consulting fees	**214,314**	467,583
Exchange loss	**647**	498
Meetings and events	**108,075**	89,909
Office and general	**245,966**	222,613
Professional fees	**290,111**	365,650
Salaries and benefits	**2,032,449**	2,587,060
Travel	**99,147**	73,411
	3,265,144	4,079,633
Excess (deficiency) of revenue over expenses for the year	**$ (18,386)**	$ 331,602

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

Canadian Urban Transit Research & Innovation Consortium
Statement of Cash Flows

For the year ended December 31	2025	2024
Cash provided by (used in)		
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	**$ (18,386)**	$ 331,602
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	**4,759**	8,176
Loss on disposal of capital assets	**-**	307
Changes in non-cash working capital balances		
Accounts receivable	**1,004,600**	(1,339,495)
Accrued billings receivable	**(365,162)**	1,794,722
Due from/to related parties	**(101,457)**	(49,685)
Prepaid expenses	**5,191**	24,678
Accounts payable and accrued liabilities	**11,277**	(21,963)
Deferred membership	**(102,861)**	88,214
Deferred sponsorship	**(7,000)**	7,000
	430,961	843,556
Cash flows from investing activities		
Purchase of capital assets	**(3,078)**	(2,561)
Proceeds (purchase) of investments, net	**210,362**	(10,362)
Proceeds on disposal of capital assets	**-**	199
	207,284	(12,724)
Increase in cash during the year	**638,245**	830,832
Cash, beginning of year	**2,060,785**	1,229,953
Cash, end of year	**$ 2,699,030**	$ 2,060,785

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

December 31, 2025

1. Significant Accounting Policies

Nature of Operations

The Canadian Urban Transit Research and Innovation Consortium ("CUTRIC" or "Consortium") is a not-for- profit consortium, incorporated on September 16, 2014 without share capital, under the Canada Not-for-Profit Corporations Act ("NFP Act"). CUTRIC is exempt from income taxes under section 149(1)(l) of the Income Tax Act (Canada).

CUTRIC's vision is to make Canada a global leader in transportation-related research. CUTRIC's mission is to support research, development and innovation through industry-academic collaborations that bring advanced thinking, design, and manufacturing to Canada's transit and transportation networks.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for non-for-profit organization.

Revenue Recognition

The Consortium follows the deferral method of accounting for contributions.

Restricted contributions 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.

Membership fees are recognized as revenue in the year to which the membership relates.

Government funding is recognized as revenue when services stipulated by contracts have been provided and specified expenses have been incurred; with any funding received in advance as deferred revenues.

Fee-for-service revenues are recognized when milestones on contracts have been achieved and collection is reasonably assured. Revenue recognized, net of progress billings is reflected as accrued billings receivable.

Sponsorship revenue is recognized in the year in which the event is held and the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

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

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer hardware	55% diminishing balance basis

When a capital asset no longer contributes to an Consortium’s ability to provide services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

December 31, 2025

1. Significant Accounting Policies (Continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all 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.

Arm's length financial instruments are recorded at fair value at initial recognition. Related party financial instruments are recorded at cost at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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.

2. Bank Facility

The Consortium has a revolving line of credit facility with a credit limit of $80,000 (2024 - $80,000), bearing interest of Prime plus 1.50%. This facility remained unutilized at year end.

3. Investment

Investment in the prior year consists of a Guaranteed Investment Certificate that bears interest at a variable interest rate of Prime less 2.45%, maturing August 21, 2025. This investment was disposed during the year.

4. Capital Assets

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Computer hardware	**$ 52,104**	**$ 46,671**	**$ 5,433**	$ 7,114

5. Deferred Membership

Deferred membership revenue are membership fees received in advance.

	2025	2024
Balance, beginning of year	**$ 109,203**	$ 20,989
Membership fees received	**6,342**	109,203
Membership fees recognized as revenue during the year	**(109,203)**	(20,989)
Balance, end of year	**$ 6,342**	$ 109,203

6. Canadian Urban Transit Zero Emission Bus Joint Procurement Initiative

The Consortium exercises significant influence over Canadian Urban Transit Zero Emission Bus Joint Procurement ("CUTZEB") by virtue of a common President & CEO and a start-up financing provided to CUTZEB from the Consortium. CUTZEB is leading Canada's first national joint procurement program for electrified public transit infrastructure focusing on turnkey zero-emission transit solutions for small- to mid-sized agencies. It provides a uniquely synergistic, comprehensive and cost-effective process for joint procurement nationwide. CUTZEB is incorporated under the Canada Not-for-Profit Corporations Act and is exempt from income taxes under section 149(1)(l) of the Income Tax Act (Canada).

During the year, the Consortium had provided services to CUTZEB in the amount of $35,235 (2024 - $268,058) which at year end is reflected within the accrued billings receivable. These transactions are in the normal course of operations and are recorded at the exchange amount.

The Consortium also provided CUTZEB with a start-up loan which at year end amounted to $236,299 (2024 - $60,708). This loan is unsecured, non-interest bearing and is not expected to be repaid by CUTZEB within the year.

At year end, $149,724 (2024 - $75,590) is owing to CUTZEB.

7. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the Consortium 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 Consortium 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 Consortium's accounts payable and accrued liabilities. This risk has not changed from the prior year.

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 Consortium is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Consortium's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivables and accrued billings receivable.

The Consortium is also exposed to credit risk arising from all of its bank accounts being held at one financial institution. 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 Consortium is exposed to this risk through its interest bearing investments and variable interest rate on its line of credit facility. This risk has not changed from the prior year.

8. Comparative Figures

The comparative information presented in the financial statements has been reclassified to conform to the current year's presentation.