

**THE CORPORATION OF THE
TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
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THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The management of the Corporation of the Township of Georgian Bay (the "Municipality") is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying financial statements.

The consolidated financial statements 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 ("CPA"). A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements.

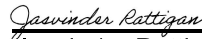
The Municipality's management maintains a system of internal controls designed to provide a reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

The consolidated financial statements have been audited by Pahapill and Associates Professional Corporation, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Greg Mariotti
Chief Administrative Officer



Jasvinder Rattigan
Director of Financial Services/Treasurer

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Township of Georgian Bay as at December 31, 2025, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

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

Pahapill and Associates

Huntsville, Ontario
June 01, 2026

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 4,960,281	\$ 6,009,459
Restricted cash (Note 4)	1,879,258	1,757,719
Taxes receivable, net of allowance of \$50,563 (2024 - \$50,563)	1,962,120	1,960,074
Other receivables, net of allowance of \$49,574 (2024 - \$49,574)	762,016	1,255,832
Portfolio investments (Note 5)	7,822,602	6,454,889
Land held for resale	51,390	51,390
	17,437,667	17,489,363
LIABILITIES		
Accounts payable and accrued liabilities	2,197,577	2,147,303
Tax revenue received in advance	282,659	216,880
Deferred revenue (Note 4)	2,538,742	2,168,604
Long-term liabilities (Note 6)	1,430,169	1,707,179
	6,449,147	6,239,966
NET FINANCIAL ASSETS	10,988,520	11,249,397
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 10, Schedule 1)	23,598,225	21,818,510
Inventories held for consumption (Note 8)	206,360	223,047
Prepaid expenses	677,701	420,455
	24,482,286	22,462,012
ACCUMULATED SURPLUS	\$ 35,470,806	\$ 33,711,409
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated surplus from operations	\$ 34,588,402	\$ 33,352,944
Accumulated remeasurement gains (losses)	882,404	358,465
ACCUMULATED SURPLUS (Schedule 2)	\$ 35,470,806	\$ 33,711,409

CONTINGENT LIABILITIES

APPROVED ON BEHALF OF COUNCIL:

Mayor

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

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 (Note 13)	Actual 2025	Actual 2024
REVENUE			
Property taxes	\$ 8,907,634	\$ 9,023,402	\$ 8,217,736
User fees	2,358,887	2,350,749	2,091,238
Government transfers - Federal	112,693	116,985	3,261
Government transfers - Ontario	1,298,450	1,252,275	1,467,251
Investment income	654,000	1,115,548	1,375,481
Miscellaneous income (Note 11)	345,000	551,687	3,089,849
TOTAL REVENUE	13,676,664	14,410,646	16,244,816
EXPENSES			
General government and administration	3,670,130	3,270,403	3,377,319
Fire services, emergency management and by-law services	1,733,781	1,770,945	1,707,257
Operations - roads, streetlights and environmental services	3,329,120	3,165,356	3,025,211
Building and septic inspection services	768,438	636,192	639,337
Operations - parks, recreation and culture	2,002,053	2,649,324	2,372,246
Planning and economic development	1,636,387	1,682,968	2,091,598
TOTAL EXPENSES	13,139,909	13,175,188	13,212,968
ANNUAL SURPLUS	536,755	1,235,458	3,031,848
ACCUMULATED SURPLUS, BEGINNING OF YEAR	33,352,944	33,352,944	30,321,096
ACCUMULATED SURPLUS, END OF YEAR	\$ 33,889,699	\$ 34,588,402	\$ 33,352,944

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

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual 2025	Actual 2024
Accumulated remeasurement gains (losses) beginning of year	\$ 358,465	\$ 124,032
Unrealized gains (losses) attributable to:		
Portfolio investments	523,939	234,433
Net remeasurement gains (losses) for the year	523,939	234,433
Accumulated remeasurement gains (losses), beginning of year	358,465	124,032
Accumulated remeasurement gains (losses), end of year	\$ 882,404	\$ 358,465

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

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 (Note 13)	Actual 2025	Actual 2024
Annual surplus	\$ 536,755	\$ 1,235,458	\$ 3,031,848
Acquisition of tangible capital assets	(3,761,171)	(3,761,171)	(5,281,528)
Amortization of tangible capital assets	1,959,063	1,959,063	1,823,597
Loss (gain) on sale of tangible capital assets	-	(197,236)	(132,703)
Proceeds on sale of tangible capital assets	-	219,629	181,246
Consumption (acquisition) of inventories held for consumption	-	16,687	46,849
Acquisition of prepaid expenses	-	(257,246)	(25,066)
Increase in net financial assets, before net remeasurement gains (losses)	(1,265,353)	(784,816)	(355,757)
Net remeasurement gains (losses)	-	523,939	234,433
Increase (decrease) in net financial assets	(1,265,353)	(260,877)	(121,324)
Net financial assets, beginning of year	11,249,397	11,249,397	11,370,721
Net financial assets, end of year	\$ 9,984,044	\$ 10,988,520	\$ 11,249,397

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

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating transactions		
Annual surplus (deficit)	\$ 1,235,458	\$ 3,031,848
Non-cash charges to operations:		
Amortization	1,959,063	1,823,597
Loss (gain) on sale of tangible capital assets	(197,236)	(132,703)
Contributed capital assets	-	(1,875,000)
	2,997,285	2,847,742
Changes in non-cash assets and liabilities:		
Taxes receivable	(2,046)	(539,821)
Other receivables	493,816	146,866
Accounts payable and accrued liabilities	50,274	954,933
Tax revenue received in advance	65,779	29,395
Deferred revenue	248,599	37,042
Inventories held for consumption	16,687	46,849
Prepaid expenses	(257,246)	(25,066)
	615,863	650,198
Cash provided by operating transactions	3,613,148	3,497,940
Capital transactions		
Acquisition of tangible capital assets	(3,761,171)	(3,406,528)
Proceeds on disposal of tangible capital asset	219,629	181,246
Cash applied to capital transactions	(3,541,542)	(3,225,282)
Investing transactions		
Realized gain on portfolio investments	(843,774)	(866,591)
Cash provided by investing transactions	(843,774)	(866,591)
Financing transactions		
Debt principal repayments	(277,010)	(264,208)
Cash applied to financing transactions	(277,010)	(264,208)
Net change in cash and cash equivalents	(1,049,178)	(858,141)
Cash and cash equivalents, beginning of year	6,009,459	6,867,600
Cash and cash equivalents, end of year	\$ 4,960,281	\$ 6,009,459
Cash flow supplementary information:		
Taxation and investment interest income received	\$ 1,391,369	\$ 1,590,473
Interest paid	66,986	79,787
Net interest received	\$ 1,324,383	\$ 1,510,686

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

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

The Corporation of the Township of Georgian Bay is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Planning Act, Building Code Act and other related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Georgian Bay (the "Municipality") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local governments as recommended in the Public Sector Accounting Board "PSAB" of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

The reporting entity includes the Municipality and all entities that are controlled by the Municipality.

All controlled entities are consolidated in the Municipality's consolidated financial statements according to the Municipality's percentage ownership except for entities that meet the definition of a government business enterprise or a government business partnership, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated entities

The following local boards are consolidated:

Georgian Bay Library Board - 100%

(ii) Accounting for school board and the District Municipality of Muskoka transactions

The Municipality collects taxation revenue on behalf of the School Boards and the District Municipality of Muskoka. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the District Municipality of Muskoka are not reflected in these consolidated financial statements.

(iii) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting**(i) Accrual basis of accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. This method 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.

(ii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of Municipal 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 consolidated change in net financial assets for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025

(a) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts directly attributable to acquisition, construction, development or betterment of the asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives, commencing once the asset is available for productive use as follows:

Site improvements - 10 to 25 years

Buildings - 20 to 40 years

Transportation infrastructure - 3 to 25 years

Vehicles - 7 to 20 years

Machinery, equipment and furniture - 4 to 25 years

Assets under construction are not amortized until the asset is available for productive use.

(b) Impairment of long-lived assets

When conditions indicate a tangible capital asset no longer contributes to the Municipality's ability to provide services, or that the value of future economic benefit associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be reduced to reflect the decline in the asset's value.

(c) Inventories held for consumption

Inventories of supplies held for consumption are recorded at the lower of average cost and net realizable value.

(iii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, temporary borrowings and temporary investments in money market instruments with maturities of three months or less.

(iv) Portfolio investments

Portfolio investments consists of equity instruments with no maturity. Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

(v) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

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

(vi) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(vii) Deferred revenue

The Municipality receives Canada Community-Building fund (formerly gas tax) revenue from the Federal Government and payments in lieu of parkland under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended. The Municipality also defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the services are performed.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified.

(viii) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality 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 Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments 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.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

(ix) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service is performed.

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

(x) Post retirement benefits

The Municipality is an employer member of the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit pension plan. The Board of Trustees, 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. 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 also provides certain extended health benefits to qualifying employees through an insurance provider which invoices the Municipality for the cost of the plan. The cost is recognized based on management's best estimate of the future premiums associated with these benefits.

(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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation allowances for taxes, trade and other receivables, the estimated useful life of tangible capital assets, accrued liabilities and taxation revenue related to supplementary taxes. Actual results could differ from management's best estimates as additional information becomes available in the future. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.

2. OPERATIONS OF SCHOOL BOARDS AND THE DISTRICT MUNICIPALITY OF MUSKOKA

Further to Note 1(a)(ii), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards and the District Municipality of Muskoka. The amounts collected, remitted and outstanding are as follows:

	2025 School Boards	2025 District	2025 Total	2024 Total
Payable at the beginning of the year	\$ -	\$ 137,219	\$ 137,219	\$ 115,075
Taxation and payments-in-lieu, net of adjustments	4,855,802	13,115,324	17,971,126	17,230,207
Remitted during the year	(4,855,802)	(13,174,603)	(18,030,405)	(17,208,063)
Payable (receivable) at the end of the year	\$ -	\$ 77,940	\$ 77,940	\$ 137,219

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$303,216 (2024 \$351,883) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations. Trust funds consist of cemetery care and maintenance, monument care and performance bonds.

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

4. RESTRICTED CASH AND DEFERRED REVENUE

Deferred revenue arises when revenues received are conditional upon eligible expenses being incurred and where amounts received in advance have not been fully expended on eligible expenses.

The 2025 continuity of transactions within the obligatory reserve funds and other deferred revenue are described below:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Cash in Lieu of Parkland	\$ 433,879	\$ -	\$ 13,882	\$ -	\$ 447,761
Development charges	998,371	80,112	34,020	(17,582)	1,094,921
Canada Community- Building Fund	325,469	112,693	11,108	(112,693)	336,577
OCIF funding	143,344	101,351	5,566	-	250,261
Building permits	156,059	121,467	-	(45,860)	231,666
Other deferred revenue	111,482	77,010	-	(10,936)	177,556
	\$ 2,168,604	\$ 492,633	\$ 64,576	\$ (187,071)	\$ 2,538,742

Obligatory reserve funds supported by:	2025	2024
Restricted cash	\$ 1,879,258	\$ 1,757,719

The interest earned is included as investment income on the consolidated statement of operations. The Development Charges Act, Cash in Lieu of Parkland and Canada Community-Building Funds (formerly Federal Gas Tax funds) used during the year of \$17,582 and \$nil are included in miscellaneous revenues and \$112,693 of Canada Community-Building Funds (formerly Federal Gas Tax) is included in government transfers - Federal on the consolidated statement of operations.

The above funds held as deferred revenue are restricted in their use by their respective legislation. Funds held under the Development Charges Act are recorded by the following components: Community Services, Fire Protection, Public Works - Building and Fleet, Public Works - Roads and Related and General Government.

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

5. PORTFOLIO INVESTMENTS

Portfolio investments as of December 31, 2025 consist of the following:

	Fair value hierarchy level	2025	2024
One Investment Program - Canadian Equity Fund	level 1	\$ 7,822,602	\$ 6,454,889
		\$ 7,822,602	\$ 6,454,889

Investments have a market value of \$7,822,602 (2024 - \$6,454,889) and a cost value of \$6,940,198 (2024 - \$6,096,420) at the end of the year. The One Investment Program is held for the purposes of meeting long-term capital obligations.

The fair value measurements are those derived from:

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: Fair value measurements are those derived from valuation methods where inputs are based on non-observable market data.

All equity investments are held at fair value which reflects an overall increase of \$882,404 (2024 - \$358,465) as presented on the Statement of Remeasurement Gains and Losses.

6. LONG-TERM LIABILITIES

(a) The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2025	2024
Debenture payable District of Muskoka, repayable in semi-annual instalments of \$40,985 including interest at 5.34% per annum, due July 2026.	\$ 78,800	\$ 153,556
Debenture payable District of Muskoka, repayable in semi-annual instalments of \$37,321 including interest at 4.83% per annum, due April 2027.	106,759	173,797
Debenture payable District of Muskoka, repayable in semi-annual instalments of \$40,621 including interest at 5.23% per annum, due December 2027.	152,390	222,881
Debenture payable District of Muskoka, repayable in semi-annual instalments of \$53,070 including interest at 3.63% per annum, due November 2038.	1,092,220	1,156,945
	\$ 1,430,169	\$ 1,707,179

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

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2026	\$ 290,443	\$ 53,552
2027	184,156	40,548
2028	72,102	34,039
2029	74,743	31,398
2030	77,481	28,660
2031 onwards	731,244	117,879
	\$ 1,430,169	\$ 306,076

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2025	2024
Principal payments	\$ 277,010	\$ 264,208
Interest	63,929	76,878
	\$ 340,939	\$ 341,086

These debentures relate to financing portions of the Administration facility, Public Works/Fire Hall facility, Port Severn bridge sidewalk and MacTier storm sewer project.

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

7. CREDIT FACILITY AGREEMENT

The Municipality has an operating facility agreement with TD Canada Trust. The amount available under the facility is \$4,000,000 to finance general operating requirements. The interest rate on this facility is TD Bank prime less 0.75%. At December 31, 2025, the Municipality had drawn \$nil (2024 - \$nil) on the credit capacity under this facility.

8. INVENTORIES HELD FOR CONSUMPTION

	2025	2024
Recycled asphalt product	\$ 77,625	\$ 80,525
Sand and salt	111,955	117,539
Other	16,780	24,983
	\$ 206,360	\$ 223,047

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

9. CONTINGENT LIABILITIES

In the normal course of business, the municipality is named to lawsuits related to its operations. Management is of the view that these lawsuits are without merit and any settlement would not be material to the financial position of the municipality. Settlements in excess of insurance, if any, will be reflected in the period in which settlement occurs.

10. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class. Additional information relating to these assets is provided below.

(a) Contributed tangible capital assets

The Municipality records all tangible capital assets contributed by external parties at the fair market value. During the year \$nil (2024 \$1,875,000) such contributions were recorded.

(b) Works of art and historical artifacts

Works of art and historical artifacts owned by the Municipality are not included in the tangible capital assets reported on the Consolidated Statement of Financial Position because a reasonable estimate of the future benefits associated with such property cannot be made. The Municipality holds an historical treasure pertaining to the David Milne Cottage.

11. MISCELLANEOUS REVENUES

	2025	2024
Donations	\$ 61,048	\$ 36,682
Gain (loss) on sale of tangible capital assets	197,236	132,703
Penalties and interest on taxation	275,821	214,992
Contributed tangible capital assets	-	1,875,000
Sale of miscellaneous items and other	-	690,000
Funds used during the year (Note 4)	17,582	140,472
	\$ 551,687	\$ 3,089,849

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY

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

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule and segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government and Administration

This area accounts for the revenues and expenses that relate to the operations of Council, CAO, Clerk, Treasury, Human Resources, Health and Safety, Information Technology and other areas that cannot be directly attributed to any specific segment.

Fire services, Emergency Management and By-law Services

This segment encompasses the fire department which is responsible for providing fire suppression services, fire prevention programs, training and education to the public. The fire department consists of two full time staff members as well as a complement of up to 60 volunteer fire fighters. Additionally, this segment also provides emergency management and preparedness for the Municipality. In addition, they enforce a number of Municipal by-laws and Provincial Statutes including property standards, noise control and parking enforcement.

Operations - Roads, Streetlights and Environmental Services

This segment area is responsible for providing the Municipality's transportation infrastructure including roads, sidewalks and streetlights. Additionally, some waste management and lagoon services are provided on behalf of the District Municipality of Muskoka.

Building and Septic Inspection Services

This department is responsible for reviewing, issuing and inspecting building and septic permits in accordance with the Ontario Building Code. In addition, they have a septic re-inspection program that is in effect and completed annually.

Operations - Parks, Recreation and Culture

This service area provides services meant to improve the health and development of the Municipality's citizens. Recreational facilities include two community centres. Also, the Municipality provides library services, cemetery services, trails, beach access and parks to assist with its citizens' needs.

Planning and Economic Development

This department provides community planning services in accordance with the Ontario Planning Act and all other applicable legislation. Additionally, it provides economic opportunity and development, and works to provide health communities within the Municipality.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments., inter-segment transfers are measured on the basis of budgeted amounts. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation	allocated to segments based on total expenses for the year
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THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government and Administration	Fire Services, Emergency Management and By-Law Services	Operations - Roads, Streetslights and Environmental Services	Building and Septic Inspection Services	Operations - Parks, Recreation and Culture	Planning and Economic Development	Consolidated
REVENUE							
Property taxes	\$ 2,239,828	\$ 1,212,882	\$ 2,167,884	\$ 435,714	\$ 1,814,465	\$ 1,152,629	\$ 9,023,402
User fees	578,524	162,682	525,286	686,458	14,299	383,500	2,350,749
Government transfers	1,172,610	25,053	124,065	-	37,532	10,000	1,369,260
Investment income	1,101,835	-	-	-	13,713	-	1,115,548
Other	275,821	137,194	70,908	-	65,448	2,316	551,687
TOTAL REVENUE	5,368,618	1,537,811	2,888,143	1,122,172	1,945,457	1,548,445	14,410,646
EXPENSES							
Salaries, wages and benefits	1,965,299	1,072,920	1,027,875	537,981	1,242,351	1,013,711	6,860,137
Long-term debt charges (interest)	63,929	-	-	-	-	-	63,929
Operating expenses	1,057,024	433,347	854,345	80,406	761,560	669,257	3,855,939
Contracted services	-	-	259,759	-	-	-	259,759
External transfers	176,361	-	-	-	-	-	176,361
Inter-segment transfers	-	7,942	(128,557)	-	120,615	-	-
Amortization	7,790	256,736	1,151,934	17,805	524,798	-	1,959,063
TOTAL EXPENSES	3,270,403	1,770,945	3,165,356	636,192	2,649,324	1,682,968	13,175,188
ANNUAL SURPLUS (DEFICIT)	\$ 2,098,215	\$ (233,134)	\$ (277,213)	\$ 485,980	\$ (703,867)	\$ (134,523)	\$ 1,235,458

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY

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

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government and Administration	Fire Services, Emergency Management and By-Law Services	Operations - Roads, Streetslights and Environmental Services	Building and Septic Inspection Services	Operations - Parks, Recreation and Culture	Planning and Economic Development	Consolidated
REVENUE							
Property taxes	\$ 2,100,506	\$ 1,061,820	\$ 1,881,514	\$ 397,632	\$ 1,475,406	\$ 1,300,858	\$ 8,217,736
User fees	266,601	212,949	725,663	617,057	4,904	264,064	2,091,238
Government transfers	1,429,252	500	-	-	40,760	-	1,470,512
Investment income	1,356,769	-	-	-	18,712	-	1,375,481
Other	904,992	29,390	2,085,431	-	70,036	-	3,089,849
TOTAL REVENUE	6,058,120	1,304,659	4,692,608	1,014,689	1,609,818	1,564,922	16,244,816
EXPENSES							
Salaries, wages and benefits	1,813,397	1,029,459	922,322	538,955	1,013,388	972,289	6,289,810
Long-term debt charges (interest)	76,878	-	-	-	-	-	76,878
Operating expenses	1,296,698	451,813	919,427	94,413	755,514	1,119,309	4,637,174
Contracted services	-	-	208,862	-	-	-	208,862
External transfers	176,647	-	-	-	-	-	176,647
Inter-segment transfers	-	3,643	(92,277)	-	88,634	-	-
Amortization	13,699	222,342	1,066,877	5,969	514,710	-	1,823,597
TOTAL EXPENSES	3,377,319	1,707,257	3,025,211	639,337	2,372,246	2,091,598	13,212,968
ANNUAL SURPLUS (DEFICIT)	\$ 2,680,801	\$ (402,598)	\$ 1,667,397	\$ 375,352	\$ (762,428)	\$ (526,676)	\$ 3,031,848

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

13. BUDGET FIGURES

The unaudited budget adopted for the current year was prepared on a fund basis, and has been amended to conform with the accounting and reporting standards adopted for the current year actual results. The budget was adopted by Council on December 9, 2024. Council has reviewed and approved the 2025 Report on Excluded Expenses as required by Ontario Regulation 284/09 which expressly permits municipalities to exclude amortization expense from the budget. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on December 9, 2024 with adjustments as follows:

	Municipal Budget 2025
CONSOLIDATED ANNUAL SURPLUS (DEFICIT)	536,755
Transfer (to) from municipal reserves	(2,218,809)
Transfer to unfunded liabilities	(277,009)
Municipal amortization	1,959,063
MUNICIPAL SURPLUS (DEFICIT)	\$ -

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2025 budget amounts for The Corporation of the Township of Georgian Bay approved by Council have been restated to confirm to the basis of preparation of the revenues and expenses, including amortization on the consolidated statement of operations.

14. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain 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. 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. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total actuarial liabilities of \$151,365 million with respect to benefits accrued for service with actuarial assets at that date of \$150,043 million indicating an actuarial deficit of \$1,322 million. Because OMERS is a multi employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2025 was \$499,789 (2024 \$416,308) for current service and is included as an expense on the Consolidated Statement of Operations.

15. COMPARATIVE FIGURES

Certain 2024 amounts in these financial statements have been reclassified to conform with their presentation in 2025.

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

Schedule 1

	Land, site improvements and parks	Buildings	Transportation Infrastructure	Vehicles	Machinery, Equipment and Furniture	Construction in Progress	TOTAL 2025	TOTAL 2024
COST								
Balance, beginning of year	\$ 9,275,266	\$ 10,096,704	\$ 26,277,909	\$ 4,799,289	\$ 3,511,912	\$ 72,863	\$ 54,033,963	\$ 49,583,547
Additions and betterments	-	18,694	1,451,020	191,046	1,974,219	126,192	3,761,171	5,281,528
Disposals and writedowns	-	-	-	(590,063)	(19,138)	-	(609,201)	(831,112)
Allocation from work in progress	-	-	19,298	-	-	(19,298)	-	-
BALANCE, END OF YEAR	9,275,266	10,115,398	27,748,227	4,400,272	5,466,993	179,777	57,185,933	54,033,963
ACCUMULATED AMORTIZATION								
Balance, beginning of year	3,849,931	6,173,219	17,967,709	2,956,302	1,268,292	-	32,215,453	31,174,425
Annual amortization	270,572	199,565	861,389	341,839	285,698	-	1,959,063	1,823,597
Amortization disposals	-	-	-	(567,670)	(19,138)	-	(586,808)	(782,569)
BALANCE, END OF YEAR	4,120,503	6,372,784	18,829,098	2,730,471	1,534,852	-	33,587,708	32,215,453
TANGIBLE CAPITAL ASSETS-NET	\$ 5,154,763	\$ 3,742,614	\$ 8,919,129	\$ 1,669,801	\$ 3,932,141	\$ 179,777	\$ 23,598,225	\$ 21,818,510

THE CORPORATION OF THE TOWNSHIP OF GEORGIAN BAY
SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS

2025
Schedule 2

	2025	2024
RESERVES		
Working capital	\$ 3,029,903	\$ 2,913,456
Departmental projects	2,760,303	3,923,053
Other	6,350,216	5,917,984
Library	47,690	61,794
TOTAL RESERVES AND RESERVE FUNDS	12,188,112	12,816,287
OTHER		
Capital outlay financed by long-term liabilities and to be recovered in future years	(1,430,168)	(1,707,178)
Investment in tangible capital assets	23,598,225	21,818,510
General operating surplus (deficit)	232,233	425,325
Accumulated remeasurement gains	882,404	358,465
TOTAL OTHER	23,282,694	20,895,122
ACCUMULATED SURPLUS	\$ 35,470,806	\$ 33,711,409

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves represent funds set aside by by-law or council resolution for specific purposes.