

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF NIPISSING**

Year ended December 31, 2025

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

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Management's Responsibility for the Financial Statements

The accompanying financial statements of The Corporation of the Township of Nipissing (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

Municipal Administrator-Clerk-Treasurer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, residents, and ratepayers of the Corporation of the Township of Nipissing

Opinion

We have audited the financial statements of the Corporation of the Township of Nipissing (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and accumulated surplus, its changes in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

March 4, 2026

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	\$ 4,044,348	\$ 2,315,728
Short-term investments (note 3)	-	2,505,450
Taxes receivable	249,733	165,100
Accounts receivable (note 4)	292,174	164,026
	<u>4,586,255</u>	<u>5,150,304</u>
Financial liabilities		
Accounts payable and accrued liabilities	319,048	355,214
Deferred revenue (note 5)	78,380	249,627
Deferred revenue - obligatory reserve funds (note 6)	198,766	225,629
Municipal debt (note 7)	447,884	730,111
Asset retirement obligation (note 8)	5,266,997	3,952,809
	<u>6,311,075</u>	<u>5,513,390</u>
Net debt	(1,724,820)	(363,086)
Non-financial assets		
Tangible capital assets (note 9)	19,111,929	18,518,366
Prepaid expenses	63,825	63,865
Inventories	210,744	165,232
	<u>19,386,498</u>	<u>18,747,463</u>
Commitments (note 18)		
Accumulated surplus (note 10)	\$ 17,661,678	\$ 18,384,377

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 15)	2025 Total	2024 Total
Revenues:			
Municipal taxation	\$ 3,613,011	\$ 3,677,660	\$ 3,437,281
Government transfers and grants (note 12)	1,073,095	1,177,726	670,247
Transfer from obligatory reserve funds	115,870	149,079	99,131
Other	350,006	322,595	324,050
User fees	160,850	196,666	159,997
	<u>5,312,832</u>	<u>5,523,726</u>	<u>4,690,706</u>
Expenses:			
General government	814,719	857,366	800,967
Protection to persons and property	945,904	926,013	901,961
Transportation services	1,827,249	1,916,461	1,877,196
Environmental services	401,648	397,381	382,523
Health, social and family services	603,824	581,200	564,203
Recreational and cultural services	242,555	276,099	187,610
Planning and development	7,500	5,717	686
	<u>4,843,399</u>	<u>4,960,237</u>	<u>4,715,146</u>
Annual surplus (deficit) before the undernoted	469,433	563,489	(24,440)
Asset retirement obligation - accretion expense	-	(1,314,188)	(273,170)
Gain on disposal of tangible capital assets	-	28,000	3,103
Annual surplus (deficit)	469,433	(722,699)	(294,507)
Accumulated surplus, beginning of year	18,384,377	18,384,377	18,678,884
Accumulated surplus, end of year	<u>\$ 18,853,810</u>	<u>\$ 17,661,678</u>	<u>\$ 18,384,377</u>

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Changes in Net Debt

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 15)	2025 Total	2024 Total
Annual surplus (deficit)	\$ 469,433	\$ (722,699)	\$ (294,507)
Acquisition of tangible capital assets	-	(1,415,178)	(343,829)
Amortization of tangible capital assets	-	821,615	817,879
Gain on sale of tangible capital assets	-	(28,000)	(3,103)
Proceeds on sale of tangible capital assets	-	28,000	5,000
	469,433	(1,316,262)	181,440
Acquisition of prepaid expenses and inventory of supplies	-	(274,569)	(229,097)
Consumption of prepaid expenses and inventory of supplies	-	229,097	190,397
	-	(45,472)	(38,700)
Change in net financial assets (debt)	469,433	(1,361,734)	142,740
Net debt, beginning of year	(363,086)	(363,086)	(505,826)
Net financial assets (debt), end of year	\$ 106,347	\$ (1,724,820)	\$ (363,086)

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (722,699)	\$ (294,507)
Items not involving cash:		
Amortization of tangible capital assets	821,615	817,879
Accretion expense	1,314,188	273,170
Gain on sale of tangible capital assets	(28,000)	(3,103)
	1,385,104	793,439
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(84,633)	32,435
Decrease (increase) in accounts receivable	(128,148)	36,926
Increase (decrease) in accounts payable and accrued liabilities	(36,166)	105,788
Decrease (increase) in prepaid expenses	40	(3,551)
Increase in inventories	(45,512)	(35,149)
Increase (decrease) in deferred revenue - obligatory reserve funds	(26,863)	22,694
Increase (decrease) in deferred revenue	(171,247)	249,627
Net change in cash from operating activities	892,575	1,202,209
Financing activities:		
Proceeds on issuance of municipal debt	-	79,894
Principal repayments on municipal debt	(282,227)	(264,211)
Net change in cash from financing activities	(282,227)	(184,317)
Capital activities:		
Proceeds on sale of tangible capital assets	28,000	5,000
Acquisition of tangible capital assets	(1,415,178)	(343,829)
Net change in cash from capital activities	(1,387,178)	(338,829)
Investing activities:		
Decrease in short-term investments	2,505,450	4,838
Net change in cash from investing activities	2,505,450	4,838
Net change in cash	1,728,620	683,901
Cash, beginning of year	2,315,728	1,631,827
Cash, end of year	\$ 4,044,348	\$ 2,315,728

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements

Year ended December 31, 2025

The Corporation of the Township of Nipissing (the "Township") is a Township in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The financial statements of the Township are prepared by management, in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

- (i) These financial statements reflect contributions to the following joint local boards, which are not under the direct control of council, as an expense in the statement of operations and accumulated surplus:

- The District of Parry Sound Social Services Administration Board
- North Bay Parry Sound District Health Unit
- Eastholme, Home for the Aged

- (ii) Accounting for School Board Transactions:

Although the Township collects taxation on behalf of the School Boards, the assets, liabilities, revenues and expenses relating to the operations of the school boards are not reflected in these financial statements (note 11).

- (iii) Trust Funds:

Trust funds and their related operations administered by the Township are not included in these financial statements (note 13).

(b) Basis of accounting:

- (i) Accrual basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized as they are earned 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. Amounts applied to specific operating and capital projects are recorded as revenue in the fiscal period in which the funds are expended on these projects.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(i) Investments:

Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of short-term instruments of various financial institutions. Investments with original maturity dates between three months and one year are classified as investments in the statement of financial position and are carried at fair market value.

Investment income earned on the short-term instruments, reserves and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(ii) Reserves:

Certain amounts, as approved by Council, 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.

(iii) Revenue recognition:

The Township prepares tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenue from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the Township satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the Township has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(iv) Use of estimates:

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and asset retirement obligations.

Actual results could differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(v) Pension plan:

The Township provides a pension plan for all its full-time employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the Fund), and provides pension for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Township to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefits expense when they are due.

(c) 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.

(d) Deferred revenue:

Funds received for specific purposes which are for future services are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the statement of operations in the year in which services are provided.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(e) Obligatory reserve funds - deferred revenue:

The Township receives contributions pursuant to legislation, regulations or agreements that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life
Roads and bridges	17 to 100 years
Buildings	40 years
Equipment	5 to 20 years
Vehicles	10 to 25 years

Amortization is charged using the half year rule in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets:

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

(ii) Works of art and culture and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

(h) Asset retirement obligation:

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

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that the future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(h) Asset retirement obligation (continued):

The liability for closure of operational sites and 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 on closure of the site and post-closure care.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a 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 depreciation accounting policies outlined in note 1(f).

2. Contributions to unconsolidated joint boards:

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

	2025	2024
North Bay Parry Sound District Health Unit	\$ 60,041	\$ 57,182
District of Parry Sound Social Services Administration Board	188,256	182,247
Eastholme, Home for the Aged	146,823	142,234
	\$ 395,120	\$ 381,663

3. Short-term investments:

The Township, in accordance with its Investment Policy, has invested as follows in guaranteed investment certificates. Interest is recognized in the Township's financial statements as it accrues.

	2025	2024
GIC – 4.90% due February 22, 2025	\$ –	\$ 5,450
GIC – 4.15% due April 22, 2025	–	2,500,000
	\$ –	\$ 2,505,450

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Accounts receivable:

Accounts receivable consist of the following:

	2025	2024
GST/HST recoverable	\$ 213,275	\$ 84,197
Other	78,899	79,829
	<u>\$ 292,174</u>	<u>\$ 164,026</u>

5. Deferred revenue:

Details of the deferred revenue reported on the Statement of Financial Position are as follows:

	2025	2024
Ontario Community Infrastructure Fund (OCIF)	\$ 78,380	\$ 151,947
Northern Ontario Resource Development Support (NORDS)	–	97,680
	<u>\$ 78,380</u>	<u>\$ 249,627</u>

The continuity of deferred revenue is as follows:

	2025	2024
Balance, beginning of year	\$ 249,627	\$ –
Add amounts received:		
OCIF	129,155	151,947
NORDS	84,977	97,680
Interest Earned	26,080	–
	<u>240,212</u>	<u>249,627</u>
Less transfer to operations:		
OCIF	216,100	–
NORDS	195,359	–
	<u>411,459</u>	<u>–</u>
Balance, end of year	<u>\$ 78,380</u>	<u>\$ 249,627</u>

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Deferred revenue - obligatory reserves funds:

The balance in the obligatory reserve funds of the Township is summarized below:

	2025	2024
Parkland	\$ 143,695	\$ 154,545
Canada Community-Building Fund	55,071	71,084
	<u>\$ 198,766</u>	<u>\$ 225,629</u>

The continuity of deferred revenue is as follows:

	2025	2024
Balance, beginning of year	\$ 225,629	\$ 202,935
Add amounts received:		
Canada Community-Building Fund	115,870	111,235
Canada Community-Building Fund adjustment	–	(1,520)
Investment income	6,346	12,110
	<u>122,216</u>	<u>121,825</u>
Less transfer to operations:		
Canada Community-Building Fund revenue earned	(134,079)	(99,131)
Parkland Fund revenues earned	(15,000)	–
	<u>\$ 198,766</u>	<u>\$ 225,629</u>

Included within cash are restricted amounts of \$198,766 (2024 - \$225,629) with respect to the above obligatory reserve funds.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Municipal debt:

Long-term liabilities reported on the statement of financial position are made up of the following:

	2025	2024
Loan payable, interest at 2.68%, repayable in monthly installments of blended monthly payments of principal and interest, secured by a specified asset, due May 2025.	\$ —	\$ 3,594
Loan payable, interest at 2.67%, repayable in monthly installments of \$1,265 principal and interest, secured by a specified asset, due August 2025.	—	9,319
Loan payable, interest at 2.67%, repayable in monthly installments of \$5,244 principal and interest, secured by a specified asset, due September 2025.	—	68,979
Loan payable, interest at 3.50%, repayable in monthly installments of \$2,547 principal and interest, secured by a specified asset, due November 2026.	26,919	56,007
Loan payable, interest at 5.76%, repayable in monthly installments of \$6,377 principal and interest, secured by a specified asset, due October 2027.	131,647	198,724
Loan payable, interest at 5.68%, repayable in monthly installments of \$5,887 principal and interest, secured by a specified asset, due April 2028.	153,114	213,457
Loan payable, interest at 6.29%, repayable in monthly installments of \$2,920 principal and interest, secured by a specified asset, due April 2028.	75,289	104,739
Loan payable, interest at 6.09%, repayable in monthly installments of \$1,548 principal and interest, secured by a specified asset, due August 2029.	60,915	75,292
	\$ 447,884	\$ 730,111

Principal payments due on municipal debt are as follows:

2026	\$ 208,213
2027	177,610
2028	49,924
2029	12,137
	\$ 447,884

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Asset retirement obligation:

The Township's asset retirement obligation consists of several obligations as follows:

(a) Landfill obligation:

The Township owns and operates two landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 *Asset Retirement Obligation*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date.

Wolfe Lake

The landfill is expected to reach its capacity in 16.2 years, and the estimated remaining capacity is 35,600 cubic meters, which is 65% of the site's total capacity.

Bear Creek

The landfill is expected to reach its capacity in 7.9 years, and the estimated remaining capacity is 10,158 cubic meters, which is 25% of the site's total capacity.

Post-closure care for the landfill sites is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2025 using a discount rate of - 3.31% per annum.

(b) Asbestos obligation:

The Township owns and operates 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 or remediate it. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

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

Asset retirement obligation	Landfill closure	Asbestos removal	Balance at December 31, 2025
Opening balance	\$ 3,650,922	\$ 301,887	\$ 3,952,809
Accretion expense	1,311,621	2,567	1,314,188
Closing balance	\$ 4,962,543	\$ 304,454	\$ 5,266,997

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Asset retirement obligation (continued):

Asset retirement obligation	Landfill closure	Asbestos removal	Balance at December 31, 2024
Opening balance	\$ 3,569,639	\$ 110,000	\$ 3,679,639
Accretion expense	81,283	191,887	273,170
Closing balance	\$ 3,650,922	\$ 301,887	\$ 3,952,809

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals	Balance at December 31, 2025
Land	\$ 342,322	\$ -	\$ -	\$ 342,322
Roads and bridges	27,766,434	1,082,472	-	28,848,906
Buildings	4,787,807	31,953	-	4,819,760
Vehicles	1,775,559	-	-	1,775,559
Equipment	2,476,244	300,753	(102,500)	2,674,497
Total	\$ 37,148,366	\$ 1,415,178	\$ (102,500)	\$ 38,461,044

Accumulated Amortization	Balance at December 31, 2024	Disposals	Amortization	Balance at December 31, 2025
Land	\$ -	\$ -	\$ -	\$ -
Roads and bridges	12,721,492	-	535,173	13,256,665
Buildings	4,189,248	-	27,860	4,217,108
Vehicles	610,271	-	104,755	715,026
Equipment	1,108,989	(102,500)	153,827	1,160,316
Total	\$ 18,630,000	\$ (102,500)	\$ 821,615	\$ 19,349,115

	Net book value, December 31, 2024	Net book value, December 31, 2025
Land	\$ 342,322	\$ 342,322
Roads and bridges	15,044,942	15,592,241
Buildings	598,559	602,652
Vehicles	1,165,288	1,060,533
Equipment	1,367,255	1,514,181
Total	\$ 18,518,366	\$ 19,111,929

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Land	\$ 342,322	\$ -	\$ -	\$ 342,322
Roads and bridges	27,661,086	105,348	-	27,766,434
Buildings	4,771,422	16,385	-	4,787,807
Vehicles	1,732,367	81,145	(37,953)	1,775,559
Equipment	2,335,293	140,951	-	2,476,244
Total	\$ 36,842,490	\$ 343,829	\$ (37,953)	\$ 37,148,366

Accumulated Amortization	Balance at December 31, 2023	Disposals	Amortization	Balance at December 31, 2024
Land	\$ -	\$ -	\$ -	\$ -
Roads and bridges	12,190,945	-	530,547	12,721,492
Buildings	4,161,143	-	28,105	4,189,248
Vehicles	554,914	(36,056)	91,413	610,271
Equipment	941,175	-	167,814	1,108,989
Total	\$ 17,848,177	\$ (36,056)	\$ 817,879	\$ 18,630,000

	Net book value, December 31, 2023	Net book value, December 31, 2024
Land	\$ 342,322	\$ 342,322
Roads and bridges	15,470,141	15,044,942
Buildings	610,279	598,559
Vehicles	1,177,453	1,165,288
Equipment	1,394,118	1,367,255
Total	\$ 18,994,313	\$ 18,518,366

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

10. Accumulated surplus:

The Township's accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2025	2024
Investment in tangible capital assets	\$ 19,111,927	\$ 18,518,366
Amounts to be recovered in future years, net of current reserve fund balance	(4,640,463)	(4,682,920)
Current fund	(480,711)	199,893
Reserve funds:		
Working capital	1,411,967	1,582,628
Capital	2,258,958	2,766,410
	3,670,925	4,349,038
	\$ 17,661,678	\$ 18,384,377

11. Operations of school boards:

Further to note 1 (a) (ii), the property taxes collected on behalf of the school boards are \$658,831 (2024 - \$653,201).

12. Government transfers and grants:

The Township's government transfers and grants consist of funding sources as follows:

	2025	2024
Ontario Municipal Partnership Fund	\$ 717,300	\$ 634,200
Ontario Community Infrastructure Fund	216,100	–
Northern Ontario Resource Development Support	195,359	–
Ministry of Transportation Grant	26,232	–
Other	22,735	8,047
Northern Ontario Heritage Fund Corporation	–	28,000
	\$ 1,177,726	\$ 670,247

13. Trust funds:

Trust Funds administered by the Township amounting to \$157,475 (2024 - \$147,768) have not been included on the statement of financial position nor have their operations been included in the statement of operations and accumulated surplus.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

14. Pension agreement:

OMERS provides pension services to more than 500,000 active and retired members and approximately 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 most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total going concern actuarial liabilities of \$ 151,365 million (2024 - \$142,489 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$ 150,043 million (2024 - \$139,576 million) indicating a going concern actuarial deficit of \$1,322 million (2024 - \$2,913 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 and the Board's share is not determinable. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2025 was \$114,195 (2024 - \$96,836) for current service. Employer's contributions for current services are included as an expense in the statement of operations.

15. Budget figures:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in the net financial assets represent the financial plan adopted by Council with adjustment as follows:

Annual surplus per budget approved by Council	\$	–
Less:		
Transfers to and from reserve funds		(1,329,153)
Add:		
Debt principal repayments		298,703
Capital additions		1,499,883
		<hr/> 1,798,586
Surplus per revised budget	\$	<hr/> 469,433

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

16. Credit facility:

The Township has a revolving line of credit available to them through the Royal Bank of Canada. In accordance with the terms of their credit agreement, the Township may borrow an amount not to exceed 50% of estimated revenues between January and September 30th, and an amount not to exceed 25% of estimated revenues between October 1st and December 31st. The credit facility bears interest at the Royal Bank of Canada prime rate.

As of December 31, 2025, \$Nil were drawn against this credit facility (2024 - \$Nil).

17. Public sector salary disclosure:

During 2025, three employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

18. Commitments:

In 2006, the Township passed a resolution which allows for a total contribution of \$200,000 over a 20 year period to the new North Bay Regional Health Centre Project. At December 31, 2025, the Township has paid \$190,000 (2024 - \$180,000) towards its total contribution.

19. Comparative information:

Certain 2024 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

20. Financial instruments:

(a) Risks arising from financial instruments and risk management:

The Township is exposed to various risks through its financial instruments.

(b) Credit risk:

Credit risk is the risk of financial loss to the Township if a debtor fails to honor its contractual obligations. The Township is exposed to this risk as a result of its cash, investments and accounts receivable. The carrying amounts of these financial assets on the statement of financial position represent the maximum credit risk of the Township as at the reporting date.

The Township holds its cash and investments with a federally regulated chartered bank and a provincially regulated credit union who are insured, respectively, by the Canadian Deposit Insurance Corporation ("CDIC") and the Financial Services Regulatory Authority of Ontario ("FSRA"). The CDIC insurance is up to \$100,000 per deposit account and the FSRA insurance is up to \$250,000 in aggregate.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

20. Financial instruments (continued):

(b) Credit risk (continued):

Accounts receivables are primarily due from other levels of government. Credit risk is mitigated by the financial solvency of the governments. The amounts outstanding at year-end were as follows:

2025	Current	Past due	Indeterminate due date	Total
Federal	\$ 239,507	\$ –	\$ –	\$ 239,507
Provincial	14,307	–	–	14,307
Other	38,360	–	–	38,360
Net receivable	\$ 292,174	\$ –	\$ –	\$ 292,174

2024	Current	Past due	Indeterminate due date	Total
Federal	\$ 119,197	\$ –	\$ –	\$ 119,197
Provincial	–	–	–	–
Other	44,829	–	–	44,829
Net receivable	\$ 164,026	\$ –	\$ –	\$ 164,026

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

(c) Liquidity risk:

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they become due. The Township is exposed to this risk with respect to its accounts payable and accrued liabilities and long-term debt. The Township maintains sufficient cash balances to meet its obligations, and does not believe it is subject to significant liquidity risk.

The table below sets out the payable dates of the Township's accounts payable and accrued liabilities. This includes planning-related accounts which have an indeterminate payable date as they are settled when the related planning application has been finalized. The long-term debt repayment schedule is disclosed in Note 7.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

20. Financial instruments (continued):

(c) Liquidity risk (continued):

2025							
	Within 6 months	6 months to 1 year	1 to 5 years	5 years	Indeterminate payable date	Total	
Accounts payable and accrued liabilities	\$ 319,048	\$ –	\$ –	\$ –	\$ –	\$ 319,048	
Long term debts	104,106	104,106	239,672	–	–	447,884	
2024							
	Within 6 months	6 months to 1 year	1 to 5 years	5 years	Indeterminate payable date	Total	
Accounts payable and accrued liabilities	\$ 355,214	\$ –	\$ –	\$ –	\$ –	\$ 355,214	
Long term debts	141,113	141,114	447,884	–	–	730,111	

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

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Township is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Township to a fair value risk.

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

21. Segmented information:

The Township of Nipissing is a diversified municipal government institution that provides a wide range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocations methodologies are employed in the preparation of segmented financial information.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2025

21. Segmented information (continued):

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

Includes corporate services and governance of the Township. General Government is responsible for human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

Protection Services

Protection includes police and fire services, animal control, and the building department. The police services work to ensure the safety and protection of citizens and their property. The volunteer fire department is responsible for the provision of fire suppression services, fire prevention programs, training and education. The building department provides a number of services including maintenance and enforcement of building and construction codes.

Transportation Services

Areas of responsibility include the maintenance of the Township's roadway systems.

Environmental Services

Environmental services consist of the provision of recycling and waste disposal services to citizens.

Health, Social and Family Services

The Township provides ambulance service through Parry Sound District Emergency Medical Services (EMS), a range of public health services through the North Bay Parry Sound District Health Unit and family and social services through the District of Parry Sound Social Services Administration Board.

Recreation and Cultural Services

Recreation and cultural services is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development

Planning and development is responsible for municipal planning, and the review of all property development plans through its application process.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Schedule to Note 21 - Segmented Information

Year ended December 31, 2025

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated amounts	2025 Total
Revenues:									
Municipal taxation	\$ -	-	-	-	-	-	-	3,677,660	\$ 3,677,660
Government transfers and grants	16,823	-	437,691	-	-	5,912	-	717,300	1,177,726
Transfer from obligatory gas tax reserve	-	-	149,079	-	-	-	-	-	149,079
Other	179,869	119,261	-	-	4,001	19,464	-	-	322,595
User fees	6,495	21,774	14,984	101,477	8,455	28,481	15,000	-	196,666
	203,187	141,035	601,754	101,477	12,456	53,857	15,000	4,394,960	5,523,726
Expenses:									
Salaries, wages and benefits	503,974	248,611	578,172	201,950	14,061	88,601	-	-	1,635,369
Materials	208,527	207,923	650,903	77,991	20,915	139,901	5,717	-	1,311,877
Contracted services	89,709	394,002	-	95,739	141,104	-	-	-	720,554
Interest	-	(4,021)	22,579	5,589	-	-	-	-	24,147
External transfers	-	-	-	-	405,120	41,555	-	-	446,675
Amortization of tangible capital assets	55,156	79,498	664,807	16,112	-	6,042	-	-	821,615
	857,366	926,013	1,916,461	397,381	581,200	276,099	5,717	-	4,960,237
Annual surplus (deficit) before the undernoted	(654,179)	(784,978)	(1,314,707)	(295,904)	(568,744)	(222,242)	9,283	4,394,960	563,489
Asset retirement obligation - accretion expense	-	-	-	(1,314,188)	-	-	-	-	(1,314,188)
Gain on disposal of tangible capital assets	-	28,000	-	-	-	-	-	-	28,000
Annual surplus (deficit)	\$ (654,179)	(756,978)	(1,314,707)	(1,610,092)	(568,744)	(222,242)	9,283	4,394,960	\$ (722,699)

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Schedule to Note 21 - Segmented Information

Year ended December 31, 2025

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated amounts	2024 Total
Revenues:									
Municipal taxation	\$ -	-	-	-	-	-	-	3,437,281	\$ 3,437,281
Government transfers and grants	28,000	-	-	-	-	8,047	-	634,200	670,247
Transfer from obligatory gas tax reserve	-	-	99,131	-	-	-	-	-	99,131
Other	222,933	76,342	-	-	6,669	18,106	-	-	324,050
User fees	7,681	13,372	6,135	86,694	5,595	28,340	12,180	-	159,997
	258,614	89,714	105,266	86,694	12,264	54,493	12,180	4,071,481	4,690,706
Expenses:									
Salaries, wages and benefits	499,668	250,514	561,223	180,615	20,476	64,468	-	-	1,576,964
Materials	154,545	204,134	623,317	60,845	14,583	74,257	686	-	1,132,367
Contracted services	90,619	368,333	-	117,619	137,481	-	-	-	714,052
Interest	-	1,047	31,784	7,332	-	-	-	-	40,163
External transfers	-	-	-	-	391,663	42,058	-	-	433,721
Amortization of tangible capital assets	56,135	77,933	660,872	16,112	-	6,827	-	-	817,879
	800,967	901,961	1,877,196	382,523	564,203	187,610	686	-	4,715,146
Annual surplus (deficit) before the undernoted	(542,353)	(812,247)	(1,771,930)	(295,829)	(551,939)	(133,117)	11,494	4,071,481	(24,440)
Asset retirement obligation - accretion expense	-	-	-	(273,170)	-	-	-	-	(273,170)
Gain on disposal of tangible capital assets	-	3,103	-	-	-	-	-	-	3,103
Annual surplus (deficit)	\$ (542,353)	(809,144)	(1,771,930)	(568,999)	(551,939)	(133,117)	11,494	4,071,481	\$ (294,507)