The Corporation of the Township of Strong

Independent Auditor's Report and Financial Report

December 31, 2025

The Corporation of the Township of Strong

Financial Report

December 31, 2025

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

Treasurer	Clerk Administrator
August 11, 2026	August 11, 2026

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Strong

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Strong, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, cash flows, and change in net debt 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 Corporation of the Township of Strong as at December 31, 2025, and its consolidated results of 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 Township 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.

Independent Auditor's Report (continued)

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the 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 Township’s internal control.

Independent Auditor's Report (continued)

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

- 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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Township 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 SNT LLP

North Bay, Ontario
August 11, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

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

	2025	2024
Financial Assets		
Cash (note 3)	**$ 900,629**	$ 1,558,014
Other investments (note 4)	**466,365**	653,163
Taxes receivable (note 5)	**327,106**	269,358
Accounts receivable (note 6)	**1,110,628**	386,150
	2,804,728	2,866,685
Liabilities		
Accounts payable and accrued liabilities (note 7)	**805,692**	564,423
Deferred revenues - other (note 8)	**105,979**	27,372
Deferred revenues - obligatory reserve funds (note 9)	**211,057**	318,311
Municipal debt (note 10)	**1,650,651**	1,946,266
Employee future benefits payable (note 11)	**77,792**	73,477
Asset retirement obligations (note 12)	**3,249,377**	765,178
	6,100,548	3,695,027
Net Debt	**(3,295,820)**	(828,342)
Non-Financial Assets		
Tangible capital assets (note 13)	**18,545,996**	15,746,686
Prepaid expenses	**76,576**	51,450
Inventories of supplies	**173,508**	195,693
	18,796,080	15,993,829
Accumulated Surplus (note 14)	**$ 15,500,260**	$ 15,165,487

Contingencies (note 15)

Approved by:

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

The Corporation of the Township of Strong

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2025

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
Revenues			
Net taxation	$ 3,326,911	$ 3,327,021	$ 3,111,457
User charges	142,049	146,897	173,500
Government grants and transfers - Provincial	1,152,405	966,473	852,731
Government grants and transfers - Federal	5,000	(19,384)	42,711
Government grants and transfers - Municipal	156,173	121,902	121,987
Other	500,384	514,812	460,081
Total revenues	5,282,922	5,057,721	4,762,467
Expenses			
General government	961,933	847,541	986,046
Protection services	707,015	671,496	677,199
Transportation services	1,918,883	2,111,354	2,092,672
Environmental services	494,846	508,247	512,347
Health services	687,321	643,601	528,117
Social and family services	261,110	254,576	247,544
Recreation and cultural services	476,404	391,483	403,692
Planning and development	46,250	85,630	62,735
Total expenses	5,553,762	5,513,928	5,510,352
Annual deficit before other	(270,840)	(456,207)	(747,885)
Other			
Government grants and transfers related to capital - Provincial	185,958	688,407	340,574
Government grants and transfers related to capital - Federal	100,000	102,573	99,892
Annual surplus (deficit)	15,118	334,773	(307,419)
Accumulated surplus, beginning of year	15,165,487	15,165,487	15,472,906
Accumulated surplus, end of year	$ 15,180,605	$ 15,500,260	$ 15,165,487

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

The Corporation of the Township of Strong

Consolidated Statement of Cash Flows
For The Year Ended December 31, 2025

	2025	2024
Operating transactions		
Annual surplus (deficit)	**$ 334,773**	$ (307,419)
Cash provided by (applied to)		
Non-cash items:		
Accretion expense and remeasurement adjustment	**2,484,199**	32,050
Amortization of tangible capital assets	**1,075,296**	1,092,678
Loss (gain) on disposal of tangible capital assets	**13,502**	(525)
Change in non-cash working capital balances		
Increase in taxes receivable	**(57,748)**	(16,583)
(Increase) decrease in accounts receivable	**(724,478)**	9,558
Increase (decrease) in accounts payable and accrued liabilities	**241,269**	(61,965)
Increase (decrease) in deferred revenues - other	**78,607**	(34,222)
(Decrease) increase in deferred revenues - obligatory reserve funds	**(107,254)**	244,305
Increase in employee future benefits payable	**4,315**	14,044
Increase in prepaid expenses	**(25,126)**	(26,997)
Decrease in inventories of supplies	**22,185**	20,222
Cash provided by operating transactions	**3,339,540**	965,146
Capital transactions		
Acquisition of tangible capital assets	**(3,954,326)**	(835,239)
Proceeds on disposal of tangible capital assets	**66,218**	6,909
Cash applied to capital transactions	**(3,888,108)**	(828,330)
Investing transactions		
Disposition (acquisition) of other investments	**186,798**	(86,494)
Cash provided by (applied to) investing transactions	**186,798**	(86,494)
Financing transactions		
Municipal debt issued	**-**	149,486
Municipal debt repaid	**(295,615)**	(281,361)
Cash applied to financing transactions	**(295,615)**	(131,875)
Decrease in cash	**(657,385)**	(81,553)
Cash, beginning of year	**1,558,014**	1,639,567
Cash, end of year	**$ 900,629**	$ 1,558,014

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

The Corporation of the Township of Strong

Consolidated Statement of Change in Net Debt
For The Year Ended December 31, 2025

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
Annual surplus (deficit)	**$ 15,118**	**$ 334,773**	$ (307,419)
Amortization of tangible capital assets	**1,075,296**	**1,075,296**	1,092,678
Loss (gain) on disposal of tangible capital assets	**-**	**13,502**	(525)
Proceeds on disposal of tangible capital assets		**66,218**	6,909
Acquisition of tangible capital assets	**(1,729,304)**	**(3,954,326)**	(835,239)
Change in prepaid expenses	**-**	**(25,126)**	(26,997)
Change in inventories of supplies	**-**	**22,185**	20,222
Increase in net debt	**(638,890)**	**(2,467,478)**	(50,371)
Net debt, beginning of year	**(828,342)**	**(828,342)**	(777,971)
Net debt, end of year	**$ (1,467,232)**	**$ (3,295,820)**	$ (828,342)

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

1. Significant Accounting Policies

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

(a) Basis of Consolidation

(i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Township and include the activities of all committees of Council, the Sundridge and District Medical Centre, the Sundridge-Strong-Joly Arena & Hall, the Sundridge-Strong Fire Department, the Sundridge-Strong Union Public Library, the Sundridge-Strong-Joly Recreation Committee, the Burk's Falls, Joly, Machar, Ryerson, South River, Strong and Sundridge Joint Building Committee and the Almaguin Community Economic Development.

All interfund assets and liabilities and revenues and expenses have been eliminated.

(ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

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

(iii) Accounting for School Board Transactions

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

(b) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash

The Township's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

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

(iv) Deferred Revenues - Obligatory Reserve Funds

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

(v) Employee Future Benefits

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. Obligations for sick leave and employee retirement gratuities are accrued as the eligible employees render the services necessary to earn the benefits.

(vi) Asset Retirement Obligations

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

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met.

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Asset Retirement Obligations (Continued)

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

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

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

(vii) Segmented Information

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

General Government

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

Protection Services

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

Transportation Services

Transportation services are responsible for roadway systems and winter control.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services, land ambulance and cemetery services.

Social and Family Services

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

Recreation and Cultural Services

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

Planning and Development

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

(viii) Non-Financial Assets

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

1. **Significant Accounting Policies** (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets (Continued)

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset and legally or contractually required retirement activities. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 to 60 years
Buildings	20 to 50 years
Machinery, equipment and furniture	5 to 20 years
Vehicles	2 to 30 years
Roads	10 to 60 years
Bridges	60 years

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

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

ii) Inventories of Supplies

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

iii) Prepaid Expenses

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) Taxation and Other Revenues

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

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

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

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

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

Other revenues are recognized as revenue when earned.

(x) Government Grants and Transfers

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(xi) Use of Estimates

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

(xii) Financial Instruments

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

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

2. Measurement Uncertainty

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

- The amounts recorded for asset retirement obligations are based on the estimated amount required to ultimately remediate the liability and depend on estimates of usage, remaining life, inflation rates and discount rates.

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

- The amounts recorded for sick leave and retirement allowances are based on estimates of retirement ages of employees.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

3. Cash

The Township has authorized credit facilities totaling $600,000, which is unsecured. As at December 31, 2025, the Township has utilized $0 (2024 - $0). The interest is calculated at the bank's prime lending rate.

4. Other Investments

	2025	2024
Guaranteed Investment Certificates maturing between June 4, 2026 and July 9, 2027 bearing interest at rates between 2.00 % and 4.90%	$ **177,135**	$ 183,167
Corporate bonds and principal protected notes maturing between March 4, 2026 and August 23, 2027 bearing interest from 1.93% to 4.86% (market value $289,363 (2024 - $487,170)	**289,230**	469,996
	$ **466,365**	$ 653,163

5. Taxes Receivable

	2025	2024
Current year	$ **214,671**	$ 195,253
Previous year	**66,026**	49,364
Prior years	**24,603**	9,315
Penalties and interest	**23,806**	17,426
Valuation allowance	**(2,000)**	(2,000)
	$ **327,106**	$ 269,358

6. Accounts Receivable

	2025	2024
Federal government	$ **134,935**	$ 66,271
Province of Ontario	**750,564**	222,894
Other Municipalities	**48,357**	10,401
School Boards	**2,922**	1,382
Other	**173,850**	85,202
	$ **1,110,628**	$ 386,150

7. Accounts Payable and Accrued Liabilities

	2025	2024
Federal government	**$ 36,940**	$ 4,550
Province of Ontario	**70,555**	71,912
Other Municipalities	**48,996**	78,825
Trade payables	**312,739**	103,589
Interest payable	**6,903**	7,668
Other	**329,559**	297,879
	$ 805,692	$ 564,423

8. Deferred Revenues - Other

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

	Balance as at December 31, 2024	Amounts received during the year	Recognized as revenues during the year	**Balance as at December 31, 2025**
Northern Ontario Resource Development Support Fund	$ -	$ 85,958	$ 85,958	**$ -**
Ontario Cannabis Legalization Implementation Fund	7,584	-	-	**7,584**
Ontario Community Infrastructure Fund	-	100,000	16,269	**83,731**
Sundridge-Strong-Joly Arena & Hall	-	27,400	13,500	**13,900**
Sundridge and District Medical Centre	9,041	164,511	172,840	**712**
Other	10,747	52	10,747	**52**
Total Deferred Revenues - Other	$ 27,372	$ 377,921	$ 299,314	**$ 105,979**

9. Deferred Revenues - Obligatory Reserve Funds

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

	Balance as at December 31, 2024	Amounts received during the year	Recognized as revenues during the year	**Balance as at December 31, 2025**
Recreational land (the Planning Act)	$ 155,065	$ 4,334	$ 69,725	**$ 89,674**
Building Code Act	163,246	-	41,863	**121,383**
Canada Community - Building Fund	-	102,573	102,573	**-**
Total Deferred Revenues - Obligatory Reserve Funds	$ 318,311	$ 106,907	$ 214,161	**$ 211,057**

10. Municipal Debt

	2025	2024
Debenture loan, repayable in monthly instalments of $6,873, including interest at the fixed rate of 1.21%, maturing August 16, 2026	**$ 54,741**	$ 136,030
Term loan, repayable in monthly instalments of $9,724, including interest at the fixed rate of 6.25%, maturing December 11, 2026	**318,461**	412,057
Debenture loan, repayable in monthly instalments of $7,329, including interest at the fixed rate of 3.79%, maturing September 1, 2027	**74,342**	114,664
Term loan, repayable in monthly instalments of $2,889, including interest at the fixed rate of 5.99%, maturing January 1, 2029	**97,391**	125,315
Debenture loan, repayable in monthly instalments of $4,898, including interest at the fixed rate of 4.62%, maturing December 31, 2033	**392,494**	432,140
Debenture loan, repayable in semi-annual instalments of $47,103, including interest at the fixed rate of 4.74%, maturing November 3, 2052	**713,222**	726,060
	$ 1,650,651	$ 1,946,266

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

2026	$ 499,693
2027	121,508
2028	93,709
2029	66,035
2030	66,153
Thereafter	803,553
Total	$ 1,650,651

11. Employee Future Benefits Payable

Under the sick leave benefits policy, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Township's employment. The sick leave liability estimates the use of accumulated sick leave prior to retirement, as well as any lump sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum.

Under the retirement gratuity policy, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum.

	2025	2024
Sick leave	**$ 38,820**	$ 42,671
Retirement allowance	**38,972**	30,806
	$ 77,792	$ 73,477

12. Asset Retirement Obligations

	2025	2024
Balance, beginning of year	**$ 765,178**	$ 733,128
Remeasurement adjustment	**2,450,758**	-
Accretion expense	**33,441**	32,050
Balance, end of year	**$ 3,249,377**	$ 765,178

The asset retirement obligation is as follows:

	2025	2024
Landfill	**$ 3,224,965**	$ 742,428
Asbestos removal	**24,412**	22,750
	$ 3,249,377	$ 765,178

12. Asset Retirement Obligations (Continued)

Landfill

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

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity study for the landfill site was performed in a report dated May 2025.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2025					
Forest Lake Road	**45% (190,926 m^3)**	**39 years**	**25 years**	**2.60%**	**4.40%**
Muskoka Road	**51% (54,511 m^3)**	**33 years**	**25 years**	**2.60%**	**4.40%**
2024					
Forest Lake Road	68% (226,514 m^3)	174 years	25 years	2.60%	4.40%
Muskoka Road	33% (30,496 m^3)	33 years	25 years	2.60%	4.40%

Asbestos removal

The Township owns buildings which contain asbestos, and therefore, the Township 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. A discount rate of 4.85% (2024 - 4.4%) and inflation rate of 2.7% (2024 - 2.6%). has been used in the calculation.

13. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	
	Balance, beginning of year	**Additions**	**Transfers / Disposals**	**Balance, end of year**	**Balance, beginning of year**	**Amortization**	**Transfers / Disposals**	**Balance, end of year**	**December 31, 2025**	December 31 2024
Land and land improvements	$ 1,502,029	$ 2,453,502	$ 14,990	$ 3,970,521	$ 425,592	$ 102,754	$ 88	$ 528,434	**$ 3,442,087**	$ 1,076,437
Buildings	3,341,704	27,958	(3,854)	3,365,808	1,126,331	72,885	(2,153)	1,197,063	**2,168,745**	2,215,373
Machinery, equipment and furniture	1,665,373	120,092	(18,774)	1,766,691	951,727	93,147	(19,075)	1,025,799	**740,892**	713,646
Vehicles	2,743,361	367,668	(382,727)	2,728,302	1,270,051	182,509	(323,614)	1,128,946	**1,599,356**	1,473,310
Roads and bridges	21,246,366	787,225	-	22,033,591	11,834,933	624,001	-	12,458,934	**9,574,657**	9,411,433
Work in progress	856,487	197,881	(34,109)	1,020,259	-	-	-	-	**1,020,259**	856,487
	$ 31,355,320	$ 3,954,326	$ (424,474)	$ 34,885,172	$ 15,608,634	$ 1,075,296	$ (344,754)	$ 16,339,176	**$ 18,545,996**	$ 15,746,686

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14. Accumulated Surplus

	2025	2024
Surplus		
Invested in tangible capital assets	**$ 18,545,996**	$ 15,746,686
General (see note (a) below)	**(326,557)**	(455,343)
Berriedale Cemetery	**7,323**	7,571
Pevensey Cemetery	**374**	965
Strong Cemetery	**(15,185)**	673
Sundridge-Strong-Joly Arena & Hall	**37,412**	45,571
Sundridge-Strong Union Public Library	**4,289**	4,782
Sundridge and District Medical Centre	**22,905**	7,892
Almaguin Community Economic Development	**9,707**	5,562
Unfunded liabilities		
Municipal debt	**(1,650,651)**	(1,946,266)
Asset retirement obligations	**(3,249,377)**	(765,178)
Employee future benefits payable	**(77,792)**	(73,477)
Total surplus	**13,308,444**	12,579,438
Reserves		
Arena	**18,195**	17,195
Berriedale Cemetery	**1,139**	1,139
Buildings	**111,802**	111,802
Community Hub	**64,395**	179,052
Election	**14,999**	14,999
Fire	**21,961**	212,500
Infrastructure	**109,497**	109,497
Landfill capital	**41,600**	41,600
Landfill closure	**259,078**	259,078
Library	**28,649**	26,449
Medical Centre	**305,486**	366,366
Muskoka Algonquin Health Centre	**45,000**	30,000
Recreation facility	**50,000**	50,000
Roads	**549,114**	549,114
Strong Cemetery	**4,895**	4,895
Tax arrears coverage	**323,781**	323,781
Working capital	**242,225**	288,582
Total reserves	**2,191,816**	2,586,049
Accumulated Surplus	**$ 15,500,260**	$ 15,165,487

14. Accumulated Surplus (Continued)

(a) General Deficit:

The general deficit of $(326,557) (2024 - $(455,343)) at the end of the year is comprised of the following:

	2025	2024
Opening balance	**$ (455,343)**	$ (307,490)
Annual surplus (deficit)	**334,773**	(307,419)
Transfer from (to) reserves	**394,233**	(47,584)
Net change in tangible capital assets	**(2,799,310)**	263,823
Increase in unfunded liabilities	**2,192,899**	(85,781)
Berridale Cemetery surplus	**248**	-
Pevensey Cemetery surplus	**591**	-
Strong Cemetery surplus	**15,858**	-
Net change in Sundridge-Strong-Joly Arena & Hall	**8,159**	4,766
Net change in Sundridge-Strong Union Public Library	**493**	(4,602)
Net change in Sundridge and District Medical Centre	**(15,013)**	29,109
Net change in Almaguin Community Economic Development	**(4,145)**	(165)
Closing balance	**$ (326,557)**	$ (455,343)

15. Contingencies

Legal Matters

The Township is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Township's consolidated financial position.

16. Operations of School Boards

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

	2025	2024
Taxation and user charges	$ 637,116	$ 640,593
Total amounts received or receivable	637,116	640,593
Requisitions	637,116	640,593
	$ -	$ -

17. Contributions to Unconsolidated Joint Local Boards

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

	2025	2024
District of Parry Sound Social Services Administration Board	$ 140,875	$ 136,496
District of Parry Sound (East) Home for the Aged	112,187	109,572
North Bay Parry Sound District Health Unit	48,477	46,169
	$ 301,539	$ 292,237

18. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 665,000 active and retired members and approximately 1,000 employers.

18. Pension Agreements (Continued)

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (‘the Plan’) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2025, the estimated accrued pension obligation for all members of the Plan was $149,575 million (2024 - $140,766 million). The Plan had an actuarial value of net assets at that date of $148,253 million (2024 - $137,853 million) indicating an actuarial deficit of $1,322 million (2024 - $2,913 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Township to OMERS for 2025 was $111,247 (2024 - $115,200) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

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

19. Subsequent Event

On July 20, 2026, the Ontario Superior Court of Justice dismissed a legal claim against the Township and awarded costs of $150,000, including HST, to the Township. As the judgment was rendered subsequent to year-end, no amount has been recognized in these financial statements. The costs award will be recognized in the subsequent fiscal year.

20. Financial Instruments

Risks arising from financial instruments and risk management

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

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

20. Financial Instruments (Continued)

Credit risk

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

Liquidity risk

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

Market risk

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

21. Budget Figures

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

		2025	2024
Budget By-law surplus for the year		**$ -**	$ -
Add:	Acquisition of tangible capital assets	**1,729,304**	1,769,585
	Municipal debt repaid	**290,781**	285,972
	Contributions to reserves	**26,200**	37,405
Less:	Amortization of tangible capital assets	**(1,075,296)**	(1,092,678)
	Contributions from reserves	**(928,021)**	(820,289)
	Decrease in local board general surplus	**(27,850)**	(77,605)
Budget surplus per consolidated statement of operations and accumulated surplus		**$ 15,118**	$ 102,390

22. Comparative Figures

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

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23. Segmented Information

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	2025 Total
Revenues										
Net taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,327,021	$ 3,327,021
User charges	2,962	67,560	400	36,847	3,519	-	33,009	2,600	-	146,897
Government grants and transfers - Provincial	-	4,513	26,650	1,957	268,339	-	20,546	14,068	630,400	966,473
Government grants and transfers - Federal	-	-	-	-	-	-	(19,384)	-	-	(19,384)
Government grants and transfers - Municipal	-	11,135	-	109,967	200	-	600	-	-	121,902
Other	26,375	(2,369)	28,078	73,920	65,100	-	144,519	942	178,247	514,812
Total revenues	29,337	80,839	55,128	222,691	337,158	-	179,290	17,610	4,135,668	5,057,721
Expenses										
Salary, wages and employee benefits	577,629	176,465	457,253	294,964	75,946	-	125,665	36,139	-	1,744,061
Interest on municipal debt	-	-	49,607	-	34,187	-	3,523	-	-	87,317
Materials	86,524	99,040	793,299	57,516	143,304	-	131,305	47,109	-	1,358,097
Contracted services	149,608	344,651	1,659	33,724	272,437	-	38,894	2,137	-	843,110
Rents, financial expenses and accretion expense	4,000	1,472	95	32,440	34,596	-	29,125	-	-	101,728
External transfers	1,266	-	-	-	48,477	254,576	-	-	-	304,319
Amortization of tangible capital assets	28,514	49,868	809,441	89,603	34,654	-	62,971	245	-	1,075,296
Total expenses	847,541	671,496	2,111,354	508,247	643,601	254,576	391,483	85,630	-	5,513,928
Annual surplus (deficit) before other	(818,204)	(590,657)	(2,056,226)	(285,556)	(306,443)	(254,576)	(212,193)	(68,020)	4,135,668	(456,207)
Other										
Government grants and transfers related to capital - Provincial	-	-	688,407	-	-	-	-	-	-	688,407
Government grants and transfers related to capital - Federal	-	-	102,573	-	-	-	-	-	-	102,573
Annual surplus (deficit)	$ (818,204)	$ (590,657)	$ (1,265,246)	$ (285,556)	$ (306,443)	$ (254,576)	$ (212,193)	$ (68,020)	$ 4,135,668	$ 334,773

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23. Segmented Information (Continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	2024 Total
Revenues										
Net taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,111,457	$ 3,111,457
User charges	4,818	78,258	1,300	47,650	4,148	-	35,526	1,800	-	173,500
Government grants and transfers - Provincial	-	8,290	19,225	64,320	197,989	-	6,420	6,587	549,900	852,731
Government grants and transfers - Federal	-	-	-	-	-	-	19,384	23,327	-	42,711
Government grants and transfers - Municipal	-	11,320	-	109,967	200	-	500	-	-	121,987
Other	29,826	12,937	60,549	12,942	95,201	-	91,854	982	155,790	460,081
Total revenues	34,644	110,805	81,074	234,879	297,538	-	153,684	32,696	3,817,147	4,762,467
Expenses										
Salary, wages and employee benefits	559,467	188,013	462,019	260,013	75,543	-	157,870	46,896	-	1,749,821
Interest on municipal debt	-	-	59,599	-	34,778	-	5,025	-	-	99,402
Materials	90,718	109,251	748,276	72,036	55,688	-	135,929	11,515	-	1,223,413
Contracted services	302,039	335,278	1,587	39,616	249,161	-	29,038	4,071	-	960,790
Rents, financial expenses and accretion expense	4,318	1,904	66	26,453	34,651	-	22,119	-	-	89,511
External transfers	1,024	-	-	-	46,169	247,544	-	-	-	294,737
Amortization of tangible capital assets	28,480	42,753	821,125	114,229	32,127	-	53,711	253	-	1,092,678
Total expenses	986,046	677,199	2,092,672	512,347	528,117	247,544	403,692	62,735	-	5,510,352
Annual surplus (deficit) before other	(951,402)	(566,394)	(2,011,598)	(277,468)	(230,579)	(247,544)	(250,008)	(30,039)	3,817,147	(747,885)
Other										
Government grants and transfers related to capital - Provincial	-	8,233	332,341	-	-	-	-	-	-	340,574
Government grants and transfers related to capital - Federal	-	-	99,892	-	-	-	-	-	-	99,892
Annual surplus (deficit)	$ (951,402)	$ (558,161)	$ (1,579,365)	$ (277,468)	$ (230,579)	$ (247,544)	$ (250,008)	$ (30,039)	$ 3,817,147	$ (307,419)