

**The Corporation of the
Township of Bonfield**

**Independent Auditor's Report and
Financial Report**

December 31, 2025

The Corporation of the Township of Bonfield

Financial Report

December 31, 2025

Management's Responsibility

Independent Auditor's Report

Statement of Financial Position 1

Statement of Operations and Accumulated Surplus 2

Statement of Cash Flows 3

Statement of Change in Net Debt 4

Notes to the Financial Statements 5-27

Management's Responsibility for the Financial Statements

The accompanying financial statements of The Corporation of the Township of Bonfield (the "Township") are the responsibility of the Township's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

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.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Baker Tilly SNT LLP, independent external auditor appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's financial statements.



Chief Administrative Officer/Treasurer
May 26, 2026

Baker Tilly SNT LLP / s.r.l.

1850 Bond, Unit / Unité A

North Bay, ON, Canada P1B 4V6

T: +1 705.494.9336

F: +1 705.494.8783

www.bakertilly.ca

Independent Auditor's Report

**To the Members of
The Corporation of the Township of Bonfield**

Opinion

We have audited the financial statements of The Corporation of the Township of Bonfield, which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, cash flows, and change in net debt 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 of the Township of Bonfield as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township 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.

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Township'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 Township 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.

North Bay, Ontario
May 26, 2026

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Township of Bonfield
Statement of Financial Position
December 31, 2025

	<u>2025</u>	<u>2024</u> (Restated note 3)
Financial Assets		
Cash (note 4)	\$ 2,671,272	\$ 2,117,403
Investments (note 5)	875,276	849,761
Taxes receivable (note 6)	435,699	419,533
Accounts receivable (note 7)	<u>110,726</u>	<u>124,307</u>
	<u>4,092,973</u>	<u>3,511,004</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	429,231	305,655
Deferred revenues - other (note 9)	296,374	358,596
Deferred revenues - obligatory reserve funds (note 10)	683,109	526,063
Municipal debt (note 11)	4,473,809	4,327,082
Asset retirement obligations (note 12)	<u>1,008,957</u>	<u>964,370</u>
	<u>6,891,480</u>	<u>6,481,766</u>
Net Debt	<u>(2,798,507)</u>	<u>(2,970,762)</u>
Non-Financial Assets		
Tangible capital assets (note 13)	10,826,372	10,688,449
Prepaid expenses	12,207	3,993
Inventories	<u>141,898</u>	<u>143,037</u>
	<u>10,980,477</u>	<u>10,835,479</u>
Accumulated Surplus (note 14)	<u>\$ 8,181,970</u>	<u>\$ 7,864,717</u>
Contingencies (note 15)		
Commitments (note 16)		

Approved by:



CAD Clerk-Treasurer.

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

The Corporation of the Township of Bonfield
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2025

	<u>2025</u>		<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		(Restated note 3)
Revenues			
Net taxation	\$ 4,029,530	\$ 4,067,634	\$ 3,870,152
User charges	68,250	106,397	238,627
Government grants and transfers - Provincial	1,104,534	1,113,620	938,005
Government grants and transfers - Federal	3,500	3,468	4,637
Government grants and transfers - Municipal	1,177	1,177	-
Other	254,125	358,578	359,827
Total revenues	5,461,116	5,650,874	5,411,248
Expenses			
General government	1,113,262	1,058,893	998,707
Protection services	944,177	781,704	729,851
Transportation services	2,087,660	2,210,451	1,821,082
Environmental services	93,492	155,632	205,608
Health services	273,905	232,262	248,081
Social and family services	724,575	762,728	707,157
Recreation and cultural services	269,452	251,797	231,665
Planning and development	41,300	32,424	23,875
Total expenses	5,547,823	5,485,891	4,966,026
Annual surplus (deficit) before other	(86,707)	164,983	445,222
Other			
Government grants and transfers related to capital - Provincial	216,000	262,151	30,000
Government grants and transfers related to capital - Federal	200,000	-	-
East Nipissing District Home for the Aged redevelopment commitment	-	(109,881)	(105,031)
Annual surplus	329,293	317,253	370,191
Accumulated surplus, beginning of year, as previously stated	7,864,717	7,864,717	9,831,152
Prior period adjustment (note 3)	-	-	(2,336,626)
Accumulated surplus, end of year	\$ 8,194,010	\$ 8,181,970	\$ 7,864,717

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

The Corporation of the Township of Bonfield
Statement of Cash Flows
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
		(Restated note 3)
Operating transactions		
Annual surplus	\$ 317,253	\$ 370,191
Cash provided by (applied to)		
Non-cash items:		
East Nipissing District Home for the Aged redevelopment commitment	109,881	105,031
Accretion expense	44,587	42,355
Amortization of tangible capital assets	598,609	504,693
Gain on disposal of tangible capital assets	-	(31,470)
Change in non-cash working capital balances		
Increase in taxes receivable	(16,164)	(61,215)
Decrease in accounts receivable	13,579	38,446
Increase in accounts payable and accrued liabilities	123,576	78,621
Increase (decrease) in deferred revenues - other	(62,222)	176,337
Increase in deferred revenues - obligatory reserve funds	157,046	148,911
Decrease (increase) in prepaid expenses	(8,214)	8,086
Decrease in inventories	1,139	52,164
Cash provided by operating transactions	<u>1,279,070</u>	<u>1,432,150</u>
Capital transactions		
Acquisition of tangible capital assets	(736,532)	(659,725)
Proceeds on disposal of tangible capital assets	-	71,232
Cash applied to capital transactions	<u>(736,532)</u>	<u>(588,493)</u>
Investing transactions		
Decrease (increase) in investments	(25,515)	57,495
Cash provided by (applied to) investing transactions	<u>(25,515)</u>	<u>57,495</u>
Financing transactions		
Municipal debt issued	157,828	-
Municipal debt repaid	(120,982)	(181,142)
Cash provided by (applied to) financing transactions	<u>36,846</u>	<u>(181,142)</u>
Increase in cash	553,869	720,010
Cash, beginning of year	<u>2,117,403</u>	<u>1,397,393</u>
Cash, end of year	<u>\$ 2,671,272</u>	<u>\$ 2,117,403</u>

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

The Corporation of the Township of Bonfield
Statement of Change in Net Debt
For The Year Ended December 31, 2025

	<u>2025</u> Budget <small>(Unaudited)</small>	<u>2025</u> Actual	<u>2024</u> Actual <small>(Restated note 3)</small>
Annual surplus	\$ 329,293	\$ 317,253	\$ 370,191
Amortization of tangible capital assets	598,609	598,609	504,693
Gain on disposal of tangible capital assets	-	-	(31,470)
Proceeds on disposal of tangible capital assets	-	-	71,232
Acquisition of tangible capital assets	(736,500)	(736,532)	(659,725)
Change in prepaid expenses	-	(8,214)	8,086
Change in inventories	-	1,139	52,164
Decrease in net debt	191,402	172,255	315,171
Net debt, beginning of year, as previously stated	(2,970,762)	(2,970,762)	(949,307)
Prior period adjustment (note 3)	-	-	<u>(2,336,626)</u>
Net debt, end of year	<u><u>\$ (2,779,360)</u></u>	<u><u>\$ (2,798,507)</u></u>	<u><u>\$ (2,970,762)</u></u>

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

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies

These financial statements of the Township are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

(i) Non-Consolidated Entities

The following joint local boards are not consolidated:

District of Nipissing Social Services Administration Board
East Nipissing District Home for the Aged
North Bay Parry Sound District Health Unit

(ii) Accounting for School Board Transactions

The Township is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Township has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these financial statements.

(b) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting 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.

(ii) Cash

The Township's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Deferred Revenues - Obligatory Reserve Funds

The Township receives certain government grants, transfers and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenues. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(v) Employee Future Benefits

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

(vi) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Township to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Asset Retirement Obligations (Continued)

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Township derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations and accumulated surplus.

(vii) Segmented Information

The Township reports its segmented information on functional areas and programs in its financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Township:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, and winter control.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Township's economic development programs.

(viii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Change in Net Debt for the year.

i) 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 and legally or contractually required retirement activities. The costs, 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 to 25 years and landfill capacity
Buildings	50 to 60 years
Roads and bridges	4 to 50 years
Vehicles	5 to 20 years
Machinery and equipment	5 to 20 years
Work in process	no amortization

Amortization is charged over the estimated life of the tangible capital asset. Assets under construction are not amortized until the asset is available for productive use.

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

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets (Continued)

ii) Inventories

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

iii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

User charges are recognized in the period in which the revenue relates.

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(x) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

(xi) Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

(xii) Financial Instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash, investments, accounts receivable, accounts payable and accrued liabilities and municipal debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

2. Measurement Uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment.

- The amounts recorded for the financial liability related to the East Nipissing District Home for the Aged redevelopment commitment are based on management's estimate of the Township's share of future obligations and are subject to uncertainty due to ongoing project cost overruns and the absence of finalized cost information. Actual results may differ as additional information becomes available.
- The amounts recorded for asset retirement obligations are based on the estimated amount required to ultimately remediate the liability and depend on estimates of usage, remaining life, inflation rates and discount rates.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

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 of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

3. Prior Period Adjustment

During the year, the Township identified that a financial liability related to the East Nipissing District Home for the Aged redevelopment commitment should have been recognized in prior periods. As the obligation existed in prior periods, the financial statements have been retrospectively restated, with a corresponding adjustment to accumulated surplus.

	<u>As previously stated</u>	<u>2024 Adjustments</u>	<u>Restated</u>
Statement of Financial Position			
Municipal debt	\$ 1,885,425	\$ 2,441,657	\$ 4,327,082
Accumulated surplus	10,306,374	(2,441,657)	7,864,717
Statement of Operations and Accumulated Surplus			
East Nipissing District Home for the Aged redevelopment commitment	-	(105,031)	(105,031)
Prior period adjustment	-	(2,336,626)	(2,336,626)
Statement of Cash Flows			
Annual surplus	475,222	(105,031)	370,191
East Nipissing District Home for the Aged redevelopment commitment	-	105,031	105,031
Statement of Change in Net Debt			
Annual surplus	475,222	(105,031)	370,191
Prior period adjustment	-	(2,336,626)	(2,336,626)
Note 11 - Municipal Debt			
East Nipissing District Home for the Aged redevelopment commitment	1,885,425	2,441,657	4,327,082
Note 14 - Accumulated Surplus			
Municipal debt	(1,885,425)	(2,441,657)	(4,327,082)
Accumulated surplus	10,306,374	(2,441,657)	7,864,717
Note 24 - Segmented Information			
East Nipissing District Home for the Aged redevelopment commitment	-	(105,031)	(105,031)

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

4. Cash

The Township has authorized credit facilities totaling \$1,000,000, which is unsecured. As at December 31, 2025, the Township has utilized \$0 (2024 - \$0). The interest is calculated at the bank's prime lending rate plus 0.25%.

In addition, the Town has an authorized revolving term loan for equipment purchases totaling \$1,000,000, As at December 31, 2025, the Township has utilized \$369,659 (2024 - \$410,139).

5. Investments

	<u>2025</u>	<u>2024</u>
Guaranteed investment certificates maturing between January 2026 and May 2026 bearing interest at rates from 2.25% to 2.43%	\$ 759,946	\$ 737,110
Other investments	<u>115,330</u>	<u>112,651</u>
	<u>\$ 875,276</u>	<u>\$ 849,761</u>

6. Taxes Receivable

	<u>2025</u>	<u>2024</u>
Current	\$ 220,065	\$ 200,600
Arrears	145,236	150,844
Interest	<u>70,398</u>	<u>68,089</u>
	<u>\$ 435,699</u>	<u>\$ 419,533</u>

7. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Federal government	\$ 74,100	\$ 45,969
School boards	485	-
Trade receivables	33,640	70,855
Other receivables	<u>2,501</u>	<u>7,483</u>
	<u>\$ 110,726</u>	<u>\$ 124,307</u>

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

8. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
Federal government	\$ 22,832	\$ 21,549
Province of Ontario	32,342	85,792
Trade payables	222,643	76,448
School boards	-	7,123
Other municipalities	17,509	5,943
Accrued liabilities	<u>133,905</u>	<u>108,800</u>
	<u>\$ 429,231</u>	<u>\$ 305,655</u>

9. Deferred Revenues - Other

Deferred revenues set-aside for specific purposes are comprised of the following:

	Balance as at December 31, 2024	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2025
Cannabis Grant	\$ 22,348	\$ -	\$ -	\$ 22,348
Ontario Community Infrastructure Fund	206,938	118,733	77,734	247,937
Northern Ontario Resource Development Support Fund	94,095	90,322	184,417	-
Other	<u>35,215</u>	<u>2,875</u>	<u>12,001</u>	<u>26,089</u>
Total Deferred Revenues - Other	<u>\$ 358,596</u>	<u>\$ 211,930</u>	<u>\$ 274,152</u>	<u>\$ 296,374</u>

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

10. Deferred Revenues - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenues. 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 balance in the obligatory reserve funds of the Township are summarized below:

	Balance as at December 31, 2024	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2025
Canada Community - Building Fund	<u>\$ 526,063</u>	<u>\$ 157,046</u>	<u>\$ -</u>	<u>\$ 683,109</u>
Total Deferred Revenues - Obligatory Reserve Funds	<u><u>\$ 526,063</u></u>	<u><u>\$ 157,046</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 683,109</u></u>

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

11. Municipal Debt

	<u>2025</u>	<u>2024</u> (Restated note 3)
Term loan, repayable in monthly instalments of \$1,622, including interest at the fixed rate of 2.75%, maturing December 21, 2026	\$ 108,151	\$ 124,414
Term loan, repayable in monthly instalments of \$6,779, including interest at the fixed rate of 6.05%, maturing December 14, 2027	984,714	1,005,800
Debenture loan, repayable in semi-annual instalments of \$12,993 plus interest at a rate of 2.36%, maturing December 1, 2029	101,977	121,884
Term loan, repayable in monthly instalments of \$2,915, including interest at the fixed rate of 4.20%, maturing December 18, 2030	157,828	-
Term loan, repayable in monthly instalments of \$5,149, including interest at the fixed rate of 5.44%, maturing March 3, 2033	369,659	410,139
Debenture loan, repayable in semi-annual instalments of \$12,682, including interest at the fixed rate of 2.50%, maturing December 16, 2034	199,942	223,188
East Nipissing District Home for the Aged redevelopment commitment (i)	<u>2,551,538</u>	<u>2,441,657</u>
	<u>\$ 4,473,809</u>	<u>\$ 4,327,082</u>

Principal instalments required to be paid over the next five years areas follows:

2026	\$ 246,382
2027	1,082,885
2028	125,381
2029	130,624
2030	110,206
Thereafter	<u>2,778,331</u>
Total	<u><u>\$ 4,473,809</u></u>

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

11. Municipal Debt (Continued)

- (i) The Township is a participating municipality of a northern joint municipal home, The Board of Management for the District of Nipissing East ("Cassellholme"), and is responsible for its share of funding in accordance with the Fixing Long-Term Care Act 2021, S.O. 2021, c. 39, Sched. 1 (the "FLTCA"). During 2022, construction for the redevelopment and expansion of the existing 240-bed long-term care facility commenced and Cassellholme entered into a Financing Agreement with Ontario Infrastructure and Lands Corporation ("OILC") for the redevelopment project. In accordance with the FLTCA, the Township will be responsible for its share of annual principal and interest payments incurred by Cassellholme upon completion of the project, and interest-only payments on the construction loan up to completion. Based on a municipal borrowing rate of 4.41% for a 30-year period plus anticipated construction completion in 2028, the present value of these expected payments commencing in 2026 is \$2,551,538.

12. Asset Retirement Obligations

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 964,370	\$ 922,015
Accretion expense	<u>44,587</u>	<u>42,355</u>
Balance, end of year	<u>\$ 1,008,957</u>	<u>\$ 964,370</u>

The asset retirement obligation at year-end is as follows:

	<u>2025</u>	<u>2024</u>
Landfill	\$ 890,638	\$ 846,051
Septic systems	39,910	39,910
Drinking water well	78,409	78,409
Balance, end of year	<u>\$ 1,008,957</u>	<u>\$ 964,370</u>

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

12. Asset Retirement Obligations (Continued)

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity study for the landfill site was performed in a report dated October 11, 2022.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2025					
Bonfield	37% (77,494 m ³)	51 years	25 years	3.27%	5.27%
2024					
Bonfield	37% (78,164 m ³)	52 years	25 years	3.27%	5.27%

Septic systems and drinking water wells

The Township owns septic systems and drinking water wells which represents an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

13. Tangible Capital Assets

	<u>Cost</u>			<u>Accumulated Amortization</u>				<u>Net Book Value</u>		
	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Transfers / Disposals</u>	<u>Balance, end of year</u>	<u>Balance, beginning of year</u>	<u>Amortization</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>December 31, 2025</u>	<u>December 31 2024</u>
Land	\$ 329,115	\$ -	\$ -	\$ 329,115	\$ -	\$ -	\$ -	\$ -	\$ 329,115	\$ 329,115
Land improvements	2,142,567	-	-	2,142,567	299,254	63,503	-	362,757	1,779,810	1,843,313
Buildings	2,791,579	42,846	-	2,834,425	1,228,430	56,258	-	1,284,688	1,549,737	1,563,149
Roads and bridges	16,574,542	623,613	-	17,198,155	11,571,743	268,633	-	11,840,376	5,357,779	5,002,799
Vehicles	1,806,920	13,525	-	1,820,445	796,827	101,121	-	897,948	922,497	1,010,093
Machinery and equipment	1,399,248	56,548	(12,559)	1,443,237	459,268	109,094	(12,559)	555,803	887,434	939,980
	<u>\$ 25,043,971</u>	<u>\$ 736,532</u>	<u>\$ (12,559)</u>	<u>\$ 25,767,944</u>	<u>\$ 14,355,522</u>	<u>\$ 598,609</u>	<u>\$ (12,559)</u>	<u>\$ 14,941,572</u>	<u>\$ 10,826,372</u>	<u>\$ 10,688,449</u>

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

14. Accumulated Surplus

	<u>2025</u>	<u>2024</u>
		(Restated note 3)
Surplus		
Invested in tangible capital assets	\$ 10,826,372	\$ 10,688,449
Unfunded liabilities		
Municipal debt	(4,473,809)	(4,327,082)
Asset retirement obligations	<u>(1,008,957)</u>	<u>(964,370)</u>
Total surplus	<u>5,343,606</u>	<u>5,396,997</u>
Reserves		
Special purpose reserves		
Asset management plan strategic priorities reserve	516,137	468,037
Capital emergencies reserve	-	369,653
Efficiencies reserve fund	232,499	232,499
Landfill site tipping fees reserve funds	205,793	187,593
Tax rate stabilization	1,236,119	820,953
Operating budgets accounts stabilization	98,000	98,000
Cassellholme reserve	270,091	180,000
Fire department capital equipment reserve funds	139,137	27,706
Skateboard reserve	30,071	28,071
5% in lieu of parkland reserve funds	36,897	27,550
Operating budget contingency reserve	15,815	15,815
Library family literacy reserve	10,679	2,668
Mount Pleasant cemetery reserve	1,675	1,675
Veterans memorial service	500	500
Elections reserve	9,500	7,000
Medical Centre	<u>35,451</u>	-
Total reserves	<u>2,838,364</u>	<u>2,467,720</u>
Accumulated Surplus	<u>\$ 8,181,970</u>	<u>\$ 7,864,717</u>

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

14. Accumulated Surplus (Continued)

(a) General Surplus:

The general surplus of \$- (2024 - \$-) at the end of the year is comprised of the following:

	<u>2025</u>	<u>2024</u>
Opening balance	\$ -	\$ 606,072
Annual surplus	317,253	370,191
Transfer from (to) reserves	(370,644)	(827,236)
Net change in tangible capital assets	(137,923)	(115,270)
(Decrease) increase in amounts to be recovered	<u>191,314</u>	<u>(33,757)</u>
Closing balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

15. Contingencies

Legal Matters

The Township is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Township's financial position.

16. Commitments

The Township entered into a contract for police services expiring December 31, 2026. The minimum commitment for police services is \$384,085.

17. Guarantees

In April 2022, the Township passed a by-law authorizing the signing of a Guarantee and Postponement of Claims Agreement for the redevelopment of Cassellholme (East Nipissing District Home for the Aged). Should the debtor, The Board of Management for the District of Nipissing East fail to make payments on the debt, then the nine participating municipal guarantors will each be responsible for repayment of the debt up to their maximum guaranteed proportions per the Postponement of Claims Agreement. The Township's guaranteed proportion of this debt is \$2,551,538 (3.237%).

In May 2022, the Township passed a by-law authorizing the signing of a guarantee for the construction of apartment units of Community Non-Profit Seniors Housing Bonfield for \$6,192,000. Should the debtor, Community Non-Profit Seniors Housing Bonfield fail to make payments on the debt, then the Township will be responsible for repayment of the debt.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

18. Operations of School Boards

Further to note 1(a)(ii), the taxation, other revenues, and expenses of the school boards are comprised of the following:

	<u>2025</u>	<u>2024</u>
Taxation and user charges	<u>\$ 663,353</u>	<u>\$ 654,952</u>
Total amounts received or receivable	<u>663,353</u>	<u>654,952</u>
Requisitions	<u>663,353</u>	<u>654,952</u>
	<u>\$ -</u>	<u>\$ -</u>

19. Contributions to Unconsolidated Joint Local Boards

Further to note 1(a)(i), the following contributions were made by the Township to these boards:

	<u>2025</u>	<u>2024</u>
District of Nipissing Social Services Administration Board	<u>\$ 624,727</u>	<u>\$ 598,929</u>
East Nipissing District Home for the Aged	<u>138,001</u>	<u>108,228</u>
North Bay Parry Sound District Health Unit	<u>73,601</u>	<u>70,096</u>
	<u>\$ 836,329</u>	<u>\$ 777,253</u>

20. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying 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. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 665,000 active and retired members and approximately 1,000 employers.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

20. Pension Agreements (Continued)

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. On December 31, 2025, the estimated accrued pension obligation for all members of the Plan was \$149,575 million (2024 - \$140,766 million). The Plan had an actuarial value of net assets at that date of \$148,253 million (2024 - \$137,853 million) indicating an actuarial deficit of \$1,322 million (2024 - \$2,913 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Township to OMERS for 2025 was \$87,545 (2024 - \$82,500) for current services and is included as an expense on the Statement of Operations and Accumulated Surplus.

On January 1, 2025 the yearly maximum pension earnings increased to \$71,300 from \$68,500 in 2024. The contributions are calculated at a rate of 9.0% (2024 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2024 - 14.6%) for amounts above the yearly maximum pension earnings.

21. Financial Instruments

Risks arising from financial instruments and risk management

The Township is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

There have been no changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Township is exposed to credit risk to the extent that taxes receivable and accounts receivable are not collected in a timely manner. The Township's financial assets consisting of cash, investments, and accounts receivable are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the maximum credit risk of the Township at the date of the statement of financial position. The Township does not believe it is subject to significant credit risk.

The Corporation of the Township of Bonfield

Notes to the Financial Statements

December 31, 2025

21. Financial Instruments (Continued)

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they become due. The Township's financial liabilities include accounts payable and accrued liabilities and municipal debt. The Township maintains sufficient resources to meet its obligations. The Township does not believe it is subject to significant liquidity risk.

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Township is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Township's financial instruments consisting of cash, investments, accounts receivable, accounts payable and accrued liabilities and municipal debt are subject to market risk. The Township does not believe it is subject to significant market risk.

22. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is based on a model used to manage departmental spending within the guidelines of the model. Given the differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with the basis of accounting that is used to prepare the financial statements. The budget figures are unaudited.

	<u>2025</u>	<u>2024</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	736,500	645,709
Municipal debt repaid	241,302	153,352
Contributions to reserves	230,100	156,500
Less: Amortization of tangible capital assets	(598,609)	(504,693)
Municipal debt issued	(250,000)	-
Contributions from reserves	<u>(30,000)</u>	<u>(611,708)</u>
Budget (deficit) surplus per statement of operations and accumulated surplus	<u>\$ 329,293</u>	<u>\$ (160,840)</u>

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

23. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

24. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>Unallocated</u>	<u>2025 Total</u>
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,067,634	\$ 4,067,634
User charges	-	210	-	74,018	-	-	11,152	21,017	-	106,397
Government grants and transfers - Provincial	-	55,993	-	-	267,497	-	10,930	-	779,200	1,113,620
Government grants and transfers - Federal	-	-	2,408	-	-	-	1,060	-	-	3,468
Government grants and transfers - Municipal	-	-	-	-	-	-	1,177	-	-	1,177
Other	59,540	87,342	19,332	-	4,236	-	8,099	-	180,029	358,578
Total Revenues	<u>59,540</u>	<u>143,545</u>	<u>21,740</u>	<u>74,018</u>	<u>271,733</u>	<u>-</u>	<u>32,418</u>	<u>21,017</u>	<u>5,026,863</u>	<u>5,650,874</u>
Expenses										
Salary, wages and employee benefits	582,096	184,402	637,189	40,736	82,835	-	83,051	550	-	1,610,859
Interest on long-term debt	-	-	89,771	-	-	-	3,200	-	-	92,971
Materials	277,474	163,460	976,605	7,680	51,283	-	60,988	15,130	-	1,552,620
Contracted services	174,688	365,477	84,240	40,867	4,628	-	254	10,044	-	680,198
Rents, financial and accretion expenses	11,635	-	-	47,827	15,000	-	-	-	-	74,462
External transfers	-	33,143	-	-	73,601	762,728	-	6,700	-	876,172
Amortization of tangible capital assets	13,000	35,222	422,646	18,522	4,915	-	104,304	-	-	598,609
Total expenses	<u>1,058,893</u>	<u>781,704</u>	<u>2,210,451</u>	<u>155,632</u>	<u>232,262</u>	<u>762,728</u>	<u>251,797</u>	<u>32,424</u>	<u>-</u>	<u>5,485,891</u>
Annual surplus (deficit) before other	(999,353)	(638,159)	(2,188,711)	(81,614)	39,471	(762,728)	(219,379)	(11,407)	5,026,863	164,983
Other										
Government grants and transfers related to capital - Provincial	-	-	262,151	-	-	-	-	-	-	262,151
East Nipissing District Home for the Aged redevelopment commitment	-	-	-	-	-	(109,881)	-	-	-	(109,881)
Annual surplus (deficit)	<u><u>\$ (999,353)</u></u>	<u><u>\$ (638,159)</u></u>	<u><u>\$ (1,926,560)</u></u>	<u><u>\$ (81,614)</u></u>	<u><u>\$ 39,471</u></u>	<u><u>\$ (872,609)</u></u>	<u><u>\$ (219,379)</u></u>	<u><u>\$ (11,407)</u></u>	<u><u>\$ 5,026,863</u></u>	<u><u>\$ 317,253</u></u>

The Corporation of the Township of Bonfield
Notes to the Financial Statements
December 31, 2025

24. Segmented Information (Continued)

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>Unallocated</u>	<u>2024 Total</u> <small>(restated - note 3)</small>
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,870,152	\$ 3,870,152
User charges	-	7,872	-	198,807	-	-	13,700	18,248	-	238,627
Government grants and transfers - Provincial	11,738	6,282	-	-	218,438	-	7,047	-	694,500	938,005
Government grants and transfers - Federal	-	-	4,637	-	-	-	-	-	-	4,637
Other	61,601	79,062	53,807	-	6,070	-	12,487	-	146,800	359,827
Total Revenues	<u>73,339</u>	<u>93,216</u>	<u>58,444</u>	<u>198,807</u>	<u>224,508</u>	<u>-</u>	<u>33,234</u>	<u>18,248</u>	<u>4,711,452</u>	<u>5,411,248</u>
Expenses										
Salary, wages and employee benefits	544,941	139,410	583,994	51,287	92,257	-	82,816	425	-	1,495,130
Interest on long-term debt	-	2,277	94,193	-	-	-	4,263	-	-	100,733
Materials	254,411	146,479	702,014	10,511	62,270	-	49,597	13,993	-	1,239,275
Contracted services	158,825	372,551	100,442	73,451	4,660	-	158	9,050	-	719,137
Rents, financial and accretion expenses	28,046	-	-	53,364	15,000	-	-	-	-	96,410
External transfers	-	32,988	-	-	70,096	707,157	-	407	-	810,648
Amortization of tangible capital assets	12,484	36,146	340,439	16,995	3,798	-	94,831	-	-	504,693
Total expenses	<u>998,707</u>	<u>729,851</u>	<u>1,821,082</u>	<u>205,608</u>	<u>248,081</u>	<u>707,157</u>	<u>231,665</u>	<u>23,875</u>	<u>-</u>	<u>4,966,026</u>
Annual surplus (deficit) before other	(925,368)	(636,635)	(1,762,638)	(6,801)	(23,573)	(707,157)	(198,431)	(5,627)	4,711,452	445,222
Other										
Government grants and transfers related to capital - Provincial	-	-	30,000	-	-	-	-	-	-	30,000
East Nipissing District Home for the Aged redevelopment commitment	-	-	-	-	-	(105,031)	-	-	-	(105,031)
Annual surplus (deficit)	<u>\$ (925,368)</u>	<u>\$ (636,635)</u>	<u>\$ (1,732,638)</u>	<u>\$ (6,801)</u>	<u>\$ (23,573)</u>	<u>\$ (812,188)</u>	<u>\$ (198,431)</u>	<u>\$ (5,627)</u>	<u>\$ 4,711,452</u>	<u>\$ 370,191</u>