

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
FINANCIAL STATEMENTS
DECEMBER 31, 2025

SEEBACH & COMPANY
Chartered Professional Accountants



— TOWNSHIP OF —
ASHFIELD-COLBORNE-WAWANOSH

82133 Council Line, R.R. #5
Goderich, Ontario N7A 3Y2

PHONE: 519-524-4669

FAX: 519-524-1951

E-MAIL: info@acwtownship.ca

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Township of Ashfield-Colborne-Wawanosh (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated 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 Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the consolidated financial statements. These statements are monitored and evaluated by the Municipality's management. Council meets with management and the external auditor to review the consolidated financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH

Mark Becker
CAO

Ellen McManus
Treasurer

October 20, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Ashfield-Colborne-Wawanosh

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Ashfield-Colborne-Wawanosh ("the Entity"), which are comprised of the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Entity 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 PSAB, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Entity'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 Entity'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 Entity 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 20, 2026

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31		2025	2024
Financial Assets			
Cash	note 3	8,617,870	8,990,134
Taxes receivable		696,276	670,887
Accounts receivable		1,174,837	902,501
Long-term receivables	note 4	235,046	51,195
		10,724,029	10,614,717
Liabilities			
Account payable and accrued liabilities		1,932,584	1,911,516
Deferred revenue	schedule 2	864,032	1,232,969
Municipal debt	note 5	141,004	51,195
Asset retirement obligations	note 6	1,843,884	1,849,515
		4,781,504	5,045,195
Net financial assets		5,942,525	5,569,522
Non-financial assets			
Tangible capital assets	schedule 3	52,536,055	49,490,055
Inventories		30,242	80,825
		52,566,297	49,570,880
Accumulated surplus	note 10	\$ 58,508,822	\$ 55,140,402

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Annual surplus (deficit)	4,366,497	3,368,420	2,090,145
Amortization of tangible capital assets	-	1,911,531	1,743,097
Acquisition of tangible capital assets	(10,281,700)	(5,002,634)	(4,340,199)
Proceeds from disposition of assets	45,000	29,745	32,210
Loss (gain) on disposal of tangible capital assets	-	15,358	153,991
Change in inventories		50,583	(18,302)
Increase (decrease) in net financial assets	<u>(5,870,203)</u>	373,003	(339,058)
Net financial assets beginning of year		5,569,522	5,908,580
Net financial assets end of year		\$ 5,942,525	\$ 5,569,522

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Taxation for municipal purposes	6,954,470	6,989,652	6,731,048
User charges	4,106,377	3,972,693	2,833,030
Government transfers	2,179,926	2,687,151	1,813,561
Other revenue	200,614	360,530	485,915
Gain(loss) on disposal of capital assets	-	(15,358)	(153,991)
Total revenue	13,441,387	13,994,668	11,709,563
Expenditure			
General government	1,391,720	1,337,048	1,176,976
Protection services	2,467,352	2,503,574	2,240,909
Transportation services	3,558,330	4,764,057	4,271,988
Environmental services	891,110	1,093,251	1,094,988
Health services	97,101	101,264	87,872
Recreation and culture	512,752	594,739	593,265
Planning and development	156,525	232,315	153,420
Total expenses	9,074,890	10,626,248	9,619,418
Annual surplus (deficit)	4,366,497	3,368,420	2,090,145
Accumulated surplus beginning of year	55,140,402	55,140,402	53,050,257
Accumulated surplus end of year	\$ 59,506,899	\$ 58,508,822	\$ 55,140,402

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended December 31	2025	2024
Operating activities		
Annual surplus (deficit)	3,368,420	2,090,145
Amortization not requiring cash outlay	1,911,531	1,743,097
Loss (gain) on disposition of tangible capital assets	15,358	153,991
Decrease (increase) in taxes receivable	(25,389)	(172,615)
Decrease (increase) in accounts receivable	(272,336)	336,285
Increase (decrease) in accounts payable	21,068	(429,122)
Increase (decrease) in deferred revenue	(368,937)	453,472
Increase (decrease) in asset retirement obligations	(5,631)	(2,540)
Decrease (increase) in inventories	50,583	(18,302)
Cash provided from (used for) operations	4,694,667	4,154,411
Capital activities		
Proceeds of disposition of tangible capital assets	29,745	32,210
Acquisition of tangible capital assets	(5,002,634)	(4,340,199)
Net investment in tangible capital assets	(4,972,889)	(4,307,989)
Investing activities		
Issuance of loans receivable	(201,520)	-
Repayment of loans receivable	17,669	9,601
Net increase (decrease) in cash from investing	(183,851)	9,601
Financing activities		
Debt issued	100,000	-
Debt principal payments	(10,191)	(9,601)
Net increase (decrease) in cash from financing	89,809	(9,601)
Net increase (decrease) in cash	(372,264)	(153,578)
Cash beginning of year	8,990,134	9,143,712
Cash end of year	\$ 8,617,870	\$ 8,990,134

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Significant accounting policies

The consolidated financial statements of the Township of Ashfield-Colborne-Wawanosh are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenue and expenditures, reserves and reserve funds and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for their administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality. In addition to general government tax-supported operations, they include water systems operated by the municipality and the municipality's proportionate share of joint local boards.

These consolidated financial statements include the proportional share of the financial position and operating activities of the following joint local boards:

Mid-Huron Landfill Site Board - 9.4%
Lucknow and District Fire Department Joint Board of Management - 50%
Lucknow Community Health Centre Board - 50%
Lucknow and District Joint Recreation Board - 50%

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements do not include trust funds that are administered for the benefit of external parties.

b) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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) 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 excess of revenues over expenses, provides the change in net financial assets for the year.

a) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	50 years
Buildings	50 years
Transportation roads infrastructure	
Base and earthwork	100 years
Surface	15 years
Bridges and culverts	40 to 80 years
Water system	20 to 80 years
Vehicles and equipment	10 to 15 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The municipality capitalizes all land acquisitions and has a threshold of \$15,000 for buildings and infrastructure and \$1,000 - \$5,000 for various types of equipment, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

b) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

d) Inventories

Inventories held for consumption are recorded as a non-financial asset at the lower of cost or net realizable value.

iii) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

iv) Pension and employee benefits

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

v) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged. These amounts will be recognized as revenues in the period in which related expenditure are incurred.

vi) Investments

Investments are recorded at cost plus accrued interest less amounts written off to reflect a permanent decline in value.

vii) Revenue recognition

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

Government transfers are recognized in the in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates can be made.

viii) 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 is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

ix) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

x) Financial instruments

Financial instruments consist of cash, taxes receivable, accounts receivable, long-term receivables, accounts payable and accrued liabilities and municipal debt. The municipality classifies all of its financial instruments as measured at amortized cost. Financial assets measured at cost are recognized initially at fair value plus any directly attributable transaction costs. The carrying amount is subsequently written down to net realizable value when an impairment loss is known and there is no reasonable prospect of recovery.

m) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2025 and have therefore not been applied to these Consolidated Financial Statements. Management is currently assessing the impact of the following accounting standards updates on the future Consolidated Financial Statements.

(i) The Conceptual Framework for Financial Reporting in the Public Sector will replace current guidance in Section PS 1000 – Financial Statement Concepts and Section PS 1100 – Financial Statement Objectives. The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which PSAS are developed and professional judgment is applied. This new Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Municipality being the year ending December 31, 2027).

(ii) PS 1202 – Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 – Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts will need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Municipality being the year ending December 31, 2027).

(iii) PS 3251 – Employee Benefits will replace PS 3250 – Retirement Benefits and PS 3255 – Postemployment Benefits, Compensated Absences and Termination Benefits. The standard aims to focus on refining the discount rate guidance for defined benefit plans, eliminating deferral approaches for actuarial gains/losses, and improving transparency. This standard is effective for fiscal years beginning on or after April 1, 2029 (the first effective year for the Municipality being the year ending December 31, 2030).

2. Pension agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are the 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 amount contributed to OMERS for the year was \$ 218,804 (2024: \$197,661) for current services and is included as an expenditure on the consolidated statement of operations.

3. Cash

	2025	2024
Unrestricted	4,868,928	3,848,904
Restricted	3,165,929	4,570,535
Cash held by other municipalities and boards	<u>583,013</u>	<u>570,695</u>
	\$ 8,617,870	\$ 8,990,134

4. Loans receivable

	2025	2024
The balance of the long-term receivables reported on the consolidated statement of financial position consists of the following:		
Property owners for capital costs, 4-5% interest, due 2026 through 2035	94,042	-
Property owners for tile drain loans, 6% interest due 2026-2035	<u>141,004</u>	<u>51,195</u>
	\$ 235,046	\$ 51,195

Amounts due in the next five years are as follows:

2026: \$27,228 2027: \$28,681 2028: \$30,215 2029: \$31,830 2030: \$25,667 Thereafter \$91,425

5. Municipal debt

	2025	2024
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% interest, due 2026 through 2035	\$ 141,004	\$ 51,195

Amounts due in the next five years are as follows:

2026: \$11,730 2027: \$12,433 2028: \$13,180 2029: \$13,970 2030: \$14,808 Thereafter \$74,883

6. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the closure and post-closure costs for Ashfield Landfill and the West Wawanosh Landfill. In addition, the Municipality owns buildings which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The Municipality owns a gravel pit and is legally required to rehabilitate the site upon depletion.

The asset retirement costs are being amortized on a straight line basis. All liability for asset retirement obligations have been estimated using a net present value technique with a discount rate of 2% (2024: 2%).

The estimated total undiscounted future expenditures related to the Ashfield Landfill are \$1,398,777 (2024: \$1,398,777), which are to be incurred over 56 years. The liability is expected to be fully settled in 79 years.

The estimated total undiscounted future expenditures related to the West Wawanosh Landfill are \$264,528 (2024: \$283,372), which are to be incurred over 19 years. The liability is expected to be fully settled in 19 years.

6. Asset Retirement Obligations (cont'd)

The estimated total undiscounted future expenditures related to the Mid-Huron Landfill are \$1,614,329 (2024: \$1,614,329), which are expected to be incurred over 50 years. The liability is expected to be fully settled in 50 years. The Mid-Huron Landfill Site Board has set aside reserve funds to fund post closure costs of which the Municipality's share is \$453,214 (2024: \$455,760).

The estimated total undiscounted future expenditures of asbestos abatement are \$18,500 (2024: \$18,500) and are estimated to be incurred in 2045.

The estimated total undiscounted future expenditures of gravel pit remediation are \$73,000 (2024: \$73,000) and are estimated to be incurred from 2030 to 2050.

The carrying amount of the liabilities are as follows:

	Township- Owned Landfills	Share of Mid-Huron Landfill	Asbestos	Gravel Pits	Total
Asset retirement obligation as at December 31, 2024	\$ 770,688	\$ 1,013,547	\$ 12,240	\$ 53,040	\$ 1,849,515
Increase due to accretion expense	15,414	20,271	245	1,061	36,991
Settlements and adjustments	(15,351)	(27,271)	—	—	(42,622)
Asset retirement obligation as at December 31, 2025	\$ <u>770,751</u>	\$ <u>1,006,547</u>	\$ <u>12,485</u>	\$ <u>54,101</u>	\$ <u>1,843,884</u>

7. Contractual obligations

The municipality has contracted with Waste Management for garbage collection and recycling until April 2030 at a base annual fee of \$127,400 in 2025-26 plus 5% increase per year.

The municipality has contracted with Veolia Water Canada Inc. for water system management at an annual fee of \$192,610 until March 2028.

8. Contingencies

In the ordinary course of business, various claims and lawsuits are brought against the municipality. Because settlement amounts, if any, cannot be determined or because claims are expected to be within the municipality's insurance coverage, no provision has been made for the contingency in the financial statements.

9. Tangible capital assets

Schedule 3 provides information on the tangible capital assets of the municipality by major class and by business segment, as well as for accumulated amortization of the assets controlled.

i) Contributed tangible capital assets

The municipality records all tangible capital assets contributed by external parties at fair value.

ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of \$1 because of the difficulty of determining a tenable valuation.

10. Schedule of accumulated surplus

	2025	2024
Reserves	<u>10,564,116</u>	<u>13,123,315</u>
Surpluses		
Invested in tangible capital assets	52,536,055	49,490,055
General revenue fund	21,030	12,455
Unfunded		
Capital projects in process	(2,768,495)	(5,635,908)
Asset retirement obligations	(1,843,884)	(1,849,515)
Total surpluses	<u>47,944,706</u>	<u>42,017,087</u>
Accumulated surplus	\$ <u>58,508,822</u>	\$ <u>55,140,402</u>

11. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of change in net assets and operations for comparative purposes. The budget amounts for the municipality have been approved by Council. Certain amounts have been reclassified to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budget annual surplus (deficit)	-
Add: acquisition of tangible capital assets	10,281,700
Less: sale of tangible capital assets	(45,000)
net transfers to reserves	(5,870,203)
Budgeted surplus reported on statement of operations	\$ <u>4,366,497</u>

12. Financial instrument risk management**Credit risk**

The Township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

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

13. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	2025	2024
School boards	2,444,826	2,392,873
County of Huron	7,226,939	6,912,205

14. Trust funds

Trust funds administered by the municipality amounting to \$ 217,253 (2024: \$211,834) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

15. Segmented information

The Township of Ashfield-Colborne-Wawanosh provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information provided in schedule 4. Municipal taxation revenue and the Ontario Municipal Partnership Fund grant are allocated to general government. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

Township of Ashfield-Colborne-Wawanosh

Consolidated Schedule of Continuity of Reserves and Reserve Funds

Schedule 1

For the Year Ended December 31, 2025

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
Reserves and reserve funds									
for general government	4,976,133		237,270		237,270	20,000	1,073,395	1,093,395	4,120,008
for protection services	823,584				-	178,663		178,663	644,921
for transportation services	6,284,722	96,081	1,605,053		1,701,134		3,534,399	3,534,399	4,451,457
for environmental services	876,908		217,323		217,323	2,546	22,996	25,542	1,068,689
for health services	15,902				-			-	15,902
for social and family services	2,500				-	2,500		2,500	-
for recreation and cultural services	143,566		201,655		201,655		82,082	82,082	263,139
	13,123,315	96,081	2,261,301	-	2,357,382	203,709	4,712,872	4,916,581	\$ 10,564,116

Consolidated Schedule of Continuity of Deferred Revenue

Schedule 2

For the Year Ended December 31, 2025

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Contributions	Total	To Operations	To Capital Acquisitions	Total	
Deferred revenue									
Development charges and parklands	391,782	13,933		195,007	208,940		165,531	165,531	435,191
Canada Community Building Fund	440,380	15,886		192,702	208,588		496,594	496,594	152,374
Ontario Community Infrastructure Fun	400,807	20,559		672,926	693,485		817,825	817,825	276,467
	1,232,969	50,378	-	1,060,635	1,111,013	-	1,479,950	1,479,950	\$ 864,032

Township of Ashfield-Colborne-Wawanosh
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2025

Schedule 3

	General				Infrastructure				Total Net Book Value 2025	Total Net Book Value 2024
	Land and Land Improvements	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures		
Cost										
Balance, beginning of year	2,754,560	6,855,804	1,983,896	4,614,280	4,794,975	52,181,657	2,181,104	8,330,166	83,696,442	80,201,557
Additions during the year	3,258	227,115	255,321	1,011,373	785,422	2,694,822		25,323	5,002,634	4,340,199
Disposals during the year			(55,842)	(225,812)		(638,486)			(920,140)	(845,314)
Balance, end of year	2,757,818	7,082,919	2,183,375	5,399,841	5,580,397	54,237,993	2,181,104	8,355,489	87,778,936	83,696,442
Accumulated depreciation										
Balance, beginning of year	332,628	2,028,290	957,938	2,864,543	1,121,014	22,116,112	831,429	3,954,433	34,206,387	33,122,403
Amortization during the year	6,602	148,936	115,817	335,417	90,404	1,049,711	29,081	135,563	1,911,531	1,743,097
Accumulated amortization on disposals			(42,819)	(216,959)		(615,259)			(875,037)	(659,113)
Balance, end of year	339,230	2,177,226	1,030,936	2,983,001	1,211,418	22,550,564	860,510	4,089,996	35,242,881	34,206,387
Net Book Value of Tangible Capital Assets	2,418,588	4,905,693	1,152,439	2,416,840	4,368,979	31,687,429	1,320,594	4,265,493	52,536,055	49,490,055

Township of Ashfield-Colborne-Wawanosh
Segmented Information
For the Year Ended December 31, 2025

Schedule 4

	General Government	Police Protection	Fire Protection	Building inspection	Other Protection	Roads and Street lights	Water,Sewers, Storm sewers	Waste Disposal	Health	Recreation and Culture	Zoning and Development	Total 2025	Total 2024
Revenue													
Taxation	6,989,652											6,989,652	6,731,048
User charges	845,759		22,235	203,675	168,758	947,208	740,010	359,144	40,636	317,600	327,668	3,972,693	2,833,030
Government transfers	1,071,400		4,206			1,568,091		21,841		5,509	16,104	2,687,151	1,813,561
Interest and penalties	360,530											360,530	485,915
Gain (loss) on disposal of assets						(7,835)				(7,523)		(15,358)	(153,991)
	9,267,341	-	26,441	203,675	168,758	2,507,464	740,010	380,985	40,636	315,586	343,772	13,994,668	11,709,563
Operating expenditure													
Wages, salaries and benefits	920,607		119,958	259,015	221	1,304,252	1,318	86,213	34,775	207,807	4,963	2,939,129	2,671,977
Contract services	211,425	956,586	420,214	27,658	495,002	747,216	422,401	226,720	22,618	58,114	109,091	3,697,045	3,001,737
Materials and supplies	150,493		66,677	46,299	14,816	1,207,474	135,393	86,679	29,387	223,064	118,261	2,078,543	2,202,606
Depreciation and write-downs	54,523		88,533	8,595		1,505,115	119,485	15,042	14,484	105,754		1,911,531	1,743,098
	1,337,048	956,586	695,382	341,567	510,039	4,764,057	678,597	414,654	101,264	594,739	232,315	10,626,248	9,619,418
Net revenue (expense)	7,930,293	(956,586)	(668,941)	(137,892)	(341,281)	(2,256,593)	61,413	(33,669)	(60,628)	(279,153)	111,457	3,368,420	2,090,145

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Ashfield-Colborne-Wawanosh

Opinion

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Ashfield-Colborne-Wawanosh ("the Entity"), which are comprised of the statement of financial position as at December 31, 2025 and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and the continuity of funds for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Entity 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 PSAB, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Entity'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 Entity'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 Entity 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.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 20, 2026

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
TRUST FUNDS
STATEMENT OF CONTINUITY

For the Year Ended December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2025	2024	2025	2024	2025	2024	2025	2024
Capital beginning of year	211,834	204,656	143,737	140,332	36,935	34,735	31,162	29,589
Receipts								
Plot sales	3,675	3,405	3,675	3,405				
Monument installations	700	2,200			700	2,200		
Interest earned	7,143	10,900	4,854	7,476	1,245	1,851	1,044	1,573
	11,518	16,505	8,529	10,881	1,945	4,051	1,044	1,573
Expenditure								
Maintenance	6,099	9,327	4,854	7,476	1,245	1,851	-	-
	6,099	9,327	4,854	7,476	1,245	1,851	-	-
Capital end of year	\$ 217,253	211,834	\$ 147,412	143,737	\$ 37,635	36,935	\$ 32,206	31,162

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION

As at December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2025	2024	2025	2024	2025	2024	2025	2024
Assets								
Cash	217,253	211,834	147,412	143,737	37,635	36,935	32,206	31,162
Liabilities								
Due to municipality	-	-	-	-	-	-	-	-
Net assets	217,253	211,834	147,412	143,737	37,635	36,935	32,206	31,162
Trust fund capital	\$ 217,253	211,834	\$ 147,412	143,737	\$ 37,635	36,935	\$ 32,206	31,162

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. Accounting Policies

The financial statements of the Township of Ashfield-Colborne-Wawanosh Trust Funds are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Basis of Consolidation

These trust funds have not been consolidated with the financial statements of the Township of Ashfield-Colborne-Wawanosh .

Basis of Accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

2. Investments

Trust fund investments are stated at cost and have a market value approximately equal to cost.

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow and District Fire Department Joint Board of Management, Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Fire Department Joint Board of Management ("the Entity") for the year ended December 31, 2025 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2025 in accordance with Canadian public sector accounting standards (PSAB).

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 Entity 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 PSAB, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Entity'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 Entity'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 Entity 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.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 21, 2026

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT
STATEMENT OF OPERATIONS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	199,700	174,240	185,120
Township of Huron-Kinloss	199,700	174,240	185,120
Fire calls	-	22,200	19,700
County of Bruce Modified First Response grant	5,000	5,000	5,000
Other revenue	-	34,069	26,091
Ontario grant	-	8,411	
	404,400	418,159	421,031
Expenditure			
Salaries	242,000	239,916	216,403
Vehicle operation	18,000	21,990	27,455
Equipment	34,000	33,210	47,994
Hydrant repairs	4,000	4,030	4,030
Building maintenance	16,400	37,936	23,815
Dispatch service	22,000	20,201	34,673
Training	19,500	8,955	10,100
Telephone	2,000	2,899	2,289
Utilities	10,200	13,472	11,622
Insurance	18,000	19,817	17,743
Licences, fees, administration	18,300	15,733	24,907
	404,400	418,159	421,031
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Accounting policies

The statement of operations of the Lucknow and District Fire Department Joint Board of Management is the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

a) **Basis of accounting**

i) **Accrual basis of accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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) The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

3. Related party transactions

Board administration cost of \$2,500 was paid to the Township of Huron-Kinloss (2024: \$2,500).

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow Community Health Centre Board , Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board ("the Entity") for the year ended December 31, 2025 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2025 in accordance with Canadian public sector accounting standards (PSAB).

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 Entity 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 PSAB, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Entity'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 Entity'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 Entity 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.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 21, 2026

LUCKNOW COMMUNITY HEALTH CENTRE BOARD
STATEMENT OF OPERATIONS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Rentals	25,102	25,102	24,490
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	7,704	4,457	2,223
Township of Huron-Kinloss	7,704	4,457	2,223
	<u>40,510</u>	<u>34,016</u>	<u>28,936</u>
Expenditure			
Maintenance	21,500	18,257	13,909
Utilities	7,410	6,617	6,401
Property taxes	5,800	5,640	5,499
Insurance	2,800	3,002	2,627
Administration	3,000	500	500
	<u>40,510</u>	<u>34,016</u>	<u>28,936</u>
Annual surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LUCKNOW COMMUNITY HEALTH CENTRE BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Accounting policies

The statement of operations of the Lucknow Community Health Centre Board is the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

a) **Basis of accounting**

i) **Accrual basis of accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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) **The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.**

2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

3. Related party transactions

During the year, the board paid property taxes of \$5,640 (2024: \$5,304) and water and sewer charges of \$2,410 (2024: \$2,564) to the Township of Huron-Kinloss, and \$1,679 maintenance charges to the Township of Ashfield-Colborne-Wawanosh (2024: \$2,969).

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow and District Joint Recreation Board , Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Joint Recreation Board ("the Entity") for the year ended December 31, 2025 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2025 in accordance with Canadian public sector accounting standards (PSAB).

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 Entity 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 PSAB, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Entity'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 Entity'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 Entity 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.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 21, 2026

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

STATEMENT OF OPERATIONS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Arena			
Ice rentals	150,000	190,947	151,871
Arena rentals	5,200	11,070	5,905
Bar sales	53,925	47,029	60,844
Public skating	8,000	4,799	9,330
Advertising boards	15,000	14,075	15,600
Grass cutting/watering	20,000	26,460	20,249
Grants	5,000	11,018	51,159
Donations and other revenue	56,575	59,934	8,816
	313,700	365,332	323,774
Recreation receipts			
Hockey insurance recovery	1,800	1,575	1,760
Skating program	5,500	6,163	5,493
Swimming pool	14,800	18,689	17,849
Baseball	14,500	16,730	18,132
Soccer	12,650	17,542	15,665
Daycamp	11,000	15,657	13,581
Other programs	1,000	1,840	1,260
	61,250	78,196	73,740
Total rentals and program revenue	374,950	443,528	397,514
Operating contributions from participating municipalities			
Township of Huron-Kinloss	209,475	157,666	153,991
Township of Ashfield-Colborne-Wawanosh	209,475	157,666	153,991
	418,950	315,331	307,982
Total revenue	793,900	758,859	705,496
Expenses			
Administration and general			
Salaries	197,000	202,529	183,078
Maintenance	64,300	63,402	55,401
Utilities	87,250	89,849	65,497
Insurance	25,000	26,328	23,621
Administration and training	34,750	29,457	17,582
	408,300	411,565	345,179
Arena and auditorium			
Salaries	159,475	174,761	147,591
Maintenance	33,200	23,107	56,302
Utilities	10,000	9,664	16,678
Bar purchases and profit share	49,550	32,208	39,997
	252,225	239,740	260,568
Recreation programs			
Skating program	2,500	1,682	1,447
Ball and soccer program	9,150	6,192	4,947
Daycamp program	10,350	10,119	9,611
Pool salaries	28,475	28,204	21,398
Pool expenses	29,100	17,662	18,101
Fitness program	800	960	1,080
Parks	53,000	42,735	43,165
	133,375	107,554	99,749
Total expenses	793,900	758,859	705,496
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Accounting policies

The statement of operations of the Lucknow and District Joint Recreation Board is the representation of management prepared in accordance Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

a) **Basis of accounting**

i) **Accrual basis of accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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) **The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.**

2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

3. Related party transactions

Board administration cost of \$ 10,000 (2024: \$ nil) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$6,955 (2024: \$6,600) were paid to the Township of Huron-Kinloss.