

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

**CORPORATION OF THE TOWNSHIP OF
DOURO-DUMMER**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Remeasurement Gains and (Losses)	3
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 18
Schedule of Tangible Capital Assets	19
Schedules of Segment Disclosure	20 - 21
TRUST FUNDS	
Independent Auditor's Report	22
Statement of Financial Position	24
Statement of Continuity	24
Notes to the Financial Statements	25
LOCAL BOARD	
Douro-Dummer Public Library	26 - 37



Township of Douro-Dummer

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CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

For The Year Ended December 31, 2025

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Douro-Dummer are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Douro-Dummer. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Mayor

Treasurer

September 25, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Douro-Dummer

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2025, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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.

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 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 25, 2026



CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025 \$	2024 \$
FINANCIAL ASSETS		
Cash	4,167,232	4,454,831
Investments (note 3)	4,449,684	4,279,532
Accounts receivable	674,338	266,483
Taxes receivable	1,276,114	1,049,262
Land held for resale	83,487	83,487
TOTAL FINANCIAL ASSETS	10,650,855	10,133,595
LIABILITIES		
Accounts payable	1,157,571	1,077,730
Deferred revenue - obligatory reserve funds (note 4)	859,471	759,523
Deferred revenue - other (note 5)	685,604	729,003
Asset retirement obligations (note 6)	496,250	516,250
Employee future benefits (note 7)	125,503	130,097
TOTAL LIABILITIES	3,324,399	3,212,603
NET FINANCIAL ASSETS	7,326,456	6,920,992
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	30,863,903	30,123,181
Prepaid expenses	28,873	40,811
Inventories of materials and supplies	307,780	295,265
TOTAL NON-FINANCIAL ASSETS	31,200,556	30,459,257
	38,527,012	37,380,249
Comprised of:		
Accumulated surplus (note 9)	38,571,835	37,419,059
Accumulated remeasurement gains/(losses)	(44,823)	(38,810)
	38,527,012	37,380,249

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 17)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Property taxation	7,425,929	7,447,449	6,934,818
User charges	1,337,403	1,373,765	1,307,929
Government of Canada	4,464	16,942	15,149
Province of Ontario	982,600	1,213,254	854,755
Other municipalities	10,400	18,400	21,880
Penalty and interest on taxes	145,000	188,440	155,826
Investment income	175,100	386,935	436,412
Donations	281	4,507	6,862
Other	-	287,888	-
Development charges earned (note 4)	140,000	25,146	14,575
Parkland fees earned (note 4)	-	22,445	18,413
Canada Community-Building Fund earned (note 4)	238,703	247,470	638,982
Gain/(loss) on disposal of tangible capital assets	-	3,033	-
TOTAL REVENUES	10,459,880	11,235,674	10,405,601
EXPENSES			
General government	1,775,224	1,883,066	1,726,742
Protection services	2,925,590	2,750,539	2,621,012
Transportation services	3,049,046	3,436,974	2,894,003
Environmental services	366,653	371,332	345,128
Health services	6,479	1,927	1,695
Recreation and cultural services	1,445,226	1,475,581	1,302,650
Planning and development	163,049	163,479	154,572
TOTAL EXPENSES	9,731,267	10,082,898	9,045,802
ANNUAL SURPLUS	728,613	1,152,776	1,359,799
ACCUMULATED SURPLUS - beginning of year		37,419,059	36,584,273
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD		-	(525,013)
ACCUMULATED SURPLUS - beginning of year, as restated		37,419,059	36,059,260
ACCUMULATED SURPLUS - end of year		38,571,835	37,419,059

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND (LOSSES)

For the Year Ended December 31, 2025

	2025 \$	2024 \$
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES)		
- beginning of year	(38,810)	(50,483)
Unrealized gain/(loss) on portfolio investments during the year	(6,013)	11,673
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES)		
- end of year	(44,823)	(38,810)

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 17)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS	728,613	1,152,776	1,359,799
Amortization of tangible capital assets	1,730,102	1,854,051	1,730,746
Purchase of tangible capital assets	(2,952,529)	(2,610,314)	(2,036,900)
Loss/(gain) on disposal of tangible capital assets	-	(3,033)	614
Proceeds on sale of tangible capital assets	-	18,574	-
Change in prepaid expenses	-	11,938	(10,456)
Change in inventories of materials and supplies	-	(12,515)	23,214
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS BEFORE CHANGE IN REMEASUREMENT GAINS AND (LOSSES)	(493,814)	411,477	1,067,017
NET FINANCIAL ASSETS - beginning of year	6,920,992	6,920,992	6,367,315
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD	-	-	(525,013)
NET FINANCIAL ASSETS - beginning of year, as restated	6,920,992	6,920,992	5,842,302
CHANGE IN REMEASUREMENT GAINS AND (LOSSES)	-	(6,013)	11,673
NET FINANCIAL ASSETS - end of year	6,427,178	7,326,456	6,920,992

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025 \$	2024 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,152,776	1,359,799
Items not affecting cash		
Amortization of tangible capital assets	1,854,051	1,730,746
Loss/(gain) on disposal of tangible capital assets	(3,033)	614
Accretion expense	15,379	16,369
Change in employee future benefits	(4,594)	(2,070)
Change in non-cash assets and liabilities		
Accounts receivable	(407,855)	328,971
Taxes receivable	(226,852)	(219,388)
Prepaid expenses	11,938	(10,456)
Inventories of materials and supplies	(12,515)	23,214
Accounts payable	79,841	175,151
Deferred revenue - obligatory reserve funds	99,948	(315,182)
Deferred revenue - other	(43,399)	187,801
Asset retirement obligations - remediation costs incurred	(35,379)	(35,369)
Net change in cash from operating activities	2,480,306	3,240,200
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,610,314)	(2,036,900)
Proceeds on disposal of tangible capital assets	18,574	-
Net change in cash from capital activities	(2,591,740)	(2,036,900)
INVESTING ACTIVITIES		
Purchase of investments	(1,254,000)	(1,561,274)
Disposal of investments	1,077,835	1,361,890
Net change in cash from investing activities	(176,165)	(199,384)
NET CHANGE IN CASH	(287,599)	1,003,916
CASH - beginning of year	4,454,831	3,450,915
CASH - end of year	4,167,232	4,454,831

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

The Township of Douro-Dummer is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Douro-Dummer Public Library

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

(b) Trust funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20 to 25 years
Buildings and building improvement	10 to 50 years
Machinery and equipment	5 to 40 years
Vehicles	5 to 30 years
Computers and computer software	5 years
Roads and bridges	10 to 50 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

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

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

Government funding and other grants

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

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

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund revenue, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(e) Non-financial assets

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

(f) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(j) and related costs added to tangible capital assets - See Note 1(c)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)
- Employee future amounts payable depend on certain actuarial and economic assumptions
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(i) Inventory

Inventory held for resale, which includes land, is stated at the lower of cost and net realizable value, with cost being the purchase price plus the cost to prepare the land for resale.

Inventory of materials and supplies is stated at weighted average cost.

(j) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses for remediation or disposal.

The liability for landfill sites is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (c).

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments:	
Guaranteed investment certificates	Amortized Cost
Bond fund	Fair Value
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

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

	School Boards \$	County \$
Amounts requisitioned and remitted	2,637,247	7,126,839

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

3. INVESTMENTS

The investments held at the end of the year, are comprised of the following:

	Level (note 1(k))	2025 \$	2024 \$
Held at amortized cost			
Cash held in investment accounts		108,672	376,100
GICs - interest ranging from 1.87% to 5.6%, maturing June 2026 to December 2028		3,788,528	-
GICs - interest ranging from 1.87% to 5.5%, maturing July 2025 to December 2028		-	3,366,944
		3,897,200	3,743,044
Held at fair value			
One Fund - bond fund	1	552,484	536,488
		4,449,684	4,279,532

Book cost of One fund - bond fund is \$597,308 at December 31, 2025 (2024 - \$575,298).

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2025 \$	2024 \$
Parkland	61,940	55,364
Development charges	284,123	207,438
Canada Community-Building Fund	513,408	496,721
	859,471	759,523

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

	2025 \$	2024 \$
Balance - beginning of year	759,523	1,074,705
Add amounts received:		
Development charges	94,299	50,783
Parkland fees	23,750	22,500
Canada Community-Building Fund	249,949	243,266
Interest	27,011	40,239
	395,009	356,788
Less transfer to operations:		
Development charges earned	25,146	14,575
Parkland fees earned	22,445	18,413
Canada Community-Building Fund earned	247,470	638,982
	295,061	671,970
Balance - end of year	859,471	759,523

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

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

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2025	2024
	\$	\$
Building permits	622,823	688,767
Ontario Cannabis Legalization Implementation Fund	5,000	5,000
Ice and floor rentals	33,236	33,236
Ontario Community Infrastructure Fund	22,545	-
Other	2,000	2,000
	685,604	729,003

The continuity of deferred revenue - other is as follows:

	2025	2024
	\$	\$
Balance - beginning of year	729,003	16,189
Adjustment to opening balance	-	525,013
Add amounts received:		
Building permit fees collected	399,313	701,147
Ice and floor rentals	33,236	33,236
Ontario Community Infrastructure Fund	136,629	-
	569,178	734,383
Less transfer to operations:		
Building permit fees recognized	464,258	537,393
Ice and floor rentals	33,236	9,189
Ontario Community Infrastructure Fund	115,083	-
	612,577	546,582
Balance - end of year	685,604	729,003

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

6. ASSET RETIREMENT OBLIGATION

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

(a) Landfill obligation

The Township owns and operates closed three landfill sites. The liability for the landfills has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 35 years after the closure date using a discount rate of 4.5% and an inflation rate of 3%.

(b) Asbestos obligation

The Township owns several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023.

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

	Landfill obligation \$	Asbestos removal \$	Total 2025 \$	Total 2024 \$
Asset Retirement Obligation				
Opening balance	426,000	90,250	516,250	535,250
Remediation costs incurred	(35,379)	-	(35,379)	(35,369)
Accretion expense	15,379	-	15,379	16,369
Closing balance	406,000	90,250	496,250	516,250

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

7. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Township provides eligible employees a benefit plan to pay costs of extended health and vision benefits after they retire. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age 65, at which time the benefits cease. The actuarial valuation as at December 31, 2025 was based on assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected discount rate	4.65%
Future health care premiums - first year (2025)	10.0%
- reducing over 10 years to	3.5%

The post-employment benefit is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus and is comprised as follows:

	2025 \$	2024 \$
Accrued benefit obligation at January 1	107,059	104,246
Unamortized actuarial gains	23,038	27,921
Liability at January 1	130,097	132,167
Current year benefit cost	2,749	2,617
Interest on accrued benefit obligation	5,333	5,203
Less: benefit payments	(5,675)	(5,007)
Amortization of actuarial gains	(7,001)	(4,883)
Liability at December 31	125,503	130,097

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

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

8. TANGIBLE CAPITAL ASSETS

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

	2025	2024
	\$	\$
General		
Land and land improvements	2,089,344	2,089,699
Buildings and building improvements	1,923,430	2,050,966
Machinery and equipment	2,063,636	2,149,949
Vehicles	2,935,264	2,737,467
Computers and computer software	17,802	7,893
Infrastructure		
Roads and bridges	20,769,564	20,584,584
	29,799,040	29,620,558
Assets under construction	1,064,863	502,623
	30,863,903	30,123,181

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2024 - \$Nil), no interest capitalized (2024 - \$Nil) and no contributed assets (2024 - \$Nil).

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

	2025	2024
	\$	\$
General government	1,108,078	1,156,277
Protection services	2,492,216	2,217,467
Transportation services	23,563,576	22,982,173
Environmental services	12,730	14,821
Health services	20,358	20,836
Recreation and cultural services	2,574,305	2,638,702
Planning and development	1,092,640	1,092,905
	30,863,903	30,123,181

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025 \$	2024 \$
Surplus/(Deficit)		
Land held for resale	83,487	83,487
Unfunded employee future benefits	(125,503)	(130,097)
Unfunded operations	(9,892)	(12,593)
	(51,908)	(59,203)
Invested In Capital Assets		
Tangible capital assets - net book value	30,863,903	30,123,181
Unfunded asset retirement obligation	(496,250)	(516,250)
	30,367,653	29,606,931
Surplus	30,315,745	29,547,728
Reserves		
Working funds	2,315,001	1,874,649
Post employment benefits	69,156	69,156
Future capital projects	5,270,839	5,342,258
Future operations	601,094	585,268
Total Reserves	8,256,090	7,871,331
	38,571,835	37,419,059

10. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2025 \$ (note 17)	Actual 2025 \$	Actual 2024 \$
Salaries and benefits	4,017,911	3,884,812	3,524,837
Materials	2,098,809	2,200,390	1,940,788
Contracted services	1,730,144	1,938,851	1,684,545
Rents and financial	8,080	58,107	26,645
External transfers	146,221	146,687	137,627
Amortization	1,730,102	1,854,051	1,730,746
Loss (gain) on disposal of tangible capital assets	-	-	614
	9,731,267	10,082,898	9,045,802

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

11. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. OMERS provides pension services to 665,000 active, inactive and retired members from over 1,000 employers. 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 Actuarial Opinion contained in the 2025 Annual Report disclosed total actuarial liabilities of \$151,365 million in respect of benefits accrued for service with actuarial assets of \$150,043 million indicating an actuarial deficit of \$1,322 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's total contributions to OMERS in 2025 were \$479,108 (2024 - \$440,608) of which \$239,554 (2024 - \$220,304) was contributed by employees.

12. TRUST FUNDS

Trust funds administered by the Township amounting to \$41,457 (2024 - \$41,477) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

13. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

14. CONTINGENT LIABILITIES

The Township, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

15. SUBSEQUENT EVENT

Subsequent to year-end, the Township committed to the construction of a new joint fire station and public works building at an estimated cost of \$10,822,462. The project is expected to be financed through the issuance of long-term debt. As the commitment arose after year-end, no amount has been recognized in these financial statements.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

16. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Township assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

(c) Market risk

The Township is exposed to certain market risks including changes in pricing and limited access to foreign markets.

In the opinion of management, the Township is not exposed to any significant liquidity or currency risk.

17. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the PSA presented budget:

	2025
	\$
Council approved budgeted surplus	-
Tangible capital asset additions	2,952,529
Amortization of tangible capital assets	(1,730,102)
Transfers to/(from) reserves	(493,814)
<u>Annual surplus reported on the Consolidated Statement of Operations</u>	<u>728,613</u>

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

18. SEGMENTED INFORMATION

The Township of Douro-Dummer is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segment information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

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

Transportation Services

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

Environmental Services

The environmental function is responsible for providing waste collection and waste disposal services to ratepayers.

Health Services

The health services function consists of the activities of the cemetery.

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2025

	General					Infrastructure		
	Land and land improvements	Buildings and building improvements	Machinery and Equipment	Vehicles	Computers and computer software	Roads and Bridges	Assets Under Construction	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,567,377	5,914,767	4,743,409	5,983,437	266,683	36,805,274	502,623	56,783,570
Add: additions during the year	44,891	-	168,131	521,188	12,170	1,299,167	564,767	2,610,314
Less: disposals during the year	-	-	25,403	42,159	-	315,963	2,527	386,052
Balance, end of year	2,612,268	5,914,767	4,886,137	6,462,466	278,853	37,788,478	1,064,863	59,007,832
ACCUMULATED AMORTIZATION								
Balance, beginning of year	477,678	3,863,801	2,593,460	3,245,970	258,790	16,220,690	-	26,660,389
Add: additions during the year	45,246	127,536	253,076	323,391	2,261	1,102,541	-	1,854,051
Less: disposals during the year	-	-	24,035	42,159	-	304,317	-	370,511
Balance, end of year	522,924	3,991,337	2,822,501	3,527,202	261,051	17,018,914	-	28,143,929
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,089,344	1,923,430	2,063,636	2,935,264	17,802	20,769,564	1,064,863	30,863,903

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2025

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	2,194,385	1,603,482	2,465,409	216,653	-	844,171	123,349	7,447,449
User charges	16,246	597,706	55,607	207,591	-	407,818	88,797	1,373,765
Government transfers - operating	622,619	319,085	58,656	-	-	43,190	-	1,043,550
Government transfers - capital	-	33,284	153,362	-	-	-	-	186,646
Other municipalities	-	18,400	-	-	-	-	-	18,400
Penalty and interest on taxes	188,440	-	-	-	-	-	-	188,440
Investment income	373,987	-	-	-	-	12,948	-	386,935
Donations	-	2,750	-	-	-	1,757	-	4,507
Other	153,814	52,669	26,923	33,744	-	17,994	2,744	287,888
Development charges earned	2,701	-	-	-	-	22,445	-	25,146
Parkland fees earned	-	-	-	-	-	22,445	-	22,445
Canada Community-Building Fund earned	-	-	247,470	-	-	-	-	247,470
Gain/(loss) on disposal of tangible capital assets	-	10,541	(7,508)	-	-	-	-	3,033
Total revenues	3,552,192	2,637,917	2,999,919	457,988	-	1,372,768	214,890	11,235,674
Expenses								
Salaries and benefits	1,189,393	973,017	942,010	46,028	-	635,081	99,283	3,884,812
Materials	341,321	390,346	855,898	40,300	1,450	563,887	7,188	2,200,390
Contracted services	230,769	1,032,995	255,431	267,544	-	95,369	56,743	1,938,851
Rents and financial	42,738	-	-	15,369	-	-	-	58,107
External transfers	5,829	140,858	-	-	-	-	-	146,687
Amortization	73,016	213,323	1,383,635	2,091	477	181,244	265	1,854,051
Total expenses	1,883,066	2,750,539	3,436,974	371,332	1,927	1,475,581	163,479	10,082,898
Net surplus/(deficit)	1,669,126	(112,622)	(437,055)	86,656	(1,927)	(102,813)	51,411	1,152,776

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,612,113	1,309,734	2,878,493	225,564	-	778,666	130,248	6,934,818
User charges	25,970	620,347	33,525	183,249	-	398,357	46,481	1,307,929
Government transfers - operating	590,802	19,642	53,619	-	-	31,140	-	695,203
Government transfers - capital	-	-	164,156	-	-	10,545	-	174,701
Other municipalities	-	-	21,880	-	-	-	-	21,880
Penalty and interest on taxes	155,826	-	-	-	-	-	-	155,826
Investment income	401,057	-	-	-	-	35,355	-	436,412
Donations	145	6,298	-	-	-	419	-	6,862
Development charges earned	14,575	-	-	-	-	-	-	14,575
Parkland fees earned	-	-	-	-	-	18,413	-	18,413
Canada Community-Building Fund earned	-	-	638,982	-	-	-	-	638,982
Total revenues	2,800,488	1,956,021	3,790,655	408,813	-	1,272,895	176,729	10,405,601
Expenses								
Salaries and benefits	1,051,351	864,909	859,210	49,405	-	567,649	132,313	3,524,837
Materials	317,347	344,217	698,449	39,834	1,216	525,805	13,920	1,940,788
Contracted services	270,903	1,069,320	71,311	237,119	-	27,818	8,074	1,684,545
Rents and financial	10,266	-	-	16,379	-	-	-	26,645
External transfers	6,545	131,082	-	-	-	-	-	137,627
Amortization	69,716	211,484	1,265,033	2,391	479	181,378	265	1,730,746
Loss (gain) on disposal of tangible capital assets	614	-	-	-	-	-	-	614
Total expenses	1,726,742	2,621,012	2,894,003	345,128	1,695	1,302,650	154,572	9,045,802
Net surplus/(deficit)	1,073,746	(664,991)	896,652	63,685	(1,695)	(29,755)	22,157	1,359,799

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Corporation of the Township of Douro-Dummer

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Douro-Dummer (the Trust Funds), which comprise the statement of financial position as at December 31, 2025, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2025, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 25, 2026

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2025

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2025 Total \$	2024 Total \$
FINANCIAL ASSETS						
Cash	8,580	16,004	-	1,670	26,254	26,294
Loans receivable (note 2)	-	11,577	-	-	11,577	11,577
Due from Township	-	-	3,700	162	3,862	3,700
Due from Province	-	341	-	-	341	503
	8,580	27,922	3,700	1,832	42,034	42,074
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to Township	-	577	-	-	577	597
FUND BALANCES	8,580	27,345	3,700	1,832	41,457	41,477
	8,580	27,922	3,700	1,832	42,034	42,074

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

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2025 Total \$	2024 Total \$
BALANCES - beginning of year	8,580	27,345	3,700	1,852	41,477	41,592
RECEIPTS						
Interest earned	-	-	158	-	158	156
EXPENSES						
Transfer to Township	-	-	-	-	-	156
Administration fees	-	-	158	20	178	115
	-	-	158	20	178	271
BALANCES - end of year	8,580	27,345	3,700	1,832	41,457	41,477

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of accounting

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

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

Ontario Home Renewal Program loans receivable at December 31, 2025 are comprised of repayable loans of \$11,577 (2024 - \$11,577).

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province annually.

3. CARE AND MAINTENANCE FUNDS

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to preform perpetual care maintenance to the cemetery. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act (2002).

**CORPORATION OF THE TOWNSHIP OF
DOURO-DUMMER**

DOURO-DUMMER PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

**To the Members of the Douro-Dummer Public Library, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Douro-Dummer**

We have reviewed the accompanying financial statements of the Douro-Dummer Public Library of the Corporation of the Township of Douro-Dummer (the Board), that comprise the statement of financial position as at December 31, 2025 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

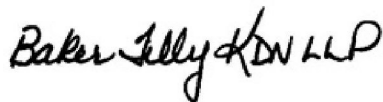
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Board as at December 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 25, 2026

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CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF FINANCIAL POSITION At December 31, 2025

	2025 \$	2024 \$
FINANCIAL ASSETS		
Cash	14,557	82,753
Accounts receivable	398	363
Due from Township (note 2)	149,525	92,025
NET FINANCIAL ASSETS	164,480	175,141
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	39,725	42,861
ACCUMULATED SURPLUS (note 5)	204,205	218,002

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2025

	Budget 2025 \$ (note 3)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Municipal contributions			
Levy	168,923	156,439	155,957
Province of Ontario	14,000	16,579	18,293
User charges	1,076	2,826	1,082
Other grants	-	4,000	-
TOTAL REVENUES	183,999	179,844	175,332
EXPENSES			
Salaries, wages and benefits	125,291	130,783	112,329
Subscriptions and videos	2,380	1,763	2,702
Supplies, materials and rentals	10,019	10,144	8,969
Public relations and advertising	885	682	478
Memberships, staff training and mileage	3,130	3,168	2,434
Utilities	10,600	11,119	9,804
Property maintenance and repairs	9,993	13,775	13,510
Contracted services	7,700	10,096	5,440
Amortization	14,153	12,111	14,153
TOTAL EXPENSES	184,151	193,641	169,819
ANNUAL SURPLUS/(DEFICIT)	<u>(152)</u>	(13,797)	5,513
ACCUMULATED SURPLUS - beginning of year		218,002	212,489
ACCUMULATED SURPLUS - end of year		204,205	218,002

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2025

	Budget 2025 \$ (note 3)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS/(DEFICIT)	(152)	(13,797)	5,513
Amortization of tangible capital assets	14,153	12,111	14,153
Acquisition of tangible capital assets	(14,001)	(10,343)	(9,134)
Loss on disposal of tangible capital assets	-	1,368	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	(10,661)	10,532
NET FINANCIAL ASSETS - beginning of year	175,141	175,141	164,609
NET FINANCIAL ASSETS - end of year	175,141	164,480	175,141

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF CASH FLOWS For the Year Ended December 31, 2025

	2025 \$	2024 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(13,797)	5,513
Items not involving cash		
Amortization of tangible capital assets	12,111	14,153
Loss on disposal of tangible capital assets	1,368	-
Change in non-cash assets and liabilities		
Accounts receivable	(35)	75
Due from Township	(57,500)	5,934
Net change in cash from operating activities	(57,853)	25,675
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(10,343)	(9,134)
NET CHANGE IN CASH	(68,196)	16,541
CASH - beginning of year	82,753	66,212
CASH - end of year	14,557	82,753

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding and other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

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

(b) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Due from Township	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Equipment and books	5 to 40 years
Computers	5 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(e) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Non-financial assets

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

(g) Inter-entity transactions

The Douro-Dummer Public Library is a Board of the Township of Douro-Dummer and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

(h) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

2. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Douro-Dummer.

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

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

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of Douro-Dummer have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

3. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Board's approved budget to the PSA presented budget:

	2025
	\$
Board approved budgeted surplus	-
Tangible capital asset additions	14,001
Amortization of tangible capital assets	(14,153)
Annual surplus/(deficit) reported on the Statement of Operations	(152)

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

4. TANGIBLE CAPITAL ASSETS

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

	Equipment and books \$	Computer \$	2025 Totals \$	2024 Totals \$
COST				
Balance, beginning of year	79,977	7,879	87,856	91,260
Add: additions during the year	10,343	-	10,343	9,134
Less: disposals during the year	13,680	-	13,680	12,538
Balance, end of year	76,640	7,879	84,519	87,856
ACCUMULATED AMORTIZATION				
Balance, beginning of year	37,116	7,879	44,995	43,380
Add: additions during the year	12,111	-	12,111	14,153
Less: disposals during the year	12,312	-	12,312	12,538
Balance, end of year	36,915	7,879	44,794	44,995
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	39,725	-	39,725	42,861

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025 \$	2024 \$
Invested In Capital Assets		
Tangible capital assets - net book value	39,725	42,861
Surplus	39,725	42,861
Reserve		
Future capital projects	164,480	175,141
	204,205	218,002

6. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

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