

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
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**YEAR ENDED DECEMBER 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of East Garafraxa

### **Opinion**

We have audited the accompanying consolidated financial statements of Corporation of the Township of East Garafraxa, which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis of 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 Corporation of the Township of East Garafraxa in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the corporation'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 judgement 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 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 corporation'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 corporation'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 corporation 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.



Guelph, Ontario  
May 26, 2026

Chartered Professional Accountants  
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 3,426,588	\$ 3,438,749
Portfolio investments	604,650	697,130
Taxes receivable	1,142,006	1,093,024
Accounts receivable	<u>426,286</u>	<u>180,089</u>
	<u>5,599,530</u>	<u>5,408,992</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	876,843	973,071
Obligatory reserve funds (schedule 3)	1,363,684	1,278,735
Deferred revenue	<u>1,200</u>	<u>600</u>
	<u>2,241,727</u>	<u>2,252,406</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,357,803</u>	<u>3,156,586</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	13,265,023	13,267,105
Gravel inventory	3,839,818	3,904,120
Prepaid expenses	<u>191,444</u>	<u>125,818</u>
	<u>17,296,285</u>	<u>17,297,043</u>
<b>ACCUMULATED SURPLUS</b> (schedule 4)	<u>\$ 20,654,088</u>	<u>\$ 20,453,629</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>2025 Budget (note 4)</b>	<b>2025 Actual</b>	<b>2024 Actual</b>
<b>REVENUE</b>			
Taxation revenue	\$ 4,457,261	\$ 4,562,452	\$ 4,009,157
Taxation from other governments	10,469	10,469	10,469
Fees and user charges	264,650	325,698	273,248
Sewer and water service charges	46,000	46,233	46,233
Canada grants	0	0	4,117
Ontario grants	280,993	284,799	271,340
Other income (note 5)	261,900	341,369	358,686
Obligatory reserve fund revenue recognized (schedule 3)	<u>742,000</u>	<u>47,930</u>	<u>226,469</u>
	<u>6,063,273</u>	<u>5,618,950</u>	<u>5,199,719</u>
<b>EXPENSES (schedule 1)</b>			
General government	1,294,262	1,231,551	1,226,829
Protection services	1,095,975	954,991	919,588
Transportation services	2,521,181	2,463,860	2,119,441
Environmental services	87,161	110,393	265,506
Health services	18,950	47,343	48,631
Recreation services	223,907	307,742	234,449
Planning and development	<u>454,150</u>	<u>302,611</u>	<u>244,984</u>
	<u>5,695,586</u>	<u>5,418,491</u>	<u>5,059,428</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 367,687</u>	200,459	140,291
<b>ACCUMULATED SURPLUS, beginning of year</b>		<u>20,453,629</u>	<u>20,313,338</u>
<b>ACCUMULATED SURPLUS, end of year</b>		<u>\$ 20,654,088</u>	<u>\$ 20,453,629</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>2025 Budget (note 4)</b>	<b>2025 Actual</b>	<b>2024 Actual</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ <u>367,687</u>	\$ <u>200,459</u>	\$ <u>140,291</u>
Acquisition of tangible capital assets	(3,070,000)	(664,818)	(141,592)
Amortization of tangible capital assets	669,846	666,900	669,846
(Gain) loss on disposal of tangible capital assets	0	0	(5,637)
Proceeds on disposal of tangible capital assets	0	0	5,640
Consumption of gravel inventory	0	64,302	21,400
Increase in prepaid expenses	<u>0</u>	<u>(65,626)</u>	<u>30,080</u>
	<u>(2,400,154)</u>	<u>758</u>	<u>579,737</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>(2,032,467)</u>	201,217	720,028
<b>NET FINANCIAL ASSETS, beginning of year</b>		<u>3,156,586</u>	<u>2,436,558</u>
<b>NET FINANCIAL ASSETS, end of year</b>		<u>\$ 3,357,803</u>	<u>\$ 3,156,586</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 200,459	\$ 140,291
Items not requiring an outlay of cash		
Amortization of tangible capital assets	666,900	669,846
(Gain) loss on disposal of tangible capital assets	0	(5,637)
Consumption of gravel inventory	<u>64,302</u>	<u>21,400</u>
	<u>931,661</u>	<u>825,900</u>
Net changes in non-cash working capital		
Taxes receivable	(48,982)	(235,009)
Accounts receivable	(246,197)	228,672
Prepaid expenses	(65,626)	30,080
Accounts payable and accrued liabilities	(96,228)	(91,593)
Obligatory reserve funds	84,949	(59,240)
Deferred revenue	<u>600</u>	<u>0</u>
	<u>(371,484)</u>	<u>(127,090)</u>
	<u>560,177</u>	<u>698,810</u>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<u>(664,818)</u>	<u>(141,592)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Portfolio investments	92,480	(197,130)
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>5,640</u>
	<u>92,480</u>	<u>(191,490)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(12,161)	365,728
<b>CASH, beginning of year</b>	<u>3,438,749</u>	<u>3,073,021</u>
<b>CASH, end of year</b>	<u>\$ 3,426,588</u>	<u>\$ 3,438,749</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Township of East Garafraxa are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of the Corporation of the Township of East Garafraxa acknowledges its responsibility for the creation and compilation of the following significant accounting policy decisions and the related policy notes.

(b) **BASIS OF CONSOLIDATION**

(i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises which are under the control of Council. The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- (a) The Grand Valley and District Fire Board  
Proportionate consolidation:  
operating - 15.3% in 2025; 16.2% in 2024  
capital - 14.0% in 2025; 14.0% in 2024

- (b) Township of East Garafraxa - Price's Corner Union Cemetery

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

(ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Dufferin are not reflected in the municipal fund balances of these consolidated financial statements.

(iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) **BASIS OF ACCOUNTING**

(i) Sources of financing and expenditures are reported on the accrual basis of accounting, with the exception of principal and interest on long term liabilities, which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.

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

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) BASIS OF ACCOUNTING (continued)

- (iii) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Schedule of Accumulated Surplus.

(d) INVESTMENTS

The investments held by the municipality are recorded at amortized cost.

(e) REVENUE RECOGNITION

All revenues are recorded on an accrual basis, except when the accruals cannot be determined with reasonable certainty or when their estimation is not practical.

Grant revenues are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the grant requirements give rise to an obligation that meets the definition of a liability, in which case the transfer would be recorded as deferred revenue, and would be recognized as revenue when the related expenditure occurs or the conditions of recognition as revenue are met.

Other revenue restricted by legislation, regulation or agreement, and not available for general municipal purposes, is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for a specific purpose.

Taxation revenue is recognized when it is authorized and in the period the tax is levied.

All other revenues, including fees and user charges and sewer and water charges, are recognized in the period in which the transactions or events occur that give rise to the revenues.

(f) 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, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates made by management include accrued liabilities, the useful lives of tangible capital assets and the gravel inventory tonnes available for extraction. Actual results could differ from those estimates.

(g) INVENTORY

Gravel inventory is valued at the lower of cost or net realizable value. Cost is determined based on engineer estimates of the tonnes available for extraction less amounts extracted during the year.

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) ASSET RETIREMENT OBLIGATIONS

The corporation records asset retirement obligations when there is a legal obligation associated with the retirement of a tangible capital asset that results from the acquisition, construction, development or normal use of the asset. Such obligation justifies the recognition of a liability and can result from existing legislation, regulation, agreement, contract, or a promise and an expectation of performance. The estimate of the liability would include costs directly attributable to asset retirement, such as post-retirement operation, maintenance and monitoring. Estimated retirement costs are capitalized and amortized over the related asset's estimated useful life. The corporation has not identified any asset retirement obligations.

(i) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in annual surplus (deficit). The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in annual surplus (deficit).

Transaction costs

The corporation recognizes its transaction costs in annual surplus (deficit) in the year incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(j) 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 (deficit), provides the Change in Net Financial Assets for the year.

(i) Leases

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

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(j) NON-FINANCIAL ASSETS (continued)

(ii) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over their estimated useful life as follows:

Land and land improvements	15 to 30 years
Facilities	25 to 50 years
Vehicles	10 to 18 years
Equipment	5 to 20 years
Transportation infrastructure	3 to 60 years
Environmental infrastructure	10 to 100 years

Work in progress 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 received and also are recorded as revenue.

**2. COMMITMENTS**

The corporation has an operating lease for their premises. Future minimum lease payments are as follows:

2026	\$ 27,022
2027	27,022
2028	27,022
2029	27,022
2030	27,022
Thereafter	<u>243,194</u>
	<u>\$ 378,304</u>

**3. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the corporation's exposure to these risks did not change in 2025 compared to the previous period.

The corporation does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the corporation to certain financial risks and uncertainties. These risks include:

Liquidity risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is exposed to liquidity risk as a result of accounts payable and accrued liabilities. The corporation controls liquidity risk by management of working capital and cash flows.

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**4. BUDGET AMOUNTS**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and change in net financial assets for comparative purposes. The 2025 budget amounts for the Corporation of the Township of East Garafraxa approved by Council have been restated to conform to the basis of preparation of these consolidated financial statements.

<b>Revenue</b>	
Approved budget	\$ 8,488,750
Transfer from reserves, net	(1,422,477)
New long term debt	<u>(1,003,000)</u>
<b>Total revenues</b>	<b>\$ <u>6,063,273</u></b>
<b>Expenses</b>	
Approved budget	\$ 8,488,750
Acquisition of tangible capital assets	(3,070,000)
Amortization	669,846
Transfers to reserves, net	<u>(393,010)</u>
<b>Total expenses</b>	<b>\$ <u>5,695,586</u></b>

**5. OTHER INCOME**

	<b>2025 Budget</b>	<b>2025 Actual</b>	<b>2024 Actual</b>
Penalties and interest on taxation	\$ 164,500	\$ 163,961	\$ 139,773
Licenses and permits	4,400	3,940	4,420
Investment income	93,000	103,061	145,922
Gain on disposal of tangible capital assets	0	0	5,637
Other	<u>0</u>	<u>70,407</u>	<u>62,934</u>
	<b>\$ <u>261,900</u></b>	<b>\$ <u>341,369</u></b>	<b>\$ <u>358,686</u></b>

**6. PENSION AGREEMENTS**

The corporation makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement income to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2025 was \$108,384 (2024 - \$88,717).

OMERS 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 municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2025 which reported \$145.5 billion in net assets available for benefits (2024 - \$138.4 billion), \$149.6 billion as the defined benefit accrued pension obligation (2024 - \$140.8 billion) and a defined benefit funding deficit of \$1.3 billion (2024 - \$2.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**7. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF DUFFERIN**

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Dufferin:

	<b>2025</b>	<b>2024</b>
School Boards	\$ 1,266,763	\$ 1,214,588
County of Dufferin	<u>2,871,698</u>	<u>2,701,287</u>
	<u>\$ 4,138,461</u>	<u>\$ 3,915,875</u>

**8. TRUST FUNDS**

The trust funds administered by the corporation amounting to \$13,348 (2024 - \$13,348) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations.

**9. PRICE'S CORNER UNION CEMETERY**

Price's Corner Union Cemetery cash and net accumulated surplus of \$7,148 (2024 - \$6,583) are included within the consolidated statement of financial position. During the year, the bank account earned \$0 (2024 - \$106) of interest along with \$565 (2024 - \$2,250) related to the sale of a plot and interment, which is included in the consolidated statement of operations.

**10. SEGMENTED INFORMATION**

The Corporation of the Township of East Garafraxa is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government, Protection Services (i.e. building inspection, fire and emergency services, bylaw enforcement, animal control), Transportation Services, (i.e. roadways, streetlighting and sidewalks), Environmental Services (i.e. stormwater management, source water protection and municipal drinking water), Health Services, Recreation Services, and Planning and Development Services. For management reporting purposes, the corporation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Township services are provided by departments and their activities are reported in these funds.

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

*Schedule 1*

	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation Services</b>	<b>Planning and Development</b>	<b>2025</b>	<b>2024</b>
<b>EXPENSES</b>									
Salaries and benefits	\$ 847,576	\$ 92,698	\$ 901,798	\$ 0	\$ 0	\$ 0	\$ 12,396	\$ 1,854,468	\$ 1,613,692
Materials	41,461	40,351	794,864	0	44,643	40,942	11,679	973,940	808,740
Contracted services	228,276	708,562	168,739	71,526	0	17,310	277,588	1,472,001	1,387,925
Rents and financial expenses	81,648	5,471	82,997	0	0	0	444	170,560	179,548
Amortization	32,105	29,236	515,462	38,867	0	51,230	0	666,900	669,846
Other transfers	485	78,673	0	0	2,700	198,260	504	280,622	399,677
	<u>\$ 1,231,551</u>	<u>\$ 954,991</u>	<u>\$ 2,463,860</u>	<u>\$ 110,393</u>	<u>\$ 47,343</u>	<u>\$ 307,742</u>	<u>\$ 302,611</u>	<u>\$ 5,418,491</u>	<u>\$ 5,059,428</u>

See notes to the consolidated financial statements

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

*Schedule 2*

	Land and land improvements	Facilities	Vehicles	Transportation infrastructure	Equipment	Environmental infrastructure	Work in Progress	2025	2024
<b>COST</b>									
Balance, beginning of year	\$ 2,648,240	\$ 1,127,625	\$ 2,534,776	\$ 15,387,367	\$ 805,568	\$ 916,962	\$ 15,265	\$ 23,435,803	\$ 23,335,574
Additions	34,171	0	412,948	0	87,719	0	129,980	664,818	141,592
Disposals	0	0	0	0	0	0	0	0	(41,363)
Transfers	0	9,300	2,008	0	3,957	0	(15,265)	0	0
Balance, end of year	<u>2,682,411</u>	<u>1,136,925</u>	<u>2,949,732</u>	<u>15,387,367</u>	<u>897,244</u>	<u>916,962</u>	<u>129,980</u>	<u>24,100,621</u>	<u>23,435,803</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	361,878	635,213	1,839,280	6,398,187	559,546	374,594	0	10,168,698	9,540,212
Amortization	45,658	40,842	111,322	379,447	53,063	36,568	0	666,900	669,846
Accumulated amortization on disposals	0	0	0	0	0	0	0	0	(41,360)
Balance, end of year	<u>407,536</u>	<u>676,055</u>	<u>1,950,602</u>	<u>6,777,634</u>	<u>612,609</u>	<u>411,162</u>	<u>0</u>	<u>10,835,598</u>	<u>10,168,698</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>									
	<u>\$ 2,274,875</u>	<u>\$ 460,870</u>	<u>\$ 999,130</u>	<u>\$ 8,609,733</u>	<u>\$ 284,635</u>	<u>\$ 505,800</u>	<u>\$ 129,980</u>	<u>\$ 13,265,023</u>	<u>\$ 13,267,105</u>

See notes to the consolidated financial statements

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED SCHEDULE OF OBLIGATORY RESERVE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

*Schedule 3*

	Dec.31, 2024	Contributions Received	Investment Income	Revenue Recognized	Dec.31, 2025
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 606,443	\$ 0	\$ 21,156	\$ (18,847)	\$ 608,752
Federal gas tax funding	263,549	99,284	530	0	363,363
Recreational land	213,743	6,000	5,909	(29,083)	196,569
Roads	153,000	0	0	0	153,000
Water system	<u>42,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,000</u>
	<u>\$ 1,278,735</u>	<u>\$ 105,284</u>	<u>\$ 27,595</u>	<u>\$ (47,930)</u>	<u>\$ 1,363,684</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**  
**AS AT DECEMBER 31, 2025**

*Schedule 4*

	<b>2025</b>	<b>2024</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 13,265,023	\$ 13,267,105
Grand Valley and District Fire Board	(56,129)	4,435
Grand Valley Medical Centre	0	32,925
General revenue fund	<u>4,220,051</u>	<u>4,027,354</u>
	<u>17,428,945</u>	<u>17,331,819</u>
<b>RESERVES</b>		
<b>Operating Reserves</b>		
Tax rate stabilization	243,027	260,225
Gravel	130,000	130,000
Working funds	<u>20,332</u>	<u>20,332</u>
	<u>393,359</u>	<u>410,557</u>
<b>Capital Reserves</b>		
Bridges and culverts	614,467	624,467
Vehicle fleet	467,642	600,590
Roads	397,600	378,729
OCIF grant	343,975	243,975
Recreation	188,782	206,236
Water system	166,883	166,883
Building	99,103	99,103
Planning	<u>35,857</u>	<u>42,866</u>
	<u>2,314,309</u>	<u>2,362,849</u>
	<u>2,707,668</u>	<u>2,773,406</u>
<b>RESERVE FUNDS</b>		
Grand Valley and District Fire Board capital	<u>517,475</u>	<u>348,404</u>
	<u>\$ 20,654,088</u>	<u>\$ 20,453,629</u>

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of East Garafraxa

### **Opinion**

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of East Garafraxa, which comprise the statement of financial position as at December 31, 2025 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of East Garafraxa as at December 31, 2025 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis of 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 Corporation of the Township of East Garafraxa in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust fund'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 trust fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario  
May 26, 2026

Chartered Professional Accountants  
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**TRUST FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash	\$ <u>13,348</u>	\$ <u>13,348</u>
<b>FUND BALANCE</b>		
Municipal position	\$ <u>13,348</u>	\$ <u>13,348</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**TRUST FUNDS**  
**STATEMENT OF CONTINUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>MUNICIPAL POSITION, beginning of year</b>	\$ 13,348	\$ 12,290
Interest earned	0	308
Care and maintenance fee received	<u>0</u>	<u>750</u>
<b>MUNICIPAL POSITION, end of year</b>	<u>\$ 13,348</u>	<u>\$ 13,348</u>

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA**  
**TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the trust funds of the Corporation of the Township of East Garafraxa are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) BASIS OF ACCOUNTING

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