

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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CENTRE HASTINGS
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CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

For The Year Ended December 31, 2025

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Centre Hastings 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 Municipality 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 Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality'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 Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Centre Hastings. 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 Municipality. Baker Tilly KDN LLP has full and free access to Council.



Mayor



Director of Finance/Deputy CAO

May 20, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Centre Hastings

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Centre Hastings and its local board (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of 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

May 22, 2026



CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025	2024
	\$	\$
FINANCIAL ASSETS		
Cash	6,987,247	5,742,071
Investments (note 4)	956,632	927,955
Accounts receivable	1,639,173	1,396,108
Taxes receivable	961,190	1,210,315
TOTAL FINANCIAL ASSETS	10,544,242	9,276,449
LIABILITIES		
Accounts payable and accrued liabilities	3,847,161	2,007,202
Deferred revenue - obligatory reserve funds (note 6)	240,732	1,548,825
Deferred revenue - other (note 7)	733,127	352,259
Long term debt (note 8)	3,100,000	72,884
Asset retirement obligation (note 17)	491,300	470,700
TOTAL LIABILITIES	8,412,320	4,451,870
NET FINANCIAL ASSETS	2,131,922	4,824,579
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	38,927,299	29,627,666
Prepaid expenses	5,658	5,079
TOTAL NON-FINANCIAL ASSETS	38,932,957	29,632,745
	41,064,879	34,457,324
Comprised of:		
Accumulated surplus (note 11)	41,080,632	34,482,313
Accumulated remeasurement gains/(losses)	(15,753)	(24,989)
	41,064,879	34,457,324

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 12)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Property taxation	6,837,755	6,869,508	6,550,389
User charges	1,898,150	2,144,479	1,972,481
Government of Canada	1,719,683	1,696,366	198,083
Province of Ontario	4,129,825	4,091,907	2,548,933
Other municipalities	217,169	238,582	382,065
Penalties and interest on taxes	134,000	189,878	170,228
Investment income	121,000	207,452	297,139
Donations	18,000	16,896	70,590
Other	20,000	52,672	45,274
Development charges earned (note 6)	642,437	762,764	-
Canada Community-Building Fund earned (note 6)	1,000,000	1,000,000	242,876
TOTAL REVENUES	16,738,019	17,270,504	12,478,058
EXPENSES			
General government	1,215,351	1,193,181	1,492,283
Protection services	1,890,468	2,036,820	1,824,245
Transportation services	3,818,221	3,561,359	3,681,645
Environmental services	1,944,297	1,974,246	1,989,474
Health services	397,838	402,968	420,339
Recreation and cultural services	1,472,102	1,352,492	1,234,098
Planning and development	209,950	151,119	143,080
TOTAL EXPENSES	10,948,227	10,672,185	10,785,164
ANNUAL SURPLUS	5,789,792	6,598,319	1,692,894
ACCUMULATED SURPLUS - beginning of year		34,482,313	32,840,798
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD		-	(51,379)
ACCUMULATED SURPLUS - beginning of year, as restated		34,482,313	32,789,419
ACCUMULATED SURPLUS - end of year		41,080,632	34,482,313

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2025

	2025 \$	2024 \$
ACCUMULATED REMEASUREMENT LOSSES - beginning of year	(24,989)	(58,082)
Unrealized gains attributed to:		
Unrealized gain/(loss) on portfolio investments during the year	9,721	46,647
Realized gains/(loss), reclassified to the statement of operations:		
Realized losses, reclassified to the statement of operations	(485)	(13,554)
ACCUMULATED REMEASUREMENT LOSSES - end of year	(15,753)	(24,989)

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 12)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS	5,789,792	6,598,319	1,692,894
Amortization of tangible capital assets	1,956,090	1,691,750	1,970,683
Purchase of tangible capital assets	(10,775,250)	(11,080,376)	(4,011,351)
Loss on disposal of tangible capital assets	-	88,991	110,384
Proceeds on sale of tangible capital assets	-	-	25,174
Change in prepaid expenses	-	(577)	16,676
DECREASE IN NET FINANCIAL ASSETS	(3,029,368)	(2,701,893)	(195,540)
NET FINANCIAL ASSETS - beginning of year	4,824,579	4,824,579	5,038,405
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD	-	-	(51,379)
NET FINANCIAL ASSETS - beginning of year, as restated	4,824,579	4,824,579	4,987,026
INCREASE IN ACCUMULATED REMEASUREMENT GAINS	-	9,236	33,093
NET FINANCIAL ASSETS - end of year	1,795,211	2,131,922	4,824,579

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	6,598,319	1,692,894
Items not involving cash		
Amortization of tangible capital assets	1,691,750	1,970,683
Loss on disposal of tangible capital assets	88,991	110,384
Accretion expense	20,600	19,800
Change in non-cash assets and liabilities		
Accounts receivable	(243,065)	(660,028)
Taxes receivable	249,125	(434,139)
Prepaid expenses	(577)	16,676
Accounts payable and accrued liabilities	1,839,959	540,314
Deferred revenue - obligatory reserve funds	(1,308,093)	280,576
Deferred revenue - other	380,868	125,265
Net change in cash from operating activities	9,317,877	3,662,425
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(11,080,376)	(4,011,351)
Proceeds on disposal of tangible capital assets	-	25,174
Net change in cash from capital activities	(11,080,376)	(3,986,177)
INVESTING ACTIVITIES		
Purchase of investments	(69,441)	(181,404)
Proceeds on disposal of investments	50,000	174,160
Net change in cash from investing activities	(19,441)	(7,244)
FINANCING ACTIVITIES		
Long term debt issued	3,100,000	-
Debt principal repayments	(72,884)	(140,858)
Net change in cash from financing activities	3,027,116	(140,858)
NET CHANGE IN CASH	1,245,176	(471,854)
CASH - beginning of year	5,742,071	6,213,925
CASH - end of year	6,987,247	5,742,071

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

The Municipality of Centre Hastings is a lower 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 Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Centre Hastings Public Library Board

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

(b) 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	15-20 years
Buildings	40-60 years
Buildings improvements	20-30 years
Machinery and equipment	3-20 years
Vehicles	8-10 years
Roads and bridges	7-50 years
Water and sewer	40-50 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.

(c) Non-financial assets

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

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

Property taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

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

Government funding

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.

Other revenue

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.

(e) Trust funds

Trust funds and their related operations administered by the Municipality 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.

(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) 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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	Fair Value
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Municipality 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 Consolidated 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 Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 Municipality'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 Municipality'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(b)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(b)

(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.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2025, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes and payments in lieu requisitioned and remitted	1,085,041	1,961,034

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2025-01. At December 31, 2025 there was no balance outstanding (2024 - \$Nil).

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

4. INVESTMENTS

Investments consist of the following:

	Level (note 1(h))	2025 \$	2024 \$
Investments held at amortized cost			
BMO Nesbitt Burns - cash		20,220	19,169
Investments held at market value			
BMO Nesbitt Burns - bond portfolio	1	936,412	908,786
		956,632	927,955

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

5. PENSION AGREEMENTS

Certain employees of the Municipality 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 Municipality does not recognize any share of the OMERS pension surplus or deficit.

The Municipality's total contributions to OMERS in 2025 were \$390,188 (2024 - \$381,150) of which \$195,094 (2024 - \$190,575) was contributed by employees.

6. 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 Municipality are summarized below:

	2025 \$	2024 \$
Parkland fees	147,882	133,881
Development charges	10,683	648,600
Canada Community-Building Fund	82,167	766,344
	240,732	1,548,825

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS, continued

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

	2025	2024
	\$	\$
Balance - beginning of year	1,548,825	1,268,249
Add amounts received:		
Development charges	106,348	132,158
Parkland fees	14,000	27,200
Canada Community-Building Fund	308,177	300,198
Interest	26,146	63,896
	454,671	523,452
Less transfer to operations:		
Development charges earned	762,764	-
Canada Community-Building Fund earned	1,000,000	242,876
	1,762,764	242,876
Balance - end of year	240,732	1,548,825

7. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2025	2024
	\$	\$
OCIF	579,823	252,183
Ontario Cannabis Legalization Implementation Fund	20,000	20,000
Friends of the Library donation	-	2,424
Other	48,602	-
Building permit fees	84,702	77,652
	733,127	352,259

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

7. DEFERRED REVENUE - OTHER, continued

The continuity of deferred revenue - other is as follows:

	2025	2024
	\$	\$
Balance - beginning of year	352,259	175,615
Adjustment to opening balance	-	51,379
Add amounts received:		
OCIF	327,641	385,272
Friends of the Library donation	-	2,424
Other	47,724	-
Building permit fees	54,939	105,912
	430,304	493,608
Less transfer to operations:		
OCIF	-	254,997
Safe Restart	-	33,707
Other	1,548	-
Building permit fees	47,888	79,639
	49,436	368,343
Balance - end of year	733,127	352,259

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

8. 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
	\$	\$
Debenture from Ontario Infrastructure Projects Corporation, repayable in blended semi-annual instalments of \$74,571 with interest at 4.63% per annum, due May 20, 2025.	-	72,884
Debenture from Ontario Infrastructure and Lands Corporation (OILC), repayable in blended monthly installments of \$30,726 with interest at 3.55% per annum due Feb 2, 2036.	3,100,000	-
	<u>3,100,000</u>	<u>72,884</u>

- (b) The long term debt in (a) issued in the name of the Municipality 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 \$34,868 (2024 - \$8,284).

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

	Principal	Interest	Total
	\$	\$	\$
2026	218,468	88,791	307,259
2027	270,821	97,889	368,710
2028	280,591	88,119	368,710
2029	290,713	77,997	368,710
2030	301,199	67,511	368,710
2031 to 2035	1,677,029	166,521	1,843,550
2036 and subsequent years	61,179	272	61,451
	<u>3,100,000</u>	<u>587,100</u>	<u>3,687,100</u>

9. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$163,783 (2024 - \$162,006) 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 Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

10. TANGIBLE CAPITAL ASSETS

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

	2025	2024
	\$	\$
General		
Land and land improvements	1,530,953	1,581,897
Buildings and building improvements	6,080,349	6,262,564
Machinery and equipment	1,990,538	1,690,583
Vehicles	2,060,110	1,727,784
Infrastructure		
Roads and bridges	16,188,169	11,159,245
Water and sewer	10,401,426	4,839,816
	38,251,545	27,261,889
Assets under construction	675,754	2,365,777
	38,927,299	29,627,666

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 - \$Nil) and no contributed assets (2024 - \$Nil).

The allocation of tangible capital assets by segment is as follows:

	2025	2024
	\$	\$
General government	593,051	579,290
Protection services	760,597	888,052
Transportation services	18,696,579	14,753,819
Environmental services	12,795,466	7,176,011
Health services	2,820,978	2,901,361
Recreation and cultural services	3,088,344	3,156,849
Planning and development	172,284	172,284
	38,927,299	29,627,666

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025	2024
	\$	\$
Surplus/(Deficit)		
Landfill cover material	(194,790)	(214,790)
Centre Hastings Public Library Board	52,175	45,327
	(142,615)	(169,463)
Invested In Capital Assets		
Tangible capital assets - net book value	38,927,299	29,627,666
Long term debt	(3,100,000)	(72,884)
Unfunded capital - see part (b) below	(2,672,451)	(2,570,211)
Unfunded asset retirement obligation	(491,300)	(470,700)
	32,663,548	26,513,871
Surplus	32,520,933	26,344,408
Reserves		
Working fund	2,344,508	2,076,776
General capital	866,201	796,427
Emergency measures	168,944	83,168
Fire capital	411,697	351,747
Roads capital	769,766	1,097,243
OMERS - past service	4,512	4,512
Recreation	100,328	89,247
Landfill	151,783	45,679
Arena	78,470	101,221
Whytock recreation	304,087	400,156
Septage	1,145,000	1,145,000
Waste disposal equipment	138,059	128,059
Nesbitt Burns	972,385	952,943
Hydro sale	49,251	49,251
Tax write-off	81,610	171,400
Cemeteries	68,961	63,112
Water and sewer	420,601	430,928
Tri Area Medical Centre	186,635	77,156
Election	20,534	15,534
Economic development	99,849	58,346
Pool donations	176,518	-
Total Reserves	8,559,699	8,137,905
	41,080,632	34,482,313

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

11. ACCUMULATED SURPLUS, continued

(b) Unfunded capital consists of the following:

	2025	2024
	\$	\$
Whytock Park bridge	(44,814)	(69,813)
Tri Area Medical Centre	(28,551)	(114,182)
Weed harvesting	(9,001)	(19,001)
Russel Street	(355,726)	-
Landfill compactor	(62,832)	(82,832)
Splash pad	(12,100)	(37,100)
Garbage truck	(431,842)	(442,175)
Arts centre building	(4,200)	(29,200)
Roads vehicles	(358,190)	(378,190)
Roads	-	(5,833)
Marmora Street well	(1,126,667)	(1,153,357)
Remediation of LTC property	(238,528)	(238,528)
	(2,672,451)	(2,570,211)

12. BUDGET FIGURES

The budget, approved by the Municipality 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	10,775,250
Amortization of tangible capital assets	(1,956,090)
Long term debt proceeds	(3,021,054)
Principal repayment of long term debt	71,575
Transfers to/(from) reserves	(363,043)
Change in unfunded capital	283,154
Annual surplus reported on the Consolidated Statement of Operations	5,789,792

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

13. 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 12)	Actual 2025 \$	Actual 2024 \$
Salaries and benefits	3,670,805	3,395,363	3,292,121
Interest charges	3,000	34,868	8,284
Materials	3,648,875	3,743,322	3,700,972
Contracted services	1,562,600	1,574,201	1,560,989
Rents and financial	2,200	26,252	24,977
External transfers	104,657	117,438	116,754
Amortization	1,956,090	1,691,750	1,970,683
Loss (gain) on disposal of tangible capital assets	-	88,991	110,384
	10,948,227	10,672,185	10,785,164

14. CONTINGENT LIABILITIES

The Municipality, 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

15. SEGMENTED INFORMATION

The Municipality of Centre Hastings is a municipal government organization that provides a range of services to its residents. Municipality 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 on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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 Municipality and its programs and services.

Protection Services

Protection services include police, fire, conservation authority, ambulance base and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control and street lighting.

Water and Sewer

This function is responsible for providing water and sewer services to the urban area in the Municipality.

Other Environmental Services

This function is responsible for providing waste collection, waste disposal and recycling services to the Municipality.

Health Services

The health services function consists of cemeteries operations and the municipal operation of the Tri Area Medical Centre (TAMC) facility.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

16. FINANCIAL INSTRUMENTS

The Municipality 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 value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

Interest rate risk is the risk that the Municipality has interest rate exposure on its long term debt. This exposure is low as the long term debt have a fixed interest rate and term.

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

17. ASSET RETIREMENT OBLIGATION

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

(a) Landfill obligation

The Municipality owns and operates one landfill site. The liability for the remaining closure costs of the site have 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%. The site is projected to close in 2087.

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

	Landfill closure and post- closure 2025 \$	Landfill closure and post- closure 2024 \$
Asset Retirement Obligation		
Opening balance	470,700	450,900
Accretion expense	20,600	19,800
Closing balance	491,300	470,700

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

	General				Infrastructure		Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Building Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,407,248	9,708,717	3,406,139	3,610,050	46,555,037	7,336,026	2,365,777	75,388,994
Add: additions during the year	11,062	30,118	534,625	588,328	5,885,457	5,720,809	(1,690,023)	11,080,376
Less: disposals during the year	-	64,609	17,923	-	1,451,330	80,779	-	1,614,641
Balance, end of year	2,418,310	9,674,226	3,922,841	4,198,378	50,989,164	12,976,056	675,754	84,854,729
ACCUMULATED AMORTIZATION								
Balance, beginning of year	825,351	3,446,153	1,715,556	1,882,266	35,395,792	2,496,210	-	45,761,328
Add: additions during the year	62,006	201,745	234,670	256,002	789,031	148,296	-	1,691,750
Less: disposals during the year	-	54,021	17,923	-	1,383,828	69,876	-	1,525,648
Balance, end of year	887,357	3,593,877	1,932,303	2,138,268	34,800,995	2,574,630	-	45,927,430
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,530,953	6,080,349	1,990,538	2,060,110	16,188,169	10,401,426	675,754	38,927,299

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2025

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	(484,447)	1,719,305	3,525,583	-	513,600	304,942	1,039,715	250,810	6,869,508
User charges	138,193	132,396	35,863	988,660	336,210	209,600	269,150	34,407	2,144,479
Government transfers - operating	1,375,600	89,686	38,000	80,419	-	-	28,418	4,525	1,616,648
Government transfers - capital	-	-	4,119,196	52,429	-	-	-	-	4,171,625
Other municipalities	20,000	40,410	-	-	39,842	45,305	93,025	-	238,582
Penalties and interest on taxes	189,878	-	-	-	-	-	-	-	189,878
Investment income	201,918	-	-	-	-	5,534	-	-	207,452
Donations	200	-	-	-	-	-	16,696	-	16,896
Other	10,000	650	41,598	-	-	-	-	424	52,672
Development charges earned	-	-	754,750	-	-	-	-	8,014	762,764
Canada Community-Building Fund earned	-	-	1,000,000	-	-	-	-	-	1,000,000
Total revenues	1,451,342	1,982,447	9,514,990	1,121,508	889,652	565,381	1,447,004	298,180	17,270,504
Expenses									
Salaries and benefits	814,125	504,778	855,143	279,189	267,670	39,230	554,003	81,225	3,395,363
Interest charges	-	-	33,181	-	-	1,687	-	-	34,868
Materials	308,461	478,803	1,495,483	422,178	145,333	280,148	545,404	67,512	3,743,322
Contracted services	11,238	852,866	134,340	291,157	260,995	-	21,223	2,382	1,574,201
Rents and financial	-	-	852	-	20,600	-	4,800	-	26,252
External transfers	43,000	72,918	-	-	-	1,520	-	-	117,438
Amortization	16,357	127,455	974,861	193,802	82,419	80,383	216,473	-	1,691,750
Loss (gain) on disposal of tangible capital assets	-	-	67,499	10,406	497	-	10,589	-	88,991
Total expenses	1,193,181	2,036,820	3,561,359	1,196,732	777,514	402,968	1,352,492	151,119	10,672,185
Net surplus/(deficit)	258,161	(54,373)	5,953,631	(75,224)	112,138	162,413	94,512	147,061	6,598,319

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	(184,062)	1,552,393	3,162,880	-	575,450	290,478	924,785	228,465	6,550,389
User charges	29,621	157,505	12,319	968,233	304,380	214,442	267,981	18,000	1,972,481
Government transfers - operating	1,252,000	34,044	2,317	2,322	-	-	21,281	3,840	1,315,804
Government transfers - capital	-	-	1,431,212	-	-	-	-	-	1,431,212
Other municipalities	20,000	39,463	-	-	39,859	40,243	242,500	-	382,065
Penalties and interest on taxes	170,228	-	-	-	-	-	-	-	170,228
Investment income	292,695	-	-	-	-	4,444	-	-	297,139
Donations	14,074	14,417	-	-	-	25	42,074	-	70,590
Other	-	1,080	43,874	-	-	320	-	-	45,274
Canada Community-Building Fund earned	-	-	242,876	-	-	-	-	-	242,876
Total revenues	1,594,556	1,798,902	4,895,478	970,555	919,689	549,952	1,498,621	250,305	12,478,058
Expenses									
Salaries and benefits	796,509	460,553	825,499	291,139	248,069	34,378	547,935	88,039	3,292,121
Interest charges	-	-	-	-	-	8,284	-	-	8,284
Materials	623,733	354,199	1,341,413	433,372	161,925	296,354	442,105	47,871	3,700,972
Contracted services	7,490	806,851	103,419	267,700	339,664	-	28,695	7,170	1,560,989
Rents and financial	-	-	377	-	19,800	-	4,800	-	24,977
External transfers	43,200	72,554	-	-	-	1,000	-	-	116,754
Amortization	21,351	132,313	1,304,471	167,574	63,256	80,323	201,395	-	1,970,683
Loss (gain) on disposal of tangible capital assets	-	(2,225)	106,466	(3,025)	-	-	9,168	-	110,384
Total expenses	1,492,283	1,824,245	3,681,645	1,156,760	832,714	420,339	1,234,098	143,080	10,785,164
Net surplus/(deficit)	102,273	(25,343)	1,213,833	(186,205)	86,975	129,613	264,523	107,225	1,692,894

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Centre Hastings

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Centre Hastings (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, 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 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 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 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
May 22, 2026

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2025

	Perpetual Care \$	Monument \$	2025 Total \$	2024 Total \$
FINANCIAL ASSETS				
Cash	2,346	-	2,346	2,347
Investments (note 2)	160,793	8,926	169,719	167,943
	163,139	8,926	172,065	170,290
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Municipality	7,339	943	8,282	8,284
FUND BALANCE	155,800	7,983	163,783	162,006
	163,139	8,926	172,065	170,290

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

	Perpetual Care \$	Monument \$	2025 Total \$	2024 Total \$
BALANCES - beginning of year	154,080	7,926	162,006	155,392
RECEIPTS				
Investment income	5,789	353	6,142	4,788
Care receipts	1,340	-	1,340	3,540
Unrealized gain	381	62	443	3,302
	7,510	415	7,925	11,630
EXPENSES				
Transfer to Municipality	5,260	274	5,534	4,444
Administration fees	530	84	614	572
	5,790	358	6,148	5,016
BALANCES - end of year	155,800	7,983	163,783	162,006

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

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.

(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 Municipality's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Investments in mutual funds, consist of the following:

	2025 Market value \$	2024 Market value \$
Perpetual care fund	160,793	159,073
Monument fund	8,926	8,870
	169,719	167,943

3. CARE AND MAINTENANCE FUNDS

The Perpetual Care and Maintenance Funds administered by the Municipality are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

4. CEMETERY MONUMENT FUND

The Monument Fund administered by the Municipality is funded by the sale of markers and monuments. These funds are invested and earnings derived there from are used to perform maintenance to the markers and monuments in the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**

CENTRE HASTINGS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT**To the Members of the Centre Hastings Public Library Board,
the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Municipality of Centre Hastings****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Qualified Opinion*

We have audited the financial statements of the Centre Hastings Public Library Board of the Corporation of the Municipality of Centre Hastings (the Board), which comprise the statement of financial position as at December 31, 2025, the statements of operations and accumulated surplus, change in net financial assets/(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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board 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 Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, annual surplus/(deficit) and cash flows from operations for the years ended December 31, 2025 and 2024, and assets and accumulated surplus 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 Board 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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
May 22, 2026

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2025

	2025	2024
	\$	\$
FINANCIAL ASSETS		
Due from Municipality (note 3)	52,583	47,752
LIABILITIES		
Deferred revenue	877	2,425
NET FINANCIAL ASSETS	51,706	45,327
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	58,296	56,250
Prepaid expenses	469	-
TOTAL NON-FINANCIAL ASSETS	58,765	56,250
ACCUMULATED SURPLUS (note 5)	110,471	101,577

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2025

	Budget 2025 \$ (note 6)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Municipality of Centre Hastings contribution (note 3)			
Levy	109,013	109,013	104,587
Allocated repairs and maintenance	-	16,139	12,317
Township of Madoc contribution	46,720	46,720	44,823
Government of Canada	-	2,064	1,988
Province of Ontario	11,462	11,462	11,462
Other grants	1,500	6,335	3,196
User fees	13,650	15,953	16,346
Donations and fundraising	3,000	13,349	11,948
TOTAL REVENUES	185,345	221,035	206,667
EXPENSES			
Salaries and benefits	143,175	131,806	131,654
Supplies and services	25,720	33,035	26,052
Periodicals and collection repair	2,700	321	444
Repairs and maintenance	22,500	14,907	19,268
Amortization	16,847	15,933	16,847
Allocated repairs and maintenance (note 3)	-	16,139	12,317
TOTAL EXPENSES	210,942	212,141	206,582
ANNUAL SURPLUS/(DEFICIT)	<u>(25,597)</u>	8,894	85
ACCUMULATED SURPLUS - beginning of year		101,577	101,492
ACCUMULATED SURPLUS - end of year		110,471	101,577

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT) For the Year Ended December 31, 2025

	Budget 2025 \$ (note 6)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS/(DEFICIT)	(25,597)	8,894	85
Amortization of tangible capital assets	16,847	15,933	16,847
Acquisition of tangible capital assets	(18,250)	(17,979)	(21,879)
Change in prepaid expenses	-	(469)	-
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(27,000)	6,379	(4,947)
NET FINANCIAL ASSETS - beginning of year		45,327	50,274
NET FINANCIAL ASSETS/(NET DEBT) - end of year		51,706	45,327

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	8,894	85
Items not involving cash		
Amortization of tangible capital assets	15,933	16,847
Change in non-cash assets and liabilities		
Due from Municipality	(4,831)	(45,722)
Prepaid expenses	(469)	-
Accounts payable	-	(3,030)
Deferred revenue	(1,548)	2,425
Net change in cash from operating activities	17,979	(29,395)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(17,979)	(21,879)
NET CHANGE IN CASH	-	(51,274)
CASH - beginning of year	-	51,274
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

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 Board 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.

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

Donations and fundraising revenue is recognized when the amounts are received.

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.

(b) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board'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 Board's significant estimates include:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(d)

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

**CENTRE HASTINGS PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2025**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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
Due from Municipality	Amortized Cost

Fair value category: The Board 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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:

Books	7 years
Furniture and equipment	5 years

(e) Deferred revenue

Deferred revenue represents grants which have been received but for which the related expenditures have not yet occurred. These amounts will be recognized as revenues in the fiscal year the expenditures are incurred.

(f) Non-financial assets

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

(g) Inter-entity transactions

The Centre Hastings Public Library Board is a Board of the Municipality of Centre Hastings and is consolidated with the Municipality'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 Municipality.

2. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board 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.

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

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

3. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Municipality of Centre Hastings.

As part of the budgeting process, the Municipality approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

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

	2025	2024
	\$	\$
Allocated costs:		
Repairs and maintenance	16,139	12,317
	<u>16,139</u>	<u>12,317</u>

In addition, the Municipality provides rental of buildings, bookkeeping and accounting services to the Board at no cost.

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

4. TANGIBLE CAPITAL ASSETS

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

	Books \$	Furniture and Equipment \$	2025 Totals \$	2024 Totals \$
COST				
Balance, beginning of year	117,432	30,304	147,736	151,568
Add: additions during the year	17,979	-	17,979	21,879
Less: disposals during the year	14,911	3,012	17,923	25,711
Balance, end of year	<u>120,500</u>	<u>27,292</u>	<u>147,792</u>	<u>147,736</u>
ACCUMULATED AMORTIZATION				
Balance, beginning of year	65,407	26,079	91,486	100,350
Add: additions during the year	15,074	859	15,933	16,847
Less: disposals during the year	14,911	3,012	17,923	25,711
Balance, end of year	<u>65,570</u>	<u>23,926</u>	<u>89,496</u>	<u>91,486</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>54,930</u>	<u>3,366</u>	<u>58,296</u>	<u>56,250</u>

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025	2024
	\$	\$
Surplus		
Operations	52,175	45,327
Invested In Capital Assets		
Tangible capital assets - net book value	58,296	56,250
	<u>110,471</u>	<u>101,577</u>

6. BUDGET FIGURES

The budget, approved by the Board 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 Board's approved budget to the annual surplus/(deficit):

	2025
	\$
Board approved budgeted surplus	-
Tangible capital asset additions	18,250
Amortization of tangible capital assets	(16,847)
Transfers to/(from) reserves	(27,000)
Annual surplus/(deficit) reported on the Statement of Operations	<u>(25,597)</u>

7. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. These changes did not effect the prior year annual surplus.