THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of: The Corporation of the Township of Wellington North

Opinion
We have audited the accompanying consolidated financial statements of The Corporation of the Township of Wellington North, 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 flow 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 The Corporation of the Township of Wellington North 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 Wellington North 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.

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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.

RLB LLP

Guelph, Ontario
August 10, 2026

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash (note 3)	$ 51,250,443	$ 47,068,582
Investments	0	5,000,025
Taxes receivable	3,954,989	2,712,956
Trade and other receivables	4,373,220	4,020,709
Long term receivables (note 4)	149,141	120,776
Investment in Wellington North Power Inc. (note 5)	7,550,422	7,318,342
	67,278,215	66,241,390
LIABILITIES		
Accounts payable and accrued liabilities	7,371,544	9,826,970
Deferred revenue (note 6)	16,712,681	15,065,443
Long term debt (note 7)	3,103,727	3,506,370
Asset retirement obligations (note 8)	656,996	636,315
	27,844,948	29,035,098
NET FINANCIAL ASSETS	39,433,267	37,206,292
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	129,492,678	128,487,234
Prepaid expenses	59,964	55,992
	129,552,642	128,543,226
ACCUMULATED SURPLUS (schedule 3)	$168,985,909	$165,749,518

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (note 10)	2025 Actual	2024 Actual
REVENUE			
Net taxation/user charges	$ 11,247,899	$ 11,305,245	$ 10,958,612
Fees and service charges	6,362,223	7,491,086	7,083,586
Grants	1,739,700	1,750,889	4,383,447
Other income (note 9)	2,823,755	3,484,219	5,084,047
Obligatory reserve funds revenue recognized (note 6)	7,043,146	2,126,633	1,882,715
	29,216,723	26,158,072	29,392,407
EXPENSES (schedule 1)			
General government	2,195,521	2,337,430	2,251,444
Protection to persons and property	2,188,000	2,243,116	2,067,990
Transportation services	8,373,823	8,891,566	8,294,477
Environmental services	5,212,760	5,261,426	4,786,181
Health services	216,517	205,635	155,214
Recreation and cultural services	2,838,591	2,855,241	2,917,554
Planning and development	1,165,942	1,127,267	1,150,614
	22,191,154	22,921,681	21,623,474
ANNUAL SURPLUS	$ 7,025,569	$ 3,236,391	$ 7,768,933
ACCUMULATED SURPLUS at beginning of year		$165,749,518	$157,980,585
Annual surplus		3,236,391	7,768,933
ACCUMULATED SURPLUS at end of year		$168,985,909	$165,749,518

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (note 10)	**2025 Actual**	**2024 Actual**
Annual surplus	$ 7,025,569	$ 3,236,391	$ 7,768,933
Acquisition of tangible capital assets	(13,245,030)	(8,280,560)	(9,604,390)
Amortization of tangible capital assets	6,743,768	7,221,464	6,743,768
Gain on disposal of tangible capital assets	0	(10,754)	(698,658)
Proceeds on disposal of tangible capital assets	0	64,406	778,411
	(6,501,262)	(1,005,444)	(2,780,869)
Change in prepaid expenses	0	(3,972)	(35,946)
INCREASE IN NET FINANCIAL ASSETS	$ 524,307	2,226,975	4,952,118
NET FINANCIAL ASSETS at beginning of year		37,206,292	32,254,174
NET FINANCIAL ASSETS at end of year		$ 39,433,267	$ 37,206,292

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	$ 3,236,391	$ 7,768,933
Items not requiring an outlay of cash		
Amortization	7,221,464	6,743,768
Gain on disposal of tangible capital assets	(10,754)	(698,658)
Share of income of Wellington North Power Inc.	(232,080)	(387,260)
	6,978,630	5,657,850
	10,215,021	13,426,783
Net changes in non-cash working capital		
Taxes receivable	(1,242,033)	(1,499,056)
Trade and other receivables	(352,511)	368,297
Accounts payable and accrued liabilities	(2,455,426)	3,188,163
Deferred revenue	1,647,238	1,889,258
Asset retirement obligations	20,681	24,726
Prepaid expenses	(3,972)	(35,946)
	(2,386,023)	3,935,442
	7,828,998	17,362,225
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(8,280,560)	(9,604,390)
Proceeds on disposal of tangible capital assets	64,406	778,411
	(8,216,154)	(8,825,979)
CASH USED IN FINANCING ACTIVITIES		
Repayment of long term debt	(402,643)	(681,319)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Net change in investments	5,000,025	0
Net change in long term receivables	(28,365)	(65,011)
	4,971,660	(65,011)
NET INCREASE IN CASH	4,181,861	7,789,916
CASH, beginning of year	47,068,582	39,278,666
CASH, end of year	$ 51,250,443	$ 47,068,582

See notes to the consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Township of Wellington North are the representation of management prepared in accordance with Canadian public sector accounting standards (PSAS) as established by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by The Corporation of the Township of Wellington North are as follows:

(a) ACKNOWLEDGEMENT OF RESPONSIBILITY

The management of The Corporation of the Township of Wellington North acknowledges its responsibility for the creation and compilation of the consolidated financial statements and the following significant accounting policy decisions and related policy notes.

(b) BASIS OF CONSOLIDATION

(i) These consolidated statements reflect the assets, liabilities, revenues, and expenses of the current fund, capital fund, reserves, and reserve funds of all municipal organizations, committees, and boards which are controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation. The following boards have been reflected in the consolidated financial statements:

Mount Forest Business Improvement Area 100%
Arthur Business Improvement Area 100%

Government business enterprises and partnerships are separate legal entities that do not rely on the corporation for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprise is reflected in the consolidated financial statements:

Wellington North Power Inc. 96.71%

(ii) Accounting for County and School Board Transactions:

The taxation, other revenues, expenditures, assets, and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position as accrued liabilities (other receivables). See note 12.

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

(c) BASIS OF ACCOUNTING

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management's estimates include amortization of tangible capital assets, the valuation of accounts receivable, accrued liabilities, and asset retirement obligations. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(e) INVESTMENTS

Investments held by the corporation are recorded at cost.

(f) LONG TERM RECEIVABLES

Long term receivables are recorded at cost.

(g) DEFERRED REVENUE

The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose, and any unspent revenue is deferred to the following year.

(h) 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

For financial assets measured at cost or amortized cost, the corporation determines whether there is objective evidence of impairment. When there is, and the corporation determines that a loss in value that reflects the expectation that the underlying economic resource has diminished in a manner that is other than temporary, a write-down is recognized in the consolidated statement of operations.

Transaction costs

The corporation recognizes its transaction costs in annual surplus in the period 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) NON-FINANCIAL ASSETS

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

(i) 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 its estimated useful life as follows:

Land improvements	30 to 75 years
Buildings	20 to 50 years
Machinery and equipment	5 to 50 years
Vehicles	10 to 20 years
Roads	30 years
Bridges and culverts	50 years
Water and sewer systems	70 years

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

(ii) Contributions of tangible capital assets
Tangible capital assets received as contributions are recorded at their fair value and are recognized as revenue at the date of receipt.

(iii) 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.

(j) POST-EMPLOYMENT BENEFITS

The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

(k) REVENUE RECOGNITION

Revenues are recognized as follows:

(i) Taxation, user charges, penalties, and interest on taxation are recognized as revenue when the amounts are levied on the corporation's ratepayers.

(ii) Other fines, penalties, and donations are recognized when collected.

(iii) Fees, services charges, and other income are recorded upon sale of goods or provision of service when collection is reasonably assured.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) REVENUE RECOGNITION (continued)

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

(v) Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes, such as grants, is reported as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

(l) 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.

2. 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 its 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.

3. CASH

The Township of Wellington North has an undrawn credit facility of $1,000,000 for operating purposes.

The corporation's deposits are held with a Canadian Chartered Bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of $100,000 per depositor.

4. LONG TERM RECEIVABLES

	2025	2024
Sewer loans, 6%, various repayment amounts	$ 7,004	$ 7,004
Arthur BIA, 2.45% interest, equal installments of principal of $10,200 from 2022 to 2031	59,451	71,400
Tile drainage loans, 6%, various repayments, due 2035	82,686	42,372
	$ 149,141	$ 120,776

5. INVESTMENT IN WELLINGTON NORTH POWER INC.

Wellington North Power Inc. is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Township of Wellington North owns 96.71% of the outstanding shares of Wellington North Power Inc.

The following summarizes the financial position and operations of the government business enterprise, which has been reported in these financial statements using the modified equity method:

	2025	2024
Investment in common shares	$ 1,585,016	$ 1,585,016
Note receivable on demand, interest at 4.54%	985,016	985,016
Share of accumulated net income	4,980,390	4,748,310
	$ 7,550,422	$ 7,318,342

During 2025, The Corporation of the Township of Wellington North received interest of $44,720 (2024 - $44,720) and dividends of $97,642 (2024 - $119,520) from Wellington North Power Inc. The corporation paid service fees of $129,558 (2024 - $116,344) and other expenses of $36,903 (2024 - $31,199) to Wellington North Power Inc.

The following is selected financial information from the December 31, 2025 audited financial statements of Wellington North Power Inc.

	2025	2024
Assets	$ 19,884,193	$ 19,156,953
Liabilities	$ 12,216,460	$ 11,941,660
Equity	7,514,419	7,106,462
Regulatory balances	153,314	108,831
	$ 19,884,193	$ 19,156,953
Revenues	$ 19,154,860	$ 17,815,647
Expenses	18,645,939	17,142,562
Net income for the year	$ 508,921	$ 673,085

6. DEFERRED REVENUE

	DEC 31/24	CONTRI-BUTIONS RECEIVED	INVEST-MENT INCOME	REVENUE RECOGNIZED	DEC 31/25
OBLIGATORY RESERVE FUNDS					
Development charges	$12,047,098	$ 1,277,833	$ 322,640	$ (676,051)	$12,971,520
Recreational land	961,644	163,750	25,754	(41,836)	1,109,312
OCIF funding	531,723	1,429,951	14,241	(887,808)	1,088,107
Gas tax	1,084,852	407,117	29,055	(520,938)	1,000,086
	14,625,317	3,278,651	391,690	(2,126,633)	16,169,025
OTHER	440,126	631,674	0	(528,144)	543,656
	$15,065,443	$ 3,910,325	$ 391,690	$(2,654,777)	$16,712,681

7. LONG TERM DEBT

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

	2025	2024
Tile drainage loans payable, 6%, due 2035	$ 82,686	$ 42,372
Debenture payable, 3.65%, payable $282,626 semi-annually, principal and interest, due July 2031	3,021,041	3,463,998
	$ 3,103,727	$ 3,506,370

Principal repayments, in aggregate, are due as follows:

2026	$ 473,156
2027	490,909
2028	509,244
2029	516,313
2030	535,353
Thereafter	578,752
	$ 3,103,727

8. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations have been defined in accordance with industry standards and include decommissioning and rehabilitation costs related to various assets put into use by the corporation from 1948 to 2014. At year end, the estimated liability for these obligations is $656,996 (2024 - $636,315). This obligation is inflated based on an average annual rate of 3.45% per year and discounted at a rate of 2.25%. The corporation has not made allocations to fund the liability at this time, and future expenses are anticipated to be funded from taxation billings.

9. OTHER INCOME

	2025 Budget (note 10)	2025 Actual	2024 Actual
Investment income (note 5)	$ 544,000	$ 1,548,239	$ 2,096,678
Rents, concessions, and franchises	892,566	814,774	1,084,594
Penalties and interest on taxation	160,000	345,591	222,640
Donations	2,000	266,293	202,710
Government business enterprise (note 5)	0	232,080	387,260
Miscellaneous	96,875	162,899	155,039
Developer contributions	1,124,564	102,014	232,398
Gain on disposal of tangible capital assets	0	10,754	698,658
Other fines and penalties	3,750	1,575	4,070
	$ 2,823,755	$ 3,484,219	$ 5,084,047

10. BUDGET AMOUNTS

The budget figures are presented for comparison purposes as prepared and approved by Council, reclassified to conform to the current consolidated financial statement presentation. The budgeted figures are prepared on the cash basis of accounting and have been restated to conform to the accrual basis of accounting on which the actual figures are reported. The following chart reconciles the approved budget with the budget figures as presented in these consolidated financial statements:

Revenue	
Approved Budget	$ 34,973,908
Transfers from reserves and reserve funds, net	(3,156,413)
Prior year carried forward	(2,600,772)
Total revenues	29,216,723
Expenses	
Approved Budget	34,973,908
Acquisition of tangible capital assets	(13,245,030)
Debt principal repayments	(442,957)
Amortization	6,743,768
Contribution to Operating from Capital Fund, Reserves and Reserve Funds	(5,838,535)
Total expenses	22,191,154
Annual surplus	$ 7,025,569

11. PENSION AGREEMENTS

The corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 89 (2024 - 81) members of its staff. This plan is a defined benefit plan that specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2025 by the corporation was $455,864 (2024 - $372,901). The contribution rate for 2025 was 9.0% to 14.6%, depending on age and income level, which is consistent with the previous year.

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 corporation does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2025. At that time, the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion actuarial deficit), based on accrued pension obligations of $149.6 billion (2024 - $140.8 billion) and net assets available for benefits of $145.6 billion (2024 - $138.4 billion).

12. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON

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

	2025	2024
School Boards	$ 4,240,724	$ 4,233,958
County of Wellington	14,229,488	13,627,125
	$ 18,470,212	$ 17,861,083

13. TRUST FUNDS

The trust funds administered by the corporation amounting to $477,518 (2024 - $441,954) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations.

14. CONTINGENT LIABILITIES

The corporation is subjected to legal claims in the ordinary course of its operations. At the date of issuance of these consolidated financial statements, there was one such claim outstanding. It is the opinion of management that any liability arising from this claim will be covered by insurance, and that any remaining liability not covered by insurance would not be material to the consolidated financial statements.

15. COMMITMENTS

The Corporation of the Township of Wellington North has entered into several contracts as of year end, including maintenance, paving, and excavating services. The expected future payments until the conclusion of the contracts are as follows:

2026	$ 2,930,754

16. SEGMENTED INFORMATION

The Corporation of the Township of Wellington North is a diversified municipal government institution that provides a wide range of services to its residents such as fire, sewer, water, recreational, and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government
This segment relates to the governance and operations of the corporation itself and cannot be directly attributed to another specific segment.

Protection to Persons and Property
Protection is comprised of fire protection, conservation authority, emergency measures, animal control, and building and structural inspection. The fire department is responsible to provide fire suppression service, fire prevention programs, training, and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation Services
Transportation services is responsible for construction and maintenance of the corporation's roadways, bridges, parking areas, and streetlights.

Environmental Services
This segment provides the corporation's drinking water, processes, and cleans sewage and ensures the corporation's water systems meet all provincial standards.

Health Services
Health services includes contributions to the operations of local cemeteries.

16. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services
This segment provides services meant to improve the health and development of the corporation's residents. The corporation operates and maintains parks, arenas, swimming pools, and community centres. The corporation also provides recreational programs.

Planning and Development
This segment is responsible for planning and zoning, including the official plan. This service area also includes tourist information and promotion, economic development, business improvement area, and drainage.

17. MATERIAL UNCERTAINTY RELATED TO TARIFFS

As of the date of these consolidated financial statements, the corporation faces material uncertainty regarding the potential impact of tariffs and trade restrictions on its operations, cost structure, and potential revenues. Ongoing changes in tariffs and international trade policies, particularly those implemented by major trading partners such as the United States of America, the European Union, and China, create uncertainty around procurement strategies, supply chain logistics, and future demand for the corporation's services (e.g. building permits).

The corporation recognizes that the outcome of ongoing tariff-related uncertainties and trade negotiations may materially affect its operations, financial position, and cash flows in the future if tariffs or other new trade barriers are imposed. This includes potential increases in tangible capital asset purchase costs, delays in the supply chain, and disruptions in global trade. As such, there remains a material uncertainty regarding the financial impact of these tariffs, and the full extent of the potential effects on the corporation cannot be reasonably estimated at this time. The corporation continues to monitor and assess the evolving trade environment and is taking steps to mitigate the risks related to these potential tariffs.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

SCHEDULE OF SEGMENTED DISCLOSURE *Schedule 1*

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2025	2024
EXPENSES									
Salaries and benefits	$ 1,133,988	$ 833,894	$ 2,123,637	$ 920,233	$ 24,703	$ 1,149,802	$ 591,219	$ 6,777,476	$ 6,080,220
Materials	537,795	560,232	1,953,173	1,464,959	176,127	983,986	382,160	6,058,432	6,030,926
Contracted services	414,841	389,391	195,428	970,167	2,332	170,962	151,171	2,294,292	2,212,680
Rents and financial expenses	101,084	0	0	0	0	0	0	101,084	110,631
Interest on long term debt	0	0	0	122,296	0	0	0	122,296	149,182
Amortization	85,961	224,661	4,619,328	1,738,550	2,473	550,491	0	7,221,464	6,743,768
Other	63,761	234,938	0	45,221	0	0	2,717	346,637	296,067
	$ 2,337,430	$ 2,243,116	$ 8,891,566	$ 5,261,426	$ 205,635	$ 2,855,241	$ 1,127,267	$22,921,681	$21,623,474

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS *Schedule* **2**

FOR THE YEAR ENDED DECEMBER 31, 2025

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	2025	2024
COST									
Balance, beginning of year	$ 7,005,713	$ 21,568,931	$ 35,870,566	$ 10,460,265	$ 160,481,509	$ 10,909,916	$ 44,999,891	$ 291,296,791	$ 282,391,809
Additions during the year	117,794	1,147,825	498,723	516,784	2,661,635	1,376,733	1,961,066	8,280,560	9,604,390
Disposals during the year	0	0	(129,310)	(247,254)	(205,103)	(37,996)	(120,778)	(740,441)	(699,408)
Balance, end of year	7,123,507	22,716,756	36,239,979	10,729,795	162,938,041	12,248,653	46,840,179	298,836,910	291,296,791
ACCUMULATED AMORTIZATION									
Balance, beginning of year	787,517	9,139,740	14,843,475	4,962,707	112,492,584	4,264,896	16,318,638	162,809,557	156,685,444
Amortization for the year	789,903	462,927	672,399	644,744	3,021,403	216,612	1,413,476	7,221,464	6,743,768
Accumulated amortization on disposals	0	0	(129,310)	(247,254)	(199,014)	(37,996)	(73,215)	(686,789)	(619,655)
Balance, end of year	1,577,420	9,602,667	15,386,564	5,360,197	115,314,973	4,443,512	17,658,899	169,344,232	162,809,557
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 5,546,087	$ 13,114,089	$ 20,853,415	$ 5,369,598	$ 47,623,068	$ 7,805,141	$ 29,181,280	$ 129,492,678	$ 128,487,234

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is $13,968,935 (2024 - $12,044,354).

No contributed capital assets were recognized in the consolidated financial statements during the year.

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS *Schedule 3*

AS AT DECEMBER 31, 2025

	2025	2024
SURPLUSES		
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	$129,492,678	$128,487,234
Unexpended capital financing	5,922,741	2,964,504
	135,415,419	131,451,738
Investment in Wellington North Power Inc.	7,550,422	7,318,342
Recreation, community centres and arenas	(6,296)	(5,430)
Business improvement areas	(183,465)	(153,862)
Other	18,827	16,494
	142,794,907	138,627,282
RESERVE FUNDS		
Capital purposes	24,118,446	24,838,643
RESERVES		
Working funds	533,144	990,392
Current purposes	1,515,585	1,273,502
Capital purposes	23,827	19,699
	2,072,556	2,283,593
	$168,985,909	$165,749,518

See notes to the consolidated financial statements

Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of: The Corporation of the Township of Wellington North

Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Wellington North trust funds, 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 Corporation of the Township of Wellington North trust funds as at December 31, 2025 and the results of their operations 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 Wellington North 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 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 funds' 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.

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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 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.

RLB LLP

Guelph, Ontario
August 10, 2026

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS

STATEMENTS OF FINANCIAL POSITION AND CONTINUITY

AS AT DECEMBER 31, 2025

	Subdividers	Cemetery Care and Maintenance	History Books	2025	2024
STATEMENT OF FINANCIAL POSITION					
Assets					
Cash	$ 0	$ 146	$ 0	$ 146	$ 144
Investments (note 2)	2,992	472,995	9,988	485,975	429,911
Due from Township	0	0	0	0	16,221
Accounts receivable	0	0	0	0	606
	$ 2,992	$ 473,141	$ 9,988	$ 486,121	$ 446,882
Liabilities					
Due to Township	$ 0	$ 7,853	$ 0	$ 7,853	$ 4,178
Prepaid plots	0	750	0	750	750
	0	8,603	0	8,603	4,928
Fund balance	2,992	464,538	9,988	477,518	441,954
	$ 2,992	$ 473,141	$ 9,988	$ 486,121	$ 446,882
STATEMENT OF CONTINUITY					
Fund balance, beginning of year	$ 2,866	$ 429,520	$ 9,568	$ 441,954	$ 408,325
Receipts					
Interest earned	126	18,843	420	19,389	19,753
Gain on disposal of investments	0	7,578	0	7,578	16,228
Share of plot sales	0	25,041	0	25,041	14,327
Monument fees	0	2,400	0	2,400	2,500
	126	53,862	420	54,408	52,808
Disbursements					
Transfer to municipality	0	18,844	0	18,844	19,179
Fund balance, end of year	$ 2,992	$ 464,538	$ 9,988	$ 477,518	$ 441,954

See notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of The Corporation of the Township of North Wellington are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and Canadian public sector accounting standards. 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) Sources of financing and expenditures are reported on the accrual basis of accounting.

(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.

2. INVESTMENTS

Total investments of $485,975 (2024 - $429,911) reported on the statement of financial position at cost have a market value of $507,235 (2024 - $412,307).