THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

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Doane Grant Thornton

Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of the Village of Burk's Falls

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of the Village of Burk's Falls ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of the Village of Burk's Falls as at December 31, 2025, and its results of operations, its changes in its net financial assets, 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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Municipality'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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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.

Doane Grant Thornton LLP

North Bay, Canada
October 20, 2026

Chartered Professional Accountants
Licensed Public Accountants

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THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash *(Note 4)*	$ 2,998,374	$ 2,705,873
Investments *(Note 5)*	64,718	39,131
Taxes receivable *(Note 6)*	236,714	243,010
Accounts receivable	341,986	438,066
Long-term receivables *(Note 7)*	1,917,774	-
Investment in Lakeland Holding Ltd. *(Note 8)*	2,183,115	2,179,076
Inventories held for resale	9,820	17,706
	7,752,501	**5,622,862**
LIABILITIES		
Accounts payable and accrued liabilities	516,937	549,740
Deferred revenue-general *(Note 9)*	116,832	295,428
Deferred revenue-obligatory reserve funds *(Note 10)*	1,154,662	907,356
Long-term debt *(Note 11)*	2,181,831	6,280,410
Tangible capital leases *(Note 12)*	-	9,220
Employee benefits payable *(Note 13)*	19,944	18,128
Asset retirement obligations *(Note 15)*	326,046	325,098
	4,316,252	**8,385,380**
NET FINANCIAL ASSETS (NET DEBT)	**3,436,249**	**(2,762,518)**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 18)*	21,860,193	27,815,658
Inventories of supplies	30,745	31,302
Prepaid expenses	10,510	5,757
	21,901,448	**27,852,717**
ACCUMULATED SURPLUS *(Note 19)*	**$ 25,337,697**	**$ 25,090,199**
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating surplus	$ 25,335,513	$ 25,086,262
Accumulated remeasurement gains and losses	2,184	3,937
	$ 25,337,697	**$ 25,090,199**

Contingencies *(Notes 2, 17)*
Contractual Obligations *(Note 16)*

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 *(see Note 23)*	Actual 2025	Actual 2024
REVENUE			
Property taxes	$ 1,613,608	$ 1,637,610	$ 1,543,861
User charges	847,582	844,503	799,036
Government transfers	1,928,512	1,320,845	903,827
Lakeland Holding Ltd. - share of operating income, net of dividends *(Note 8)*	-	5,792	53,265
Restructuring net revenue (expense) *(Note 21)*	-	98,643	(1,604)
Almaguin Manor Residence revenue	-	-	490,417
Other	598,277	433,389	539,634
TOTAL REVENUE	**4,987,979**	**4,340,782**	**4,328,436**
EXPENSES			
General government	825,713	796,719	791,572
Protection to persons and property	560,236	539,146	504,348
Transportation services	851,171	763,970	724,570
Environmental services	990,416	943,082	994,264
Health services	352,245	343,893	338,140
Social and family services	129,611	128,864	583,690
Recreation and cultural services	516,485	470,794	452,658
Planning and development	140,461	105,063	98,240
TOTAL EXPENSES	**4,366,338**	**4,091,531**	**4,487,482**
ANNUAL OPERATING SURPLUS (DEFICIT)	**621,641**	**$ 249,251**	**(159,046)**
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	**25,086,262**	**25,086,262**	**25,245,308**
ACCUMULATED OPERATING SURPLUS, END OF YEAR	**$ 25,707,903**	**$ 25,335,513**	**$ 25,086,262**

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	$ 3,937	$ 3,937
Lakeland Holding Ltd. - share of actuarial loss on employee benefits *(Note 8)*	(1,753)	-
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	**$ 2,184**	**$ 3,937**

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 *(see Note 23)*	Actual 2025	Actual 2024
Annual operating surplus (deficit)	$ 621,641	$ 249,251	$ (159,046)
Net remeasurement losses	-	(1,753)	-
Acquisition of tangible capital assets	(1,740,844)	(807,850)	(477,252)
Revaluation of tangible capital assets - ARO	-	1,733	(10,061)
Contributed tangible capital assets	-	(800)	-
Shared services tangible capital assets transfer - net	-	125	(1,930)
Amortization of tangible capital assets	784,060	784,060	908,048
(Gain) Loss on disposal of tangible capital assets	-	79,913	(4,561)
Derecognition of Almaguin Manor Residence tangible capital assets	-	5,898,284	-
Proceeds from disposal of tangible capital assets	-	-	62,346
Change in supplies inventories	-	557	(4,150)
Change in prepaid expenses	-	(4,753)	5,607
Increase (decrease) in net financial assets	**(335,143)**	**6,198,767**	**319,001**
Net debt, beginning of year	(2,762,518)	(2,762,518)	(3,081,519)
Net financial assets (net debt), end of year	**$ (3,097,661)**	**$ 3,436,249**	**$ (2,762,518)**

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating transactions		
Annual operating surplus (deficit)	$ 249,251	$ (159,046)
Non-cash charges to operations:		
Contributed tangible capital assets	(800)	-
Amortization of tangible capital assets	784,060	908,048
Accretion expense on ARO liability	13,479	12,945
Revaluation of tangible capital assets - ARO	1,733	(10,061)
Change in ARO liability excluding accretion and settlements	(12,531)	15,207
Shared services tangible capital assets transfer - net	125	(1,930)
(Gain) Loss on disposal of tangible capital assets	79,913	(4,561)
Derecognition of Almaguin Manor Residence tangible capital assets	5,898,284	-
Derecognition of Almaguin Manor Residence long-term debt	(4,064,059)	-
Change in employee benefits payable	1,816	(120)
Lakeland Holding Ltd. - share of operating income net of dividends	(5,792)	(53,265)
	2,945,479	707,217
Changes in non-cash items:		
Taxes receivable	6,296	(5,556)
Accounts receivable	96,080	(145,552)
Long-term receivables	(1,917,774)	-
Inventories held for resale	7,886	(877)
Accounts payable and accrued liabilities	(32,803)	(3,241)
Deferred revenue-general	(178,596)	64,226
Deferred revenue-obligatory reserve funds	247,306	138,330
Inventories of supplies	557	(4,150)
Prepaid expenses	(4,753)	5,607
	(1,775,801)	48,787
Cash provided by operating transactions	1,169,678	756,004
Capital transactions		
Acquisition of tangible capital assets	(735,023)	(477,252)
Proceeds from disposal of tangible capital assets	-	62,346
Cash applied to capital transactions	(735,023)	(414,906)
Investing transactions		
Increase in investments	(25,587)	(8,578)
Cash applied to investing transactions	(25,587)	(8,578)
Financing transactions		
Debt principal repayments	(107,347)	(157,263)
Tangible capital lease repayments	(9,220)	(13,528)
Cash applied to financing transactions	(116,567)	(170,791)
Net change in cash	**292,501**	**161,729**
Cash, beginning of year	**2,705,873**	**2,544,144**
Cash, end of year	**$ 2,998,374**	**$ 2,705,873**
Cash paid for interest	*$ 61,886*	*$ 220,578*

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Municipality of the Village of Burk's Falls (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and proportionally consolidated entities

The following local boards and enterprises are consolidated:

Cemetery
Almaguin Manor Residence

The Municipality relinquished control of Almaguin Manor Residence effective February 10, 2025. Transactions to February 10, 2025 and balances as of December 31, 2024 are reported in these financial statements.

The following joint boards and committees are proportionally consolidated:

Fire
TRI R
Arena and Community Centre
Library
Building Committee
Almaguin Community Economic Development

The Municipality withdrew from the Almaguin Community Economic Development Committee effective December 31, 2025. Transactions to December 31, 2025 and balances as of December 31, 2024 are reported in these financial statements.

Inter-organizational transactions and balances between these organizations are eliminated.

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ii) Modified equity accounting
Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Non-consolidated entities
The following joint boards are not consolidated:
North Bay Parry Sound District Health Unit
Parry Sound District Social Services Administration Board
District of Parry Sound (East) Home for the Aged

(iv) Accounting for school board transactions
The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(v) Trust funds
Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting

(i) Accrual basis of accounting
Revenue and expenses are reported on the accrual basis of accounting. Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer. Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer. Revenue from transactions with no performance obligations is recognized when the Municipality has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash
Cash includes cash on hand and balances held at financial institutions.

(iii) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) 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, as well as any asset retirement obligations related to the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Leasehold improvements - 20 years
Buildings - 10 to 40 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 15 years
Roads - 8 to 75 years
Bridges - 60 years
Water and wastewater infrastructure - 20 to 75 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites and related land improvements are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

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

(iv) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenue 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 Consolidated Statement of Operations as the stipulation liabilities are settled.

(vi) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(vii) Taxation and related revenue

Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

(viii) Pensions and employee benefits

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ix) Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Consolidated Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

The Municipality's financial instruments are measured according to the following methods:

Financial instrument	Measurement method
Cash	Amortized cost
Investments	Amortized cost
Accounts receivable	Amortized cost
Long-term receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Asset retirement obligations

A liability for an asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:
- there is a legal obligation to incur retirement costs in relation to a capital asset;
- 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. When an asset retirement obligation is initially recognized, a corresponding asset retirement cost is added to the carrying value of the related capital asset when it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(xi) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, estimated costs and timing of asset retirement obligations and supplementary taxes. Actual results could differ from these estimates.

There is a measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $326,046. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(iii), the following contributions were made by the Municipality to these boards:

	2025	2024
District of Parry Sound Social Services Administration Board	$ 38,110	$ 36,909
North Bay Parry Sound District Health Unit	31,188	29,703
District of Parry Sound (East) Home for the Aged	32,187	31,553
	$ 101,485	**$ 98,165**

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, $225,638 of taxation was collected on behalf of school boards (2024 - $222,542).

(b) The Municipality administers care and maintenance trust funds totaling $131,588 (2024 - $128,687) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemetery. The trust funds are not included in these consolidated financial statements as they are being held in trust for the benefit of others.

4. CASH

Cash is comprised of:

	2025	2024
Unrestricted cash	$ 1,843,712	$ 1,755,273
Restricted cash	1,154,662	950,600
	$ 2,998,374	**$ 2,705,873**

Restricted cash includes amounts restricted by Federal and Provincial legislation, and in the prior year, amounts segregated in accordance with the requirements of the CMHC Insurance Certificate (as a condition of the Almaguin Manor Residence loan guarantee with RBC).

5. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at rates ranging from 2.8% to 4.9% and maturing between May 23, 2026 and July 9, 2027.

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2025	2024
Taxes and amounts added for collection purposes-current year	$ 165,337	$ 181,240
Taxes and amounts added for collection purposes-previous year	54,232	43,113
Taxes and amounts added for collection purposes-prior years	4,692	5,569
Penalties and interest	16,453	17,088
Valuation allowance	(4,000)	(4,000)
	$ 236,714	**$ 243,010**

7. LONG-TERM RECEIVABLES

a) In 2019, the Municipality entered into a financing agreement with the Ontario Infrastructure and Lands Corporation for the purposes of borrowing $1,999,900 which was loaned to Almaguin Manor Residence to assist with financing the construction of a 32-suite affordable housing complex. Almaguin Manor Residence is responsible for payments of principal and interest to the Municipality on the amount borrowed. Since 2019, Almaguin Manor Residence has been unable to make all payments as originally scheduled and a revised loan agreement and repayment schedule was negotiated on December 31, 2022. The loan is now repayable in annual payments of $84,000, including interest at 2.75%. As security, Almaguin Manor Residence has provided a general security agreement. At December 31, the balance of this receivable is $1,912,039. The future estimated repayment schedule is as follows:

	Principal	Interest	Total
2026	$ 37,584	$ 52,416	$ 90,000
2027	32,452	51,548	84,000
2028	33,345	50,655	84,000
2029	34,262	49,738	84,000
2030	35,204	48,796	84,000
2031 onwards	1,739,192	869,497	2,608,689
	$ 1,912,039	**$ 1,122,650**	**$ 3,034,689**

The reported balance of the long-term receivable at December 31, 2024 was NIL, as the receivable was eliminated in these consolidated statements.

The related loan is included in the long-term debt reported in Note 11.

b) In 2025, the Municipality entered into a six-year financing agreement with Kubota Canada Ltd. Anticipated HST rebates related to the repayments for the years 2027-2031 of $5,735 are reported as a long-term receivable.

8. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. Two of its subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls, Magnetawan and Parry Sound. A third subsidiary sells utility related products and services. The Municipality holds a 3.34% ownership stake in the common shares of Lakeland Holding Ltd.

Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

		2025		2024
Consolidated Statement of Financial Position				
Assets				
Current Assets	$	17,488,073	$	18,093,749
Non-Current Assets		147,093,604		149,973,217
Total Assets		164,581,677		168,066,966
Regulatory Deferral Account Balances and Related Deferred Tax		1,366,414		702,173
Total Assets and Regulatory Deferral Account Balances		165,948,091		168,769,139
Liabilities				
Current Liabilities		22,437,963		14,590,203
Non-Current Liabilities		78,147,418		88,937,136
Total Liabilities		100,585,381		103,527,339
Shareholders' Equity		65,362,710		65,241,800
Total Liabilities and Equity	$	165,948,091	$	168,769,139
Municipality's investment, comprised of:				
Accumulated other comprehensive income	$	2,184	$	3,937
Other shareholders' equity		2,180,931		2,175,139
	$	2,183,115	$	2,179,076
Consolidated Statement of Comprehensive Income				
Total operating revenue	$	77,175,271	$	72,947,088
Total operating expenses		(70,285,145)		(66,287,572)
Other income and expenses		(2,034,254)		(2,084,799)
Impairment loss		(1,073,511)		-
Provision for payments in lieu of taxes		(893,497)		(1,189,843)
Profit from discontinued operations		-		76,312
Net movement in regulatory deferral account balances		(715,454)		133,571
Total comprehensive income for the year	$	2,173,410	$	3,594,757
Municipality's share of profit for the year and net movements in regulatory deferral account balances	$	72,592	$	120,065
Less: dividends received from Lakeland Holding Ltd.		(66,800)		(66,800)
Municipality's share of operating income, net of dividends and increase in Municipality's investment	$	5,792	$	53,265
Add:				
Municipality's share of actuarial loss on employee benefits		(1,753)		-
Increase in Municipality's investment	$	4,039	$	53,265

9. DEFERRED REVENUE-GENERAL

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

		2025		2024
Balance, beginning of year:				
Northern Ontario Resource Development Support (NORDS)	$	281,810	$	210,314
Ontario Cannabis Legalization Implementation Fund		11,019		19,252
Other deferred revenue		2,599		1,636
		295,428		231,202
Received during the year:				
Northern Ontario Resource Development Support (NORDS)		63,119		65,564
Building permits		8,286		-
Youth Group donations		41,493		-
Other funding		4,051		2,599
Interest earned		6,234		5,932
		123,183		74,095
Recognized in revenue during the year		(301,779)		(9,869)
Balance, end of year	**$**	**116,832**	**$**	**295,428**
Northern Ontario Resource Development Support (NORDS)	$	51,556	$	281,810
Ontario Cannabis Legalization Implementation Fund		11,019		11,019
Building permits		8,286		-
Youth Group donations		40,369		
Other deferred revenue		5,602		2,599
Balance, end of year	**$**	**116,832**	**$**	**295,428**

10. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act, Federal Community-Building funding (previously gas tax) under an agreement with the Association of Municipalities of Ontario and Ontario Community Infrastructure Fund revenue under an agreement with the Ministry of Infrastructure. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Community-Building and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible operating expenditures and capital works.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2025	2024
Balance, beginning of year:		
Recreational land (the Planning Act)	$ 3,280	$ 965
Building Code Act	28,758	47,772
Community-Building	255,437	189,272
Ontario Community Infrastructure Fund	619,881	531,017
	907,356	769,026
Received during the year:		
Recreational land (the Planning Act)	-	2,250
Building Code Act	55,241	-
Community-Building	62,684	61,146
Ontario Community Infrastructure Fund	236,217	205,406
Interest earned	20,323	19,272
	374,465	288,074
Recognized in revenue during the year	(127,159)	(149,744)
Balance, end of year	**$ 1,154,662**	**$ 907,356**
Recreational land (the Planning Act)	$ 3,346	$ 3,280
Building Code Act	83,999	28,758
Community-Building	324,779	255,437
Ontario Community Infrastructure Fund	742,538	619,881
Balance, end of year	**$ 1,154,662**	**$ 907,356**

11. LONG-TERM DEBT

(a) The balance of long-term debt reported on the Consolidated Statement of Financial Position is made up of the following:

		2025		2024
Ontario Infrastructure and Lands Corporation amortizing debenture, due October 15, 2049, repayable in semi-annual payments of $49,167, including interest calculated at 2.75%. Secured by future provincial funding	$	1,719,291	$	1,769,310
Ontario Infrastructure and Lands Corporation amortizing debenture, due December 2032, repayable in semi-annual payments of $29,396, including interest calculated at 3.12%. Secured by future Provincial funding		367,147		413,399
Kubota Canada Ltd. financing contract, due September 2031, repayable in monthly payments of $1,011, including interest calculated at 0.00%. Secured by the equipment to which the contract relates		69,793		-
Almaguin Manor Residence RBC Life Insurance Company mortgage, due January 2060. Derecognized at December 31, 2025		-		4,064,059
Proportionate share of Fire Department Ontario Infrastructure and Lands Corporation amortizing debenture, due July 2028, repayable in semi-annual payments of $15,703 including interest calculated at 2.97%. Secured by future Provincial funding		25,600		33,642
	$	**2,181,831**	**$**	**6,280,410**

(b) Future estimated principal and interest payments on long-term debt are as follows:

		Principal		Interest
2026	$	119,531	$	58,714
2027		122,702		55,543
2028		125,967		52,278
2029		120,280		48,983
2030		123,471		45,792
2031 onwards		1,569,880		425,137
	$	**2,181,831**	**$**	**686,447**

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

		2025		2024
Principal payments	$	107,347	$	157,263
Derecognition of Almaguin Manor Residence mortgage balance		4,064,059		-
Interest		61,278		219,342
	$	**4,232,684**	**$**	**376,605**

12. TANGIBLE CAPITAL LEASES

During the year, the Municipality fully repaid a ten-year streetlight lease from RealTerm Energy Corp. Interest of $92 (2024 - $441) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

13. EMPLOYEE BENEFITS PAYABLE

(a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to $17,119 (2024 - $17,283) at the end of the year.

(b) Under the retirement gratuity policy of the Joint Building Committee, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for the retirement gratuity is estimated at $2,825 (2024 - $845) at the end of the year.

14. FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management
The Municipality is exposed to various risks through its financial instruments.

Credit risk
Credit risk is the risk of financial loss to the Municipality if a debtor fails to honour its contractual obligations. The Municipality is exposed to this risk as a result of its cash, investments, accounts receivable and long-term receivables. The carrying amounts of these financial assets on the Consolidated Statement of Financial Position represent the maximum credit risk of the Municipality as at the reporting date.

The Municipality holds its cash and investments with a federally regulated chartered bank and a provincially regulated credit union who are insured, respectively, by the Canadian Deposit Insurance Corporation ("CDIC") and the Financial Services Regulatory Authority of Ontario ("FSRA"). The CDIC insurance is up to $100,000 per deposit account and the FSRA insurance is up to $250,000 in aggregate.

Accounts receivable are primarily due from other levels of government and municipal ratepayers. Credit risk is mitigated by the financial solvency of the governments, the highly diversified nature of the ratepayer population and the potential for the Municipality to transfer unpaid ratepayer receivables to taxes receivable. The amounts outstanding at year-end were as follows:

2025

	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	$ 76,959	$ -	$ -	$ 76,959
Provincial	90,265	-	-	90,265
Other municipalities	18,903	-	5,024	23,927
Ratepayers - water and wastewater	109,198	18,091	-	127,289
Other	21,575	1,971	-	23,546
Valuation allowance	-	-	-	-
Net receivables	**$ 316,900**	**$ 20,062**	**$ 5,024**	**$ 341,986**

2024

	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	$ 126,347	$ 6,386	$ -	$ 132,733
Provincial	6,235	5,979	-	12,214
Other municipalities	98,146	1,893	15,479	115,518
Ratepayers - water and wastewater	106,353	16,093	-	122,446
Other	44,839	10,316	-	55,155
Valuation allowance	-	-	-	-
Net receivables	**$ 381,920**	**$ 40,667**	**$ 15,479**	**$ 438,066**

Long-term receivables are primarily due from Almaguin Manor Residence. The scheduled repayments are outlined Note 7.

14. FINANCIAL INSTRUMENTS *(Continued)*

There has been a significant change in exposure to credit risk, as there were no long-term receivables in the previous year. There have been no significant changes from the previous year in policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality is exposed to this risk with respect to its accounts payable and accrued liabilities and long-term debt. The Municipality maintains sufficient cash balances to meet its obligations, and does not believe it is subject to significant liquidity risk.

The table below sets out the payable dates of the Municipality's accounts payable and accrued liabilities. This includes planning-related accounts which have an indeterminate payable date as they are settled when the related planning application has been finalized. The long-term debt repayment schedule is disclosed in Note 11.

2025					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	$ 333,740	$ 90,173	$ -	$ 93,024	$ 516,937

2024					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	$ 449,935	$ 55,784	$ -	$ 44,021	$ 549,740

There have been no significant changes from the previous year in the policies, procedures and methods used to measure liquidity risk. However, there has been a significant change in the exposure to liquidity risk due to $4,064,059 of Almaguin Manor Residence debt being derecognized in the consolidated statements.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Municipality is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Municipality to a fair value risk.

There have been no significant changes from the previous year in the policies, procedures and methods used to measure market risk. However, there has been a significant change in the exposure to market risk due to $4,064,059 of Almaguin Manor Residence debt being derecognized in the consolidated statements.

15. ASSET RETIREMENT OBLIGATIONS

Liabilities related to asset retirement obligations are recognized in full when the legal obligation arises. When initially recording this obligation, the estimated present value of future cash flows for retirement costs for assets in use are capitalized to the carrying amount of the associated assets, and amortized over the useful life of the related asset. Subsequent revisions to the estimated cost are also capitalized and amortized as part of the asset. Accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

The Municipality has recorded the following asset retirement obligations:

a) A liability of $55,690 (2024 - $53,368) relating to designated substances in buildings used by the Municipality and its shared services, which represents the Municipality's share of the total discounted future cash flows for removal and disposal of using estimated long-term borrowing rates ranging from 4.14% to 4.40% (2024 - 4.14% to 4.40%) and inflation rate of 2.60% (2024 - 2.60%).

b) A liability of $169,523 (2024 - $162,394) relating to the designated substances in the Municipality's wastewater lines, which represents the total discounted future cash flows for removal and disposal using an estimated long-term borrowing rate of 4.39% (2024 - 4.39%) and inflation rate of 2.60% (2024 - 2.60%).

c) A liability of $100,833 (2024 - $109,336) relating to the landfill closure and post-closure care requirements for the landfill site jointly operated by the Township of Armour, the Village of Burk's Falls and the Township of Ryerson through the TRI R Committee, which has been defined in accordance with industry standards and includes final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection.

   The site is comprised of the original, inactive, site area with a capacity of 58,000 cubic metres, and an additional 27,700 capacity area, approved in March 2017, that is currently active. The liability for both the inactive and active areas represents the total discounted future cash flows for closure and post-closure care using an estimated long-term borrowing rate of 3.88% (2024 - 3.92%) and inflation rate of 2.7% (2024 - 2.6%). The estimated remaining capacity of the site is approximately 10,858 (2024 - 12,695) cubic metres, estimated to be filled in 10 years (2024 - 12 years). Post-closure care is estimated to be required for a period of 25 years.

   The Municipality has reserves of $134,597 (2024 - $126,097) related to the landfill site that could be used to fund this liability.

The continuity of the asset retirement obligation reported on the Consolidated Statement of Financial Position is shown below:

		2025		2024
Balance, beginning of year	$	325,098	$	296,946
Increase (decrease) in liability reflecting changes in the estimated cash flows, inflation and discount rate		(5,977)		11,456
Increase in liability due to accretion (the passage of time)		13,479		12,945
Increase (decrease) in liability due to change in Municipality's proportionate share		(6,554)		3,751
Balance, end of year	**$**	**326,046**	**$**	**325,098**

16. CONTRACTUAL OBLIGATIONS

In 2025 the Municipality engaged EXP Services Inc. to provide engineering services related to the rehabilitation of Yonge St. at a contracted price of $86,888. To the end of the year, $15,853 of work was performed. The balance of the work is expected to be completed in 2026.

In conjunction with the Corporation of the Township of Ryerson and the Municipal Corporation of the Township of Armour, the Municipality has engaged Domm Construction Ltd. to construct a new fire hall at a contracted price of $3,634,901 plus HST. To the end of the year, $293,000 of work was completed. The balance of the contract is expected to be completed in 2026.

17. CONTINGENCIES

The Municipality has provided RBC Life Insurance Company with a guarantee in respect of the debt of Almaguin Manor Residence. As at the statement of financial position date, the outstanding amount on this debt is $4,194,900.

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Year Ended December 31, 2025

18. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2025

	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	$ 2,031,645	$ 11,209,387	$ 1,427,769	$ 531,187	$ 18,290,327	$ 8,304,253	$ 5,458	$ 41,800,026
Additions and betterments	86,147	157,667	62,077	56,072	276,743	19,903	149,241	807,850
Revaluation of assets - ARO	(1,733)	-	-	-	-	-	-	(1,733)
Contributed assets	800	-	-	-	-	-	-	800
Shared services assets redistribution	(8,666)	(437)	(3,571)	5,427	-	-	-	(7,247)
Disposals	(4,308)	(49,690)	(40,876)	-	(223,571)	(14,270)	-	(332,715)
Almaguin Manor Residence - derecognition	(325,000)	(6,285,768)	(128,370)	-	-	-	-	(6,739,138)
Transfer between classes	-	5,458	-	-	-	-	(5,458)	-
BALANCE, END OF YEAR	1,778,885	5,036,617	1,317,029	592,686	18,343,499	8,309,886	149,241	35,527,843
ACCUMULATED AMORTIZATION								
Balance, beginning of year	717,505	2,909,343	532,621	160,281	6,544,980	3,119,638	-	13,984,368
Annual amortization	52,807	119,935	59,817	46,222	322,450	182,829	-	784,060
Shared services accumulated amortization redistribution	(4,914)	(119)	(2,428)	339	-	-	-	(7,122)
Almaguin Manor Residence - amortization derecognition	-	(808,310)	(32,544)	-	-	-	-	(840,854)
Amortization disposals	(4,308)	(18,836)	(30,834)	-	(188,906)	(9,918)	-	(252,802)
BALANCE, END OF YEAR	761,090	2,202,013	526,632	206,842	6,678,524	3,292,549	-	13,667,650
TANGIBLE CAPITAL ASSETS-NET	$ 1,017,795	$ 2,834,604	$ 790,397	$ 385,844	$ 11,664,975	$ 5,017,337	$ 149,241	$ 21,860,193

2024

	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	$ 1,986,140	$ 11,222,255	$ 1,317,996	$ 379,729	$ 18,296,008	$ 8,299,757	$ 6,124	$ 41,508,009
Additions and betterments	93,880	14,716	120,508	215,848	12,216	17,761	2,323	477,252
Revaluation of assets - ARO	10,061	-	-	-	-	-	-	10,061
Shared services assets redistribution	2,956	294	2,960	-	-	-	-	6,210
Disposals	(61,392)	(30,320)	(13,695)	(64,390)	(17,897)	(13,265)	(547)	(201,506)
Transfer between classes	-	2,442	-	-	-	-	(2,442)	-
BALANCE, END OF YEAR	2,031,645	11,209,387	1,427,769	531,187	18,290,327	8,304,253	5,458	41,800,026
ACCUMULATED AMORTIZATION								
Balance, beginning of year	691,549	2,671,524	473,377	192,594	6,241,101	2,945,616	-	13,215,761
Annual amortization	45,647	259,216	67,972	30,860	321,776	182,577	-	908,048
Shared services accumulated amortization redistribution	2,482	72	1,726	-	-	-	-	4,280
Amortization disposals	(22,173)	(21,469)	(10,454)	(63,173)	(17,897)	(8,555)	-	(143,721)
BALANCE, END OF YEAR	717,505	2,909,343	532,621	160,281	6,544,980	3,119,638	-	13,984,368
TANGIBLE CAPITAL ASSETS-NET	$ 1,314,140	$ 8,300,044	$ 895,148	$ 370,906	$ 11,745,347	$ 5,184,615	$ 5,458	$ 27,815,658

18. TANGIBLE CAPITAL ASSETS *(Continued)*

2024 tangible capital assets included leased tangible capital assets with a cost of $145,486 and accumulated amortization of $69,106. The lease was fully repaid in 2025.

During the year, tangible capital assets of $72,827 were purchased using direct vendor financing.

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19. ACCUMULATED SURPLUS

The 2025 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Reserves and reserve funds			
Working capital	$ 162,834	$ -	$ 162,834
Integrity commissioner	20,000	10,000	30,000
General infrastructure	-	94,394	94,394
General government	62,750	(1,952)	60,798
Fire	35,868	24,079	59,947
Fire Department	879	-	879
Roads	97,046	20,000	117,046
Public works equipment	20,000	10,000	30,000
Parabus	17,563	-	17,563
Waste disposal	126,097	8,500	134,597
Recycling and hazardous waste	51,741	-	51,741
Water and wastewater	488,888	123,152	612,040
Hospital	30,260	15,626	45,886
Health Centre	44,800	10,000	54,800
Cemetery	3,171	-	3,171
Almaguin Manor Residence	43,244	(43,244)	-
Playground and dog park	29,575	2,875	32,450
Walking bridge	54,790	50,000	104,790
Recreation programs	995	-	995
Arena	71,004	9,000	80,004
Theatre	4,054	(4,054)	-
Library building	11,145	3,113	14,258
Library Board	33,484	4,649	38,133
Steering Committee	240	-	240
Arts Centre	1,980	(1,980)	-
Community improvement plan	121,830	(7,353)	114,477
Kawartha Market	4,993	(4,993)	-
Waterfront development	120,000	-	120,000
Economic development	1,620	(1,620)	-
	1,660,851	**320,192**	**1,981,043**
Other			
Consolidated tangible capital assets	27,815,658	(5,955,465)	21,860,193
General operating surplus (deficit)-			
Municipality	239,853	(93,301)	146,552
Cemetery	30,354	3,357	33,711
Almaguin Manor Residence	(37,247)	37,247	-
Library	5,940	(3,763)	2,177
Almaguin Community Economic Development	3,632	(3,632)	-
Unfinanced capital expenditures	(175,062)	114,499	(60,563)
Unfunded amounts -			
Long-term debt	(6,280,410)	5,817,869	(462,541)
Tangible capital leases	(9,220)	9,220	-
Employee benefits payable	(18,128)	(1,816)	(19,944)
Asset retirement obligations	(325,098)	(948)	(326,046)
Equity in Lakeland Holding Ltd. - excluding accumulated remeasurement gains and losses	2,175,139	5,792	2,180,931
Operating surplus	**25,086,262**	**249,251**	**25,335,513**
Accumulated remeasurement gains and losses	**3,937**	**(1,753)**	**2,184**
ACCUMULATED SURPLUS	**$ 25,090,199**	**$ 247,498**	**$ 25,337,697**

20. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual operating surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government
This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property
This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services
Transportation services include roadway systems and winter control.

Environmental Services
This segment includes sanitary sewers, waterworks and solid waste management.

Health Services
This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services
This segment includes payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly. In 2024 and until February 10, 2025, this segment also included the Almaguin Manor Residence.

Recreation and Culture
This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development
This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts
Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent and equipment usage to specific segments.

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20. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,637,610	$ 1,637,610
User charges	6,717	1,314	-	734,601	5,060	-	96,686	125	-	844,503
Government transfers -										
Canada	-	-	14,719	-	-	-	58,744	8,863	-	82,326
Ontario	28,050	67,013	380,176	27,717	-	-	19,989	-	669,300	1,192,245
Other municipalities	-	14,496	-	2,501	22,625	-	6,652	-	-	46,274
Lakeland Holding Ltd. - share of operating income, net of dividends	-	-	-	-	-	-	-	-	5,792	5,792
Restructuring net revenue (expense)	-	-	-	-	-	104,151	-	(5,507)	-	98,644
Almaguin Manor Residence revenue	-	-	-	-	-	(1)	-	-	-	(1)
Loss on disposal of capital assets	(540)	-	(34,735)	(9,699)	(19,879)	-	(15,060)	-	-	(79,913)
Other	20	50,216	1,170	18,464	212,014	53,603	27,800	11,578	138,437	513,302
TOTAL REVENUE	34,247	133,039	361,330	773,584	219,820	157,753	194,811	15,059	2,451,139	4,340,782
EXPENSES										
Salaries, wages and benefits	523,466	130,554	143,990	232,349	88,044	146	228,342	26,594	-	1,373,485
Long-term debt charges (interest)	-	831	92	12,419	-	48,028	-	-	-	61,370
Materials	87,631	52,590	103,715	146,909	104,221	6,225	138,222	22,684	-	662,197
Contracted services	165,562	307,860	146,569	304,569	52,573	4,168	35,310	51,186	-	1,067,797
Rents and financial expenses	3,944	1,135	641	6,178	1,563	-	5,767	-	-	19,228
External transfers	2,430	-	-	-	32,188	70,297	5,000	-	-	109,915
Interfunctional adjustments	60	911	(8,741)	8,657	(905)	-	18	-	-	-
Amortization	13,344	44,272	377,678	220,722	65,971	-	57,474	4,599	-	784,060
Accretion of ARO liability	282	993	26	11,279	238	-	661	-	-	13,479
TOTAL EXPENSES	796,719	539,146	763,970	943,082	343,893	128,864	470,794	105,063	-	4,091,531
ANNUAL OPERATING SURPLUS (DEFICIT)	$ (762,472)	$ (406,107)	$ (402,640)	$ (169,498)	$ (124,073)	$ 28,889	$ (275,983)	$ (90,004)	$ 2,451,139	$ 249,251

THE CORPORATION OF THE MUNICIPALITY VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

20. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,543,861	$ 1,543,861
User charges	3,463	1,017	3,146	690,045	6,132	-	94,463	770	-	799,036
Government transfers -										
Canada	-	-	-	-	-	-	3,333	14,841	-	18,174
Ontario	18,601	14,345	10,278	154,196	-	-	9,120	4,130	608,100	818,770
Other municipalities	-	12,410	-	-	47,420	-	7,053	-	-	66,883
Lakeland Holding Ltd. - share of operating income, net of dividends	-	-	-	-	-	-	-	-	53,265	53,265
Restructuring net expense	-	-	-	-	-	-	-	(1,604)	-	(1,604)
Almaguin Manor Residence revenue	-	-	-	-	-	490,417	-	-	-	490,417
Gain (loss) on disposal of capital Assets	-	2,957	-	(7,966)	-	-	(9,264)	18,834	-	4,561
Other	2,226	16,683	2,308	9,268	215,572	-	74,910	7,063	207,043	535,073
TOTAL REVENUE	24,290	47,412	15,732	845,543	269,124	490,417	179,615	44,034	2,412,269	4,328,436
EXPENSES										
Salaries, wages and benefits	528,643	108,502	136,192	220,390	86,777	47	219,162	35,780	-	1,335,493
Long-term debt charges (interest)	-	1,068	441	13,833	-	204,441	-	-	-	219,783
Materials	91,662	62,949	93,183	143,651	98,697	104,912	138,309	30,724	-	764,087
Contracted services	145,491	294,574	130,004	382,434	50,381	56,908	26,677	23,567	-	1,110,036
Rents and financial expenses	8,073	352	616	3,264	5,597	291	8,687	3,541	-	30,421
External transfers	2,504	-	-	-	30,703	68,462	5,000	-	-	106,669
Interfunctional adjustments	-	911	(8,086)	7,179	(4)	-	-	-	-	-
Amortization	14,928	35,040	372,195	212,677	65,761	148,629	54,190	4,628	-	908,048
Accretion of ARO liability	271	952	25	10,836	228	-	633	-	-	12,945
TOTAL EXPENSES	791,572	504,348	724,570	994,264	338,140	583,690	452,658	98,240	-	4,487,482
ANNUAL OPERATING SURPLUS (DEFICIT)	$ (767,282)	$ (456,936)	$ (708,838)	$ (148,721)	$ (69,016)	$ (93,273)	$ (273,043)	$ (54,206)	$ 2,412,269	$ (159,046)

21. RESTRUCTURING NET REVENUE

Almaguin Manor Residence

In 2025, Almaguin Manor Residence passed By-Law No. 5 which included a change in the composition of the board of directors. With the new board composition, the Municipality no longer has effective control of Almaguin Manor Residence, and has derecognized the assets, liabilities and surplus effective February 10, 2025. The Municipality has recorded net revenue of $104,150 as a result of this change.

Almaguin Community Economic Development

In 2019 the Municipality entered into a joint services agreement between a group of local municipalities and the Almaguin Highlands Chamber of Commerce to provide economic development services under the name of Almaguin Community Economic Development ("ACED"). The Municipality withdrew from ACED effective December 31, 2025. The assets, liabilities and surplus at the time of membership changes are retained by ACED.

In the prior year, the Municipality recorded net expense of $1,604 as a result of membership changes and in 2025, recorded net expense of $5,507 as a result of its withdrawal from the agreement. The value of the tangible capital assets foregone is recorded as a shared services asset redistribution in Note 18.

22. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value.

In 2025, the Municipality received dividends of $66,800 (2024 - $66,800) from, purchased power in the amount of $180,223 (2024 - $153,534) from and made sales of $1,453 (2024 - $527) to Lakeland Holding Ltd., a government business enterprise of the Municipality.

23. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. For unbudgeted amortization of tangible capital assets and asset retirement obligation accretion, the actual amounts for 2025 were used to adjust the reported budgeted amounts. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	$ (244,533)
Increase in reserves and reserve funds	293,982
Decrease in board, enterprise and joint board general operating surplus	(6,083)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,740,844
Amortization of tangible capital assets	(784,060)
Accretion of asset retirement obligation liability	(13,479)
Increase in long-term debt	(365,030)
ANNUAL OPERATING SURPLUS	**$ 621,641**

24. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total actuarial liabilities of $151,365 million with respect to benefits accrued for service with actuarial assets at that date of $150,043 million indicating an actuarial deficit of $1,322 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2025 was $90,520 (2024 - $84,245) for current service and is included as an expense on the Consolidated Statement of Operations.

25. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted in the current year.