CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

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DECEMBER 31, 2025

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Northumberland County

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2025

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Northumberland are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Northumberland. Council meets periodically with management, as well as the external auditor, 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 independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Baker Tilly KDN LLP has full and free access to Council.

Warden

Treasurer

June 17, 2026

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Northumberland

Opinion
We have audited the consolidated financial statements of the Corporation of the County of Northumberland and its subsidiary (the County), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of operations and accumulated surplus, change in net debt 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 consolidated financial position of the County as at December 31, 2025, and the results of its consolidated operations and its consolidated 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 County 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 the 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

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

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 County'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 County'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 County 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 the 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 14, 2026

bakertilly

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash	18,938,038	9,048,016
Investments (note 3)	103,333,752	122,705,494
Accounts receivable	12,988,885	6,154,947
TOTAL FINANCIAL ASSETS	135,260,675	137,908,457
LIABILITIES		
Short term advances (note 4)	-	85,464,893
Accounts payable and accrued liabilities	37,692,661	29,827,935
Deferred revenue - obligatory reserve funds (note 5)	6,796,817	4,634,205
Deferred revenue - other	3,538,520	1,484,180
Employee future benefits liability (note 8)	6,441,544	5,768,120
Long term debt (note 7)	103,551,592	9,511,357
Asset retirement obligation (note 9)	28,980,204	28,665,604
TOTAL LIABILITIES	187,001,338	165,356,294
NET DEBT	(51,740,663)	(27,447,837)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	356,045,858	320,422,171
Prepaid expenses	918,175	778,558
TOTAL NON-FINANCIAL ASSETS	356,964,033	321,200,729
ACCUMULATED SURPLUS (note 11)	305,223,370	293,752,892

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 18)	Actual 2025 $	Actual 2024 $
REVENUES			
Tax levy from lower tiers	79,860,177	80,787,192	74,893,318
User charges	11,687,264	12,606,034	11,607,841
Government of Canada	2,598,043	8,483,679	1,346,991
Province of Ontario	60,324,800	75,780,893	61,374,902
Other municipalities	1,693,000	1,499,961	1,572,570
Provincial Offenses Act - fines (note 13)	1,500,000	1,356,980	1,240,099
Investment income	3,164,250	4,379,433	5,911,322
Waste Diversion	3,330,000	3,306,051	3,266,961
Rents	3,286,761	3,234,295	3,026,853
Development charges earned (note 5)	9,264,205	1,374,305	481,509
Canada Community-Building Fund earned (note 5)	2,364,412	549,778	2,729,078
Gain/(loss) on disposal of tangible capital assets	-	60,552	(3,854,842)
Other	318,943	351,662	326,587
TOTAL REVENUES	179,391,855	193,770,815	163,923,189
EXPENSES			
General government	7,444,727	25,131,234	6,736,260
Protection services	4,605,010	4,165,575	3,986,170
Transportation services	22,685,238	22,261,196	19,623,588
Environmental services	15,968,181	17,142,752	19,115,788
Health services	24,813,304	24,294,912	23,321,194
Social and family services	59,573,041	66,842,195	56,162,517
Social housing	17,120,354	16,124,170	15,011,249
Economic development, tourism and forest	5,363,843	6,338,303	5,087,078
TOTAL EXPENSES	157,573,698	182,300,337	149,043,844
ANNUAL SURPLUS	21,818,157	11,470,478	14,879,345
ACCUMULATED SURPLUS - beginning of year		293,752,892	278,873,547
ACCUMULATED SURPLUS - end of year		305,223,370	293,752,892

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2025

	Budget 2025 $ (note 18)	Actual 2025 $	Actual 2024 $
ANNUAL SURPLUS	21,818,157	11,470,478	14,879,345
Amortization of tangible capital assets	9,800,000	11,274,631	12,875,202
Purchase of tangible capital assets	(73,857,004)	(47,091,985)	(53,556,746)
Loss/(gain) on disposal of tangible capital assets	-	(60,552)	3,854,842
Proceeds on sale of tangible capital assets	-	254,219	4,671,486
Change in prepaid expenses	-	(139,617)	160,591
CHANGE IN NET DEBT	(42,238,847)	(24,292,826)	(17,115,280)
NET DEBT - beginning of year	(27,447,837)	(27,447,837)	(10,332,557)
NET DEBT - end of year	(69,686,684)	(51,740,663)	(27,447,837)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	11,470,478	14,879,345
Items not involving cash		
Amortization of tangible capital assets	11,274,631	12,875,202
Loss/(gain) on disposal of tangible capital assets	(60,552)	3,854,842
Accretion expense	543,300	865,680
Change in employee future benefits liability	673,424	661,694
Change in asset retirement obligation for closed sites	(228,700)	(490,280)
Change in non-cash assets and liabilities		
Accounts receivable	(6,833,938)	(157,639)
Prepaid expenses	(139,617)	160,591
Accounts payable and accrued liabilities	7,864,726	(2,460,011)
Deferred revenue - obligatory reserve funds	2,162,612	752,733
Deferred revenue - other	2,054,340	114,125
Net change in cash from operating activities	28,780,704	31,056,282
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(47,091,985)	(53,556,746)
Proceeds on disposal of tangible capital assets	254,219	4,671,486
Net change in cash from capital activities	(46,837,766)	(48,885,260)
INVESTING ACTIVITIES		
Purchase of investments	(53,804,262)	(79,232,233)
Disposal of investments	73,176,004	77,577,396
Net change in cash from investing activities	19,371,742	(1,654,837)
FINANCING ACTIVITIES		
Long term debt issued	96,770,321	3,181,193
Debt principal repayments	(2,730,086)	(1,071,453)
Short term advances	11,305,428	18,676,504
Short term advances transfered to long term debt	(96,770,321)	-
Net change in cash from financing activities	8,575,342	20,786,244
NET CHANGE IN CASH	9,890,022	1,302,429
CASH - beginning of year	9,048,016	7,745,587
CASH - end of year	18,938,038	9,048,016

The accompanying notes are an integral part of these financial statements

The County of Northumberland is an upper tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned and controlled by the County. These consolidated financial statements include:

- Northumberland County Housing Corporation
- Northumberland Workforce Housing Corporation

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 years
Land improvements - landfill	expected life of landfill
Buildings	50 to 75 years
Roads and bridges	20 to 75 years
Equipment and computers	5 to 20 years
Vehicles	5 to 10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the County because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the County unless they are sold.

(f) Reserves

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(g) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Tax levy from lower tiers

The County establishes the tax rates annually based on the amount required to be raised. These tax rates are used to levy amounts to the lower tier municipalities are are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the consolidated financial statements when amounts can be reasonably determined.

Government funding and other grants

Government funding and other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received. (see note 13)

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund and development charges are recognized in the period in which the related expenditures are recorded.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Employee Future Amounts Payable

The County provides certain employee benefits which will require funding in future periods. These benefits include benefits under the Workplace Safety and insurance Board Act, extended health and dental benefits, sick leave and life insurance.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the County's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The County's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(j) and related costs added to tangible capital assets - See Note 1(d)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(d)
- Employee future amounts payable depend on certain actuarial and economic assumptions - See Note 1(h)
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(j) Asset Retirement Obligation

An asset retirement obligation is recognized when, as 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 tangible 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 for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the County has also been recognized based on estimated future expenses for remediation or disposal.

The liability relating to landfills is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The liability related to asbestos has not been discounted using a present value calculation due to the uncertainty of when the future costs will be incurred. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (d).

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments:	
Bonds	Amortized Cost
High interest savings	Fair Value
Accounts receivable	Amortized Cost
Short term advances	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The County manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

2. TRUST FUNDS

Trust funds administered by the County amounting to $146,525 (2024 - $154,212) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or operations.

3. INVESTMENTS

Investments are comprised of the following:

	Level (note 1(k))	2025 $	2024 $
Amortized Cost			
Bonds		59,970,028	63,648,888
Fair Value			
BNS investment high interest savings account	1	41,142,082	53,220,818
Renaissance high interest savings account and investment cash account	1	2,221,642	5,835,788
		43,363,724	59,056,606
		103,333,752	122,705,494

For the investments currently recorded at fair value, fair value is equal to cost resulting in no unrealized gains or losses.

There were no transfers in or out of level 2 and level 3 during the year.

4. SHORT TERM ADVANCES

During 2020, the County signed a financing agreement with Ontario Infrastructure and Lands Corporation (OILC) to provide advances for the construction of the new Golden Plough Lodge. Total available OILC financing was $96,770,321 which was transfered to long term debt in 2025.

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the County are summarized below:

	2025 $	2024 $
Canada Community-Building Fund	3,291,836	882,008
Development charges	3,504,981	3,752,197
	6,796,817	4,634,205

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2025 $	2024 $
Balance - beginning of year	4,634,205	3,881,472
Add amounts received:		
Canada Community-Building Fund	2,908,964	2,834,654
Development charges	1,029,783	1,006,974
Interest	147,948	121,692
	4,086,695	3,963,320
Less transfer to operations:		
Canada Community-Building Fund earned	549,778	2,729,078
Development charges earned	1,374,305	481,509
	1,924,083	3,210,587
Balance - end of year	6,796,817	4,634,205

6. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to $10,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.85% per annum. Council authorized the temporary borrowing limit by by-law 07-2025. At December 31, 2025 there was no balance outstanding (2024 - $Nil).

7. 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 due March 3, 2045, repayable in blended semi-annual instalments of $3,612,382, and bears interest at 4.24% per annum.	95,209,471	-
Ontario Infrastructure and Lands Corporation due September 3, 2049, repayable in blended semi-annual instalments of $107,504 and bears interest at 4.58% per annum.	3,111,089	3,181,193
Ontario Strategic Infrastructure Financing Authority due March 15, 2028, repayable in blended semi-annual instalments of $89,862 and bears interest at 4.92% per annum.	417,965	571,439
Ontario Infrastructure Projects Corporation due September 4, 2035, repayable in blended semi-annual instalments of $90,923 and bears interest at 4.51% per annum.	1,450,775	1,563,369
Ontario Infrastructure Projects Corporation due September 1, 2027, repayable in blended semi-annual instalments of $68,560 and bears interest of 2.78% per annum.	264,971	392,070
Ontario Infrastructure and Lands Corporation due September 16, 2029, repayable in blended semi-annual instalments of $81,259 and bears interest at 2.19% per annum.	619,171	765,717
Ontario Infrastructure and Lands Corporation due September 16, 2029, repayable in blended semi-annual instalments of $228,226 and bears interest at 2.19% per annum.	1,739,029	2,150,624
Ontario Infrastructure and Lands Corporation due December 1, 2030, repayable in blended semi-annual instalments of $84,821 and bears interest at 1.48% per annum.	739,121	886,945
	103,551,592	9,511,357

(b) The long term debt in (a) issued in the name of the County have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Interest paid during the year on long term debt amounted to $2,375,367 (2024 - $208,840).

7. LONG TERM DEBT, continued

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal $	Interest $	Total $
2026	4,422,783	4,292,865	8,715,648
2027	4,593,840	4,119,620	8,713,460
2028	4,544,057	3,940,249	8,484,306
2029	4,629,193	3,763,045	8,392,238
2030	4,186,839	3,584,243	7,771,082
	22,376,712	19,700,022	42,076,734
2031 to 2035	22,955,984	15,152,105	38,108,089
2036 and subsequent years	58,218,896	13,426,477	71,645,373
	103,551,592	48,278,604	151,830,196

8. EMPLOYEE FUTURE AMOUNTS PAYABLE

The liability is comprised of the following amounts:

	2025 $	2024 $
WSIB	4,671,138	4,074,212
Health benefits	1,770,406	1,693,908
	6,441,544	5,768,120

Under the Workplace Safety and Insurance Board (WSIB), the County is self-insured (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded has been determined by an actuarial review completed as of December 31, 2023. This liability is fully funded by a reserve set aside for this purpose and reported as part of the employee health, safety and related costs reserve as reported in the Accumulated Surplus note.

The actuarial report for the WSIB liability was based on the following assumptions:

Interest discount rate	4.50%
WSIB administration and physician fees	20% of benefit costs
Expected level of increase in claims	0.01%
Expected average remaining service life	11 years

8. EMPLOYEE FUTURE AMOUNTS PAYABLE, continued

The continuity of the WSIB liability is as follows:

	2025 $	2024 $
Accrued benefit obligation at January 1	5,316,984	4,918,725
Unamortized actuarial losses	(1,242,772)	(1,381,184)
Liability at January 1	4,074,212	3,537,541
Current year benefit cost	888,391	861,941
Interest	242,380	225,236
Amortization of actuarial loss/(gain)	216,060	138,412
Less: benefit payments	(749,905)	(688,918)
Liability at December 31	4,671,138	4,074,212

The liability for extended health and dental benefits, sick leave leave and life insurance has been determined by an actuarial review completed as of December 31, 2023.

The actuarial report for the health benefits liability was based on the following assumptions:

Discount rate	4.50%
Inflation rate	2.00%
Future salary escalation	3.00%
Future dental escalation	4.00%
Future health cost escalation	6.00% reducing to 4.00% in 2030

The continuity of the health benefits is as follows:

	2025 $	2024 $
Accrued benefit obligation at January 1	2,309,965	2,228,728
Unamortized actuarial losses	(616,057)	(659,843)
Liability at January 1	1,693,908	1,568,885
Current year benefit cost	124,203	116,524
Interest	102,381	99,873
Amortization of actuarial loss/(gain) (amortized over the expected average remaining service life)	43,786	43,786
Less: benefit payments	(193,872)	(135,160)
Liability at December 31	1,770,406	1,693,908

9. ASSET RETIREMENT OBLIGATION

The County's asset retirement obligation consists of the following:

(a) Landfill obligation

The County owns and operates nine landfill sites. The liability for the remaining closure costs of the one operational site as well as the post-closure costs for all sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.38% and an inflation rate of 3%. For the closed sites, there are between 10 and 14 years of remaining monitoring costs; however, the 25 year estimate could be extended based on the results of the monitoring. For the one operational site, the site is projected to close in 2034.

(b) Asbestos obligation

The County owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the County recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings have estimated useful lives between 5 and 25 years.

Changes to the asset retirement obligation in the year are as follows:

Landfill closure and post-closure	Operational site $	Closed sites $	Landfills Total 2025 $	Landfills Total 2024 $
Opening balance	12,586,300	10,825,500	23,411,800	23,036,400
Post-closure costs incurred	-	(228,700)	(228,700)	(490,280)
Accretion expense	543,300	-	543,300	865,680
Closing balance	13,129,600	10,596,800	23,726,400	23,411,800

Asbestos obligation	Asbestos 2025 $	Asbestos 2024 $
Opening balance	5,253,804	5,253,804
Closing balance	5,253,804	5,253,804
Total	28,980,204	28,665,604

10. TANGIBLE CAPITAL ASSETS

The net book value of the County's tangible capital assets are:

	2025 $	2024 $
General		
Land	13,158,939	13,158,939
Land improvements	13,858,454	13,757,090
Buildings	34,838,155	30,196,359
Equipment and computers	17,802,142	14,597,156
Vehicles	6,066,737	5,489,961
Infrastructure		
Roads and bridges	113,037,220	116,769,937
	198,761,647	193,969,442
Assets under construction	157,284,211	126,452,729
	356,045,858	320,422,171

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2024 - $Nil), no interest capitalized (2024 - $3,825,676) and no contributed assets (2024 - $Nil).

Tangible capital assets allocated by segment are as follows:

	2025 $	2024 $
General government	18,468,865	18,335,041
Protection services	200,445	152,436
Transportation services	136,162,391	128,287,018
Environmental services	30,955,781	32,375,168
Health services	4,745,006	2,946,735
Social and family services	130,438,344	107,496,425
Social housing	32,991,731	28,681,690
Economic development, tourism and forest	2,083,295	2,147,658
	356,045,858	320,422,171

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025 $	2024 $
Surplus/(Deficit)		
County operations	184,655	76,835
Northumberland Workforce Housing Corporation	(184,655)	(76,835)
Unfunded employee future benefits liability	(6,441,544)	(5,768,120)
Unfunded operating costs	(63,845)	(56,424)
	(6,505,389)	(5,824,544)
Invested In Capital Assets		
Tangible capital assets - net book value	356,045,858	320,422,171
Long term debt	(103,551,592)	(9,511,357)
Unfunded capital - GPL rebuild	(556,947)	(88,107,049)
Unfunded capital - Ambulance (b)	(162,562)	-
Unfunded capital - Archives	-	(1,630,801)
Unfunded capital - Other	(675,890)	(323,687)
Unfunded capital - Housing Corporation (c)	(4,049,329)	(4,520,031)
Asset retirement obligation	(28,980,204)	(28,665,604)
	218,069,334	187,663,642
Surplus	211,563,945	181,839,098
Reserves		
Corporate services	31,292,293	44,258,892
Transportation services	26,533,754	27,839,539
Waste services	6,008,722	5,518,885
Social services	1,887,606	1,853,605
Social housing	13,359,015	12,191,320
Golden Plough Lodge	185,699	3,866,194
Ambulance services	1,129,667	2,258,496
Technological development	1,350,726	1,647,385
Emergency planning	425,763	414,518
Employee health, safety and related costs	5,541,425	6,286,616
Facilities	2,198,148	2,138,256
Economic development, tourism and forest	372,174	334,374
Plumbing and septic inspections	312,878	294,159
Landfill closure	2,750,000	2,750,000
Land use planning	311,555	261,555
Total Reserves	93,659,425	111,913,794
	305,223,370	293,752,892

(b) Unfinanced capital for ambulance will be funded with development charges.

(c) Unfunded capital for the housing corporation will be funded with long term debt.

12. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the County assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The County is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The County has interest rate exposure on its long term debt and investments. The exposure on its long term debt is low as they have a fixed interest rates. The County manages the exposure on its investments through highly liquid short term investments as well as bonds with varying maturity rates that are generally held to maturity.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The County reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The County monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the County is not exposed to any significant currency, market or liquidity risks.

13. PROVINCIAL OFFENCES OFFICES

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act (“POA”) 1997, the County has assumed responsibility and administration of the POA office and courts.

Revenues from the POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 860 William Street in Cobourg. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system (“ICON”) operated by the Province of Ontario. The County of Northumberland recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Revenues and expenses related to these operations have been reported as follows:

	2025 $	2024 $
Gross revenues	1,356,980	1,240,099
Operating costs and allocated charges	(1,341,012)	(1,296,874)
Net County revenue (expense)	15,968	(56,775)

14. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2025 $ (note 18)	Actual 2025 $	Actual 2024 $
Salaries and benefits	65,986,881	66,633,393	58,616,353
Interest charges	2,391,884	2,375,367	208,840
Materials	23,253,311	26,168,275	23,052,691
Contracted services	21,786,406	21,405,687	20,439,368
Rents and financial	3,026,214	879,931	1,198,070
External transfers	31,329,002	53,563,053	32,653,320
Amortization	9,800,000	11,274,631	12,875,202
	157,573,698	182,300,337	149,043,844

15. PENSION AGREEMENTS

Certain employees of the County are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2025 Annual Report disclosed total actuarial liabilities of $151,365 million in respect of benefits accrued for service with actuarial assets of $150,043 million indicating an actuarial deficit of $1,322 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The County's total contributions to OMERS in 2025 were $8,590,912 (2024 - $7,379,892) of which $4,295,456 (2024 - $3,689,946) was contributed by employees.

16. CONTINGENT LIABILITIES

The County, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

17. COMMITMENT

The County assumed the assets and liabilities of the waste management systems of the lower tier municipalities on January 1, 1991 according to by-law 24-90. This by-law was passed pursuant to subsection 209(a) of the Municipal Act of the Province of Ontario which required the County to pay or to receive from the lower tier municipalities’ compensation based upon the discounted future cash flows of the landfill site. The County is involved with ongoing negotiations with respect to the settlements for further sites.

18. BUDGET FIGURES

The budget, approved by the County differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the annual surplus:

	2025 $
Council approved budgeted surplus	-
Tangible capital asset additions	73,857,004
Amortization of tangible capital assets	(9,800,000)
Short term debt proceeds	(5,573,147)
Long term debt proceeds	(7,550,050)
Principal repayment of long term debt	2,773,437
Transfers to/(from) reserves	(30,889,087)
Change in employee future benefits	(1,000,000)
Annual surplus reported on the Consolidated Statement of Operations	21,818,157

19. SEGMENTED INFORMATION

The County of Northumberland is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated to the segment. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation levied to lower tiers is allocated based on each segment's net requirements. Internal transfers include the following: 1) Actual wages and benefits expenses for governance, corporate management and information technologies that are allocated based on the segment's proportionate share as determined by head count, revenue and number of computers; and 2) Actual occupancy costs that are allocated based on the segment's proportionate share of the square footage of the County buildings.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the County and its programs and services including contributions to the Municipal Property Assessment Corporation.

Protection Services

Protection services includes emergency measures, plumbing and septic inspections and Provincial Offences Act charges.

19. SEGMENTED INFORMATION, continued

Transportation Services

The activities of the transportation function includes maintenance and winter control of the County's roads and bridges.

Environmental Services

The environmental function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of land ambulance services and contributions to the local health unit.

Social and Family Services

The social and family services consist of general assistance to inhabitants, home for the aged and child care services for the County.

Social Housing

The social housing services provides affordable housing to qualified inhabitants of the County and includes the operations of the Northumberland County Housing Corporation.

Economic Development, Tourism and Forest

The function includes economic development and tourism operations and maintenance of the County forests.

20. SOCIAL HOUSING

The Northumberland County Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides subsidized housing to its tenants and their families.

As the Service Manager, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 14 properties and certain head office assets to the Corporation. The properties transferred carried the following restriction:

> "The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped …. or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing."

21. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

	General					Infrastructure		
	Land $	Land Improvements $	Buildings $	Equipment and Computers $	Vehicles $	Roads and Bridges $	Assets Under Construction $	Totals $
COST								
Balance, beginning of year	13,158,939	19,395,146	69,483,909	25,971,920	17,396,237	209,298,498	126,452,729	481,157,378
Add: additions during the year	-	1,383,290	6,666,458	5,061,234	2,361,935	787,586	30,831,482	47,091,985
Less: disposals during the year	-	-	-	1,141,523	1,438,367	184,934	-	2,764,824
Balance, end of year	13,158,939	20,778,436	76,150,367	29,891,631	18,319,805	209,901,150	157,284,211	525,484,539
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	5,638,056	39,287,550	11,374,764	11,906,276	92,528,561	-	160,735,207
Add: additions during the year	-	1,281,926	2,024,662	1,766,828	1,752,781	4,448,434	-	11,274,631
Less: disposals during the year	-	-	-	1,052,103	1,405,989	113,065	-	2,571,157
Balance, end of year	-	6,919,982	41,312,212	12,089,489	12,253,068	96,863,930	-	169,438,681
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	13,158,939	13,858,454	34,838,155	17,802,142	6,066,737	113,037,220	157,284,211	356,045,858

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2025

	General Government $	Protection Services $	Transportation Services $	Environmental Services $	Health Services $	Social and Family Services $	Social Housing $	Economic Development, Tourism and Forest $	Consolidated $
Revenues									
Tax levy from lower tiers	4,523,396	1,666,331	24,204,090	6,819,330	12,939,119	15,941,349	10,332,789	4,360,788	80,787,192
User charges	739,068	634,130	430,824	5,804,582	189,560	3,814,537	96,873	896,460	12,606,034
Government transfers - operating	16,290,553	502,144	-	3,820	12,857,829	44,574,834	3,300,929	401,131	77,931,240
Government transfers - capital	97,782	57,500	1,719,714	-	-	-	4,395,485	62,851	6,333,332
Other municipalities	-	-	1,442,056	57,905	-	-	-	-	1,499,961
Provincial Offenses Act - fines	-	1,356,980	-	-	-	-	-	-	1,356,980
Investment income	4,349,820	-	-	-	-	-	29,613	-	4,379,433
Waste Diversion	-	-	-	3,206,393	-	99,658	-	-	3,306,051
Rents	812,232	-	-	6,191	-	-	2,190,127	225,745	3,234,295
Development charges earned	19,069	-	1,108,703	35,858	84,853	120,555	5,267	-	1,374,305
Canada Community-Building Fund earned	-	-	549,778	-	-	-	-	-	549,778
Gain/(loss) on disposal of tangible capital assets	5,681	(25,949)	3,313	47,015	30,492	-	-	-	60,552
Other	194	-	8,994	1,266	5,259	97,499	-	238,450	351,662
Total revenues	26,837,795	4,191,136	29,467,472	15,982,360	26,107,112	64,648,432	20,351,083	6,185,425	193,770,815
Expenses									
Salaries and benefits	13,133,324	1,538,940	6,035,404	2,880,290	16,190,518	22,828,327	1,264,619	2,761,971	66,633,393
Interest charges	171,421	-	-	61,033	-	1,998,008	144,905	-	2,375,367
Materials	3,760,539	316,826	6,623,595	1,910,488	1,689,929	6,848,940	4,342,087	675,871	26,168,275
Contracted services	2,470,685	1,540,862	3,288,102	8,888,169	462,953	2,322,495	1,154,594	1,277,827	21,405,687
Rents and financial	160,277	18,890	10,418	543,300	67,230	74,834	1,781	3,201	879,931
External transfers	16,058,447	-	-	-	2,929,904	28,277,510	5,454,194	842,998	53,563,053
Amortization	917,445	8,721	5,430,675	1,944,821	1,174,634	563,005	1,164,455	70,875	11,274,631
Internal transfers	(11,540,904)	741,336	873,002	914,651	1,779,744	3,929,076	2,597,535	705,560	-
Total expenses	25,131,234	4,165,575	22,261,196	17,142,752	24,294,912	66,842,195	16,124,170	6,338,303	182,300,337
Net surplus/(deficit)	1,706,561	25,561	7,206,276	(1,160,392)	1,812,200	(2,193,763)	4,226,913	(152,878)	11,470,478

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2024

	General Government $	Protection Services $	Transportation Services $	Environmental Services $	Health Services $	Social and Family Services $	Social Housing $	Economic Development, Tourism and Forest $	Consolidated $
Revenues									
Tax levy from lower tiers	3,928,741	1,630,641	23,589,098	6,729,736	12,367,160	12,138,796	10,076,912	4,432,234	74,893,318
User charges	503,768	403,266	600,480	5,777,694	182,173	3,871,231	43,832	225,397	11,607,841
Government transfers - operating	225,722	553,015	-	-	11,725,597	42,415,850	3,276,583	635,769	58,832,536
Government transfers - capital	2,218	-	1,530,317	-	-	-	2,306,704	50,118	3,889,357
Other municipalities	-	-	1,514,696	57,874	-	-	-	-	1,572,570
Provincial Offenses Act - fines	-	1,240,099	-	-	-	-	-	-	1,240,099
Investment income	5,881,329	-	-	-	-	-	29,993	-	5,911,322
Waste Diversion	-	-	-	3,266,961	-	-	-	-	3,266,961
Rents	891,550	-	-	6,191	-	-	1,953,285	175,827	3,026,853
Development charges earned	17,919	-	86,767	34,817	-	117,154	224,852	-	481,509
Canada Community-Building Fund earned	-	-	2,729,078	-	-	-	-	-	2,729,078
Gain/(loss) on disposal of tangible capital assets	2,679	-	(2,994,845)	(854,506)	(8,170)	-	-	-	(3,854,842)
Other	655	-	8,740	1,522	2,370	102,604	-	210,696	326,587
Total revenues	11,454,581	3,827,021	27,064,331	15,020,289	24,269,130	58,645,635	17,912,161	5,730,041	163,923,189
Expenses									
Salaries and benefits	11,246,734	1,559,632	5,090,820	2,514,817	14,979,126	19,853,149	915,901	2,456,174	58,616,353
Interest charges	121,584	-	-	74,387	-	12,869	-	-	208,840
Materials	4,098,155	255,053	5,337,670	1,304,042	1,797,444	5,640,112	3,875,890	744,325	23,052,691
Contracted services	2,458,565	1,527,858	3,014,683	9,068,256	479,573	2,079,769	837,583	973,081	20,439,368
Rents and financial	171,702	19,125	1,675	844,930	57,437	102,104	829	268	1,198,070
External transfers	-	-	-	-	3,008,182	23,856,218	5,663,420	125,500	32,653,320
Amortization	871,395	8,722	5,320,865	4,112,166	1,003,817	460,699	1,004,083	93,455	12,875,202
Internal transfers	(12,231,875)	615,780	857,875	1,197,190	1,995,615	4,157,597	2,713,543	694,275	-
Total expenses	6,736,260	3,986,170	19,623,588	19,115,788	23,321,194	56,162,517	15,011,249	5,087,078	149,043,844
Net surplus/(deficit)	4,718,321	(159,149)	7,440,743	(4,095,499)	947,936	2,483,118	2,900,912	642,963	14,879,345

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Northumberland

Qualified Opinion
We have audited the financial statements of the Trust Funds of the Corporation of the County of Northumberland (the Trust Funds), which comprise the statement of financial position as at December 31, 2025, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2025, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion
In common with many municipal trust funds, the completeness of the revenue derived from resident receipts and donations is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds. Therefore, we were not able to determine whether any adjustments might be necessary to resident receipts and donations for the years ended December 31, 2025 and 2024, and assets and fund balances as at December 31, 2025 and 2024. Our opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this scope limitation.

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 Trust Funds 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 qualified 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' 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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 14, 2026

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	Blacklock Bequest $	Safekeeping Pensioners $	2025 Total $	2024 Total $
FINANCIAL ASSETS				
Cash	788	10,823	11,611	22,785
Investment (note 3)	134,914	-	134,914	131,427
	135,702	10,823	146,525	154,212
FUND BALANCES				
Due to Residents	-	10,823	10,823	22,022
Bequests	135,702	-	135,702	132,190
	135,702	10,823	146,525	154,212

TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2025

	Blacklock Bequest $	Safekeeping Pensioners $	2025 Total $	2024 Total $
BALANCES - beginning of year	132,190	22,022	154,212	147,767
RECEIPTS				
Residents' contributions	-	15,719	15,719	28,482
Interest earned	3,512	-	3,512	5,794
	3,512	15,719	19,231	34,276
EXPENSES				
Residents' personal costs	-	26,918	26,918	27,831
BALANCES - end of year	135,702	10,823	146,525	154,212

The accompanying notes are an integral part of these financial statements

1. PURPOSE OF TRUST FUNDS

The County is required, under Section 241 of Ontario Regulation 79/10 as prescribed by the Long-Term Care Homes Act, 2007, to maintain a trust fund to manage the funds of the residents of the County's home for the aged.

The Blacklock bequest was created by a donation and is for the use of the County's Long Term Care Home called the Golden Plough Lodge.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 and are based on the County's best information and judgment. Actual results could differ from these estimates.

3. INVESTMENT

The investment is recorded at fair value and has been invested in a Renaissance high interest savings account SR F (5001) with CIBC Wood Gundy.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2025

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of the Northumberland County Housing Corporation, the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Northumberland

Opinion
We have audited the financial statements of the Northumberland County Housing Corporation of the Corporation of the County of Northumberland (the Corporation), which comprise the statement of financial position as at December 31, 2025, the statements of operations and accumulated surplus, change in net debt 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 Corporation as at December 31, 2025, and the results of its operations 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 Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 14, 2026

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Accounts receivable	3,312,894	391,220
LIABILITIES		
Accounts payable	18,423	62,220
Due to County (note 6)	3,674,303	2,496,177
Deferred revenue	1,453,589	46,946
Asset retirement obligation (note 3)	3,349,114	3,349,114
Long term debt (note 4)	3,111,089	3,181,193
TOTAL LIABILITIES	11,606,518	9,135,650
NET DEBT	(8,293,624)	(8,744,430)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	24,524,326	22,348,114
ACCUMULATED SURPLUS (note 5)	16,230,702	13,603,684

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 7)	Actual 2025 $	Actual 2024 $
REVENUES			
County contributions (note 6)	3,982,657	4,157,476	4,451,406
Government of Canada	1,930,502	3,740,203	-
Province of Ontario	-	234,227	548,792
Rent	2,106,244	2,190,127	1,953,285
Development charges earned	-	5,267	224,852
Interest	12,000	29,613	29,993
Other	22,000	28,439	33,082
TOTAL REVENUES	8,053,403	10,385,352	7,241,410
.			
EXPENSES			
Materials and supplies	24,385	44,469	23,941
Insurance	150,085	115,085	131,602
Professional fees	85,500	68,788	49,097
Utilities	1,019,357	869,286	786,325
Property tax	622,103	485,462	538,330
Repairs and maintenance	844,144	1,675,231	1,416,954
Major repairs	1,399,000	715,144	627,999
Financial expenses	167,990	146,686	829
Internal chargebacks			
Allocated administrative services (note 6)	676,338	654,775	734,174
Allocated maintenance services (note 6)	1,732,895	1,908,120	1,862,762
Amortization	1,000,000	1,075,288	959,500
TOTAL EXPENSES	7,721,797	7,758,334	7,131,513
ANNUAL SURPLUS	331,606	2,627,018	109,897
ACCUMULATED SURPLUS - beginning of year		13,603,684	13,493,787
ACCUMULATED SURPLUS - end of year		16,230,702	13,603,684

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2025

	Budget 2025 $ (note 7)	Actual 2025 $	Actual 2024 $
ANNUAL SURPLUS	331,606	2,627,018	109,897
Amortization of tangible capital assets	1,000,000	1,075,288	959,500
Acquisition of tangible capital assets	(2,293,087)	(3,270,877)	(5,411,657)
Loss on disposal of tangible capital assets	-	19,377	-
CHANGE IN NET DEBT	(961,481)	450,806	(4,342,260)
NET DEBT - beginning of year	(8,744,430)	(8,744,430)	(4,402,170)
NET DEBT - end of year	(9,705,911)	(8,293,624)	(8,744,430)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,627,018	109,897
Items not involving cash		
Amortization of tangible capital assets	1,075,288	959,500
Loss on disposal of tangible capital assets	19,377	-
Change in non-cash assets and liabilities		
Accounts receivable	(2,921,674)	(341,378)
Accounts payable	(43,797)	37,653
Due to County	1,178,126	1,497,936
Deferred revenue	1,406,643	(33,144)
Net change in cash from operating activities	3,340,981	2,230,464
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,270,877)	(5,411,657)
FINANCING ACTIVITIES		
Long term debt issued	-	3,181,193
Debt principal repayments	(70,104)	-
Net change in cash from financing activities	(70,104)	3,181,193
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Rents are recognized as revenue in the period earned.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 and are based on the Corporation's best information and judgment. Actual results could differ from these estimates.

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation's significant estimates include:

- Asset retirement obligation is based on estimated future costs - See Note 1(i) and related costs added to tangible capital assets - See Note 1(e)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(e)
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(c) Inter-Entity Transactions

The Northumberland County Housing Corporation is a subsidiary of the County of Northumberland and is consolidated with the County's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the County.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Accounts receivable	Amortized Cost
Accounts payable	Amortized Cost
Due to County	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 to 75 years
Equipment	5 to 20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(f) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(g) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Corporation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Corporation unless they are sold.

(h) Reserves

Certain amounts, as approved by the Corporation, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(i) Asset Retirement Obligation

An asset retirement obligation is recognized when, as 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 tangible 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 for the removal of asbestos in several of the buildings owned by the Corporation has also been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (e).

2. TANGIBLE CAPITAL ASSETS

The net book value of the Corporation's tangible capital assets are:

	Land and Land Improvements $	Buildings $	Equipment $	Assets Under Construction $	2025 Totals $	2024 Totals $
COST						
Balance, beginning of year	2,308,617	37,021,859	1,524,536	6,024,757	46,879,769	41,468,112
Add: additions during the year	200,209	6,666,458	1,020,415	(4,616,205)	3,270,877	5,411,657
Less: disposals during the year	-	-	-	19,377	19,377	-
Balance, end of year	2,508,826	43,688,317	2,544,951	1,389,175	50,131,269	46,879,769
ACCUMULATED AMORTIZATION						
Balance, beginning of year	216,737	24,184,577	130,341	-	24,531,655	23,572,155
Add: additions during the year	47,062	945,522	82,704	-	1,075,288	959,500
Balance, end of year	263,799	25,130,099	213,045	-	25,606,943	24,531,655
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,245,027	18,558,218	2,331,906	1,389,175	24,524,326	22,348,114

3. ASSET RETIREMENT OBLIGATION

The Corporation's asset retirement obligation consists of the following:

(a) Asbestos obligation
The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Corporation recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings have estimated useful lives between 5 and 25 years.

Asset retirement obligation consists of the following:

	Asbestos 2025 $	Asbestos 2024 $
	3,349,114	3,349,114

4. LONG TERM DEBT

(a) Long term debt consists of the following:

	2025 $	2024 $
Ontario Infrastructure and Lands Corporation due September 3, 2049, repayable in blended semi-annual instalments of $107,504 and bears interest at 4.58% per annum.	3,111,089	3,181,193

(b) The long term debt in (a) issued in the name of the County has been been approved by by-law. The annual principal and interest payments required to service this liability is within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Interest paid during the year on long term debt amounted to $144,905 (2024 - $Nil).

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal $	Interest $	Total $
2026	73,351	141,658	215,009
2027	76,749	138,260	215,009
2028	80,305	134,704	215,009
2029	84,025	130,984	215,009
2030	87,917	127,092	215,009
2031 to 2035	504,584	570,461	1,075,045
2036 and subsequent years	2,204,158	805,966	3,010,124
	3,111,089	2,049,125	5,160,214

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025 $	2024 $
Invested In Capital Assets		
Tangible capital assets - net book value	24,524,326	22,348,114
Long term debt	(3,111,089)	(3,181,193)
Asset retirement obligation	(3,349,114)	(3,349,114)
Unfunded capital - Elgin Park	(4,049,329)	(4,520,031)
Surplus	14,014,794	11,297,776
Reserve		
Operations	2,215,908	2,305,908
	16,230,702	13,603,684

6. INTER-ENTITY TRANSACTIONS

During the year, the Corporation entered into transactions with the County of Northumberland.

As part of the budgeting process, the County approves a contribution to the Corporation. In additon, the County approved a further contribution to the Corporation during the year. These contributions are identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2025 $	2024 $
Allocated costs:		
Internal chargebacks - allocated administrative service	654,775	734,174
Internal chargebacks - allocated maintenance services	1,908,120	1,862,762
	2,562,895	2,596,936

All balances with the County of Northumberland have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

7. BUDGET FIGURES

The budget, approved by the Corporation differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Corporation's approved budget to the annual surplus:

	2025 $
Corporation approved budgeted surplus	-
Tangible capital asset additions	2,293,087
Amortization of tangible capital assets	(1,000,000)
Long term debt proceeds	(301,585)
Principal repayment of long term debt	70,104
Transfers to/(from) reserves	(730,000)
Annual surplus reported on the Statement of Operations	331,606

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Corporation assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Corporation has interest rate exposure on its long term debt. This exposure is low as the long term debt has a fixed interest rates.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Corporation reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Corporation monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the Corporation is not exposed to any significant interest rate, currency, market or liquidity risks.

9. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, one of the Corporation's rental units was destroyed by fire. The building will be reconstructed using the insurance proceeds.