Consolidated Financial Statements of

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Year ended December 31, 2025

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

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INDEPENDENT AUDITOR'S REPORT

To the To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Kincardine of The Corporation of the Municipality of Kincardine

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Kincardine (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

- 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.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 22, 2026

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

		2025		2024
Financial assets				
Cash (note 3)	$	52,830,924	$	57,547,495
Taxes receivable		2,448,286		1,805,750
Trade and other receivables		5,628,923		4,919,411
Inventory held for resale		66,842		98,415
Long-term investments – other (note 4)		33,977,913		27,781,675
Investment in Westario Power Inc. (note 5)		2,462,224		2,462,224
Loans receivable (note 7)		750,000		756,887
		98,165,112		95,371,857
Financial liabilities				
Accounts payable and accrued liabilities		6,916,338		6,554,950
Deferred revenue (note 24)		8,843,243		8,819,700
Long-term liabilities (note 10)		15,627,680		17,144,042
Post-employment benefits (note 16)		716,427		704,916
Asset retirement obligation liabilities (note 11)		2,751,923		2,960,200
		34,855,611		36,183,808
Net financial assets		63,309,501		59,188,049
Non-financial assets				
Inventory of supplies		421,248		362,149
Prepaid expenses		354,073		341,599
Tangible capital assets (note 8)		186,682,948		180,552,085
		187,458,269		181,255,833
Commitments and contingencies (note 21)				
Subsequent event (note 5)				
Accumulated surplus (note 12)	$	250,767,770	$	240,443,882

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Operations

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

	2025 Budget (note 18)	2025 Actual	2024 Actual
Revenue:			
Taxation	$ 25,362,023	$ 25,401,328	$ 23,475,660
Water and sewer charges	6,224,866	7,330,091	6,754,391
Fees and user charges	3,608,198	3,561,389	3,798,846
Grants (note 14)	4,444,783	4,985,215	3,540,568
Other income	8,077,370	7,686,541	10,601,807
Obligatory reserve fund revenue recognized	–	744,212	817,039
Dividends earned from Westario Power Inc. (note 5)	54,000	107,815	53,907
Gain on sale of Bruce Telecom Holdings Inc. (note 6)	–	1,044,923	(5,382,383)
Equity earnings from Bruce Telecom Holdings Inc. (note 6)	–	–	150,836
Total revenue	47,771,240	50,861,514	43,810,671
Expenses:			
General government	4,717,119	4,803,614	4,707,593
Protection services	4,974,154	5,071,746	5,048,914
Transportation services	6,591,986	9,634,098	8,832,398
Environmental services	6,464,902	11,089,435	7,469,633
Health services	1,692,356	1,063,118	999,934
Recreation and cultural services	6,086,490	7,443,799	7,141,745
Planning and development	1,649,462	1,431,816	1,386,529
Total expenses	32,176,469	40,537,626	35,586,746
Annual surplus	15,594,771	10,323,888	8,223,925
Accumulated surplus, beginning of year	240,443,882	240,443,882	232,219,957
Accumulated surplus, end of year	$ 256,038,653	$ 250,767,770	$ 240,443,882

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Change in Net Financial Assets

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

	2025	2024
Annual surplus	$ 10,323,888	$ 8,223,925
Acquisition and other changes of tangible capital assets	(14,361,046)	(17,433,034)
Amortization of tangible capital assets	8,170,142	7,576,905
Amortization of asset retirement obligations	9,142	10,391
Loss on disposal of tangible capital assets	21,381	3,574
Proceeds on disposal of tangible capital assets	29,518	161,251
	(6,130,863)	(9,680,913)
Change in prepaid expenses	(12,474)	1,606
Change in inventory of supplies	(59,099)	110,522
	(71,573)	112,128
Increase (decrease) in net financial assets	4,121,452	(1,344,860)
Net financial assets, beginning of year	59,188,049	60,532,909
Net financial assets, end of year	$ 63,309,501	$ 59,188,049

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 10,323,888	$ 8,223,925
Items not involving cash:		
Amortization of tangible capital assets	8,170,142	7,576,905
Amortization of asset retirement obligations	9,142	10,391
Contributed tangible capital assets	–	(1,024,500)
Accretion expense	96,388	101,646
Change in asset retirement obligation liabilities	(310,440)	(2,356,208)
Post-employment benefits payable	11,511	76,179
Loss on sale tangible of capital assets	21,381	3,574
Equity earnings from Bruce Telecom Holdings Inc. (note 6)	–	(150,836)
Gain on sale of Bruce Telecom Holdings Inc.	(1,044,923)	5,382,383
Net change in non-cash assets and liabilities:		
Taxes receivable	(642,536)	47,015
Trade and other receivables	(709,512)	8,953
Inventory held-for-resale	31,573	(34,679)
Change in inventories of supplies	(59,099)	110,522
Change in prepaid expenses	(12,474)	1,606
Accounts payable and accrued liabilities	361,388	(204,355)
Deferred revenue	23,543	(1,456,940)
	16,269,972	16,315,581
Capital transactions:		
Cash used to acquire tangible capital assets	(14,355,271)	(16,890,755)
Proceeds on sale of tangible capital assets	29,518	161,251
	(14,325,753)	(16,729,504)
Investing activities:		
Net redemption (purchase) of investments	(6,196,238)	(23,012,462)
Proceeds from sale of Bruce Telecom	1,044,923	29,486,544
Dividends received from Bruce Telecom Holdings Inc. (note 6)	–	125,000
Repayment of loans receivable	6,887	(488,251)
	(5,144,428)	6,110,831
Financing activities:		
Repayment of long-term liabilities	(1,516,362)	(1,045,485)
Proceeds from debt issuance	–	800,000
	(1,516,362)	(245,485)
Net change in cash	(4,716,571)	5,451,423
Cash, beginning of year	57,547,495	52,096,072
Cash, end of year	$ 52,830,924	$ 57,547,495

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

The Corporation of the Municipality of Kincardine (the “Municipality”) is a municipality in the Province of Ontario, Canada. The Municipality provides services such as fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

(a) Management Responsibility:

The consolidated financial statements of the Municipality of Kincardine are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Municipality are as follows:

(b) Basis of consolidation:

These consolidated statements include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Kincardine Business Improvement Area

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The Municipality accounts for its 100% ownership interest in Bruce Telecom Holdings Inc. (“Bruce Telecom”) as a government business enterprise.

Under PSAB standards, the Municipality reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The Municipality’s proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Saugeen Mobility and Regional Transit (“SMART”)	12.30%
Bruce Area Solid Waste Recycling (“BASWRA”)	17.99%

(c) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

1. Significant accounting policies (continued):

(d) Long-term investments:

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than temporary decline, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses.

The Municipality accounts for its 13.5% ownership interest in Westario Power Inc. as a long-term investment.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the 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 - Years
Land Improvements	10 - 15 years
Buildings	10 - 50 years
Equipment	3 - 50 years
Vehicles	7 - 20 years
Roads and Bridges	15 - 80 years
Water and Sewer Systems	15 - 80 years

Asset retirement obligations are amortized using the same basis and useful life as the underlying asset.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets 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) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

(iii) Works of art and cultural and historic assets:

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

(iv) Interest capitalization:

The Municipality does not capitalize interest costs associated with the acquisition or construction of a capital asset.

(v) Leased tangible capital assets:

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

(f) Deferred revenue:

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

(g) Post-employment benefits:

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

The cost of post-employment benefits are recognized when the event that obligated the Municipality occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The cost of pensions and other retirement benefits is actuarially determined using the projected benefits method prorates on service and management’s best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance. Any actuarial gains or losses from changes in assumptions are amortized over the average remaining service period for active employees.

(h) County and school board:

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

1. Significant accounting policies (continued):

(i) Trust funds:

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements.

(j) Government transfers:

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, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(k) Revenue recognition:

User fees and other revenues are recognized when related goods or services are provided and collectability are reasonably assured.

Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue on the daily accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.

(l) Taxation and related revenues:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Municipal Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs.

For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

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

1. Significant accounting policies (continued):

(m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure and post-closure liability, actuarial valuations of employee future benefits, and the historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(n) Financial instruments:

The Municipality classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash, taxes receivable, trade and other receivables, long-term investments, loans receivable, accounts payable and accrued liabilities, and long-term liabilities. All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement remeasurement. As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses and the statement of remeasurement has been excluded.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

(o) Held-for-sale:

Assets held for sale are those expected to be sold within one year. They are valued at the lower of cost or expected net realizable value. When a decline in net realizable value is determined to be other than temporary, the impairment is recognized in the consolidated statement of operations and accumulated surplus.

(p) Asset retirement obligations:

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 and other contract obligations;

(ii) The past transactions or events giving rise to the liability has occurred;

1. Significant accounting policies (continued):

(p) Asset retirement obligations (continued):

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

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

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. This liability is discounted using a present value calculation, and adjusted yearly for accretion expense where there is a known retirement date. The liability for the removal of asbestos in buildings has also been recognized based on estimated future expenses on closure of the site and post-closure care. The recognition of a liability results in an accompanying increase to the respective tangible capital assets.

2. Adoption of new accounting standards:

(a) The Municipality adopted the following accounting standards applicable for fiscal years beginning April 1, 2023:

(i) *PS 3400 Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e., the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

(ii) *PSG-8 Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

(iii) *PS 3160 Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on the financial statements of the Municipality as a result of the adoption of these standards.

3. Cash:

	2025	2024
Unrestricted	$ 46,526,888	$ 52,189,979
Restricted	6,304,036	5,357,516
	$ 52,830,924	$ 57,547,495

The Municipality has internally and externally restricted funds that are segregated and will be used only for specific purposes.

Interest is earned on bank balances at the bank's monthly average prime rate less 1.5%, subject to a rate cap based on the average monthly 30 day banker's acceptance rate less 0.1%. The Municipality's bank accounts are all held at one financial institution.

4. Long-term investments:

	2025	2024
Fixed income bonds, mutual funds and investment certificates	$33,977,913	$ 27,781,675

The other investments in fixed income bonds, mutual funds and investment certificates have a market value of $33,803,805 (2024 - $27,475,463) at the end of the year. They earn interest at rates ranging from 1.4% to 17.73% and mature in 2025 through 2029. The mutual funds include money market and bond funds.

5. Investment in Westario Power Inc.:

The Municipality owns 1,348 common shares, representing 13.5% of the outstanding common shares of Westario Power Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends of $107,815 (2024 - $53,907) were received on these shares during the year.

On January 7, 2026, the Municipality entered into an agreement, together with other shareholders, for the proposed sale of its ownership interest in Westario Power Inc., subject to approval by the Ontario Energy Board and other closing conditions. As regulatory approval had not been obtained and the transaction had not closed as at the date of issuance of these financial statements, no related amounts have been recognized.

The investment in Westario Power Inc. is comprised of the following:

	2025	2024
1,348 common shares	$ 2,462,224	$ 2,462,224

6. Investment in Bruce Telecom Holdings Inc.:

The Municipality sold its shares in Bruce Telecom for $32.65 million subject to closing adjustments with a closing date of March 28, 2024.

In 2025 the Municipality received an additional contingent amount of $1,044,923, which includes interest of $44,923.

7. Loans receivable:

	2025	2024
Physician Recruitment Loan, 0.00%, principal due 2028	$ 250,000	$ 250,000
Physician Recruitment Loan, 0.00%, principal due 2029	250,000	250,000
Physician Recruitment Loan, 0.00%, principal due 2029	250,000	250,000
Tile drain loans receivable, 6.00%, principal and interest payments ranging from $2,187 to $2,622 annually due 2025	–	6,887
	$ 750,000	$ 756,887

Interest earned on the loans receivable during the year was $409 (2024 - $1,118).

8. Tangible capital assets:

	Land and land Improvements	Buildings	Equipment and Vehicles	Roads and Bridges	Water and Sewer Systems	Assets under construction	2025 Net book value
Cost							
Beginning of year	$ 37,217,683	$ 67,286,049	$ 21,252,022	$ 88,903,845	$ 97,460,189	$ 5,887,090	$ 318,006,878
Asset retirement obligations	(32,514)	–	(23,882)	–	–	–	(56,396)
Additions	–	(4,839)	195,055	–	14,090	14,156,740	14,361,046
Disposals	(14,899)	–	(577,752)	(409,099)	(60,650)	–	(1,062,400)
Transfers	1,049,899	1,783,025	3,719,002	3,092,548	3,389,270	(13,033,744)	–
Cost, end of year	38,220,169	69,064,235	24,564,445	91,587,294	100,802,899	7,010,086	331,249,128
Accumulated amortization							
Beginning of year	12,173,420	34,528,609	11,061,001	47,583,694	32,108,069	–	137,454,793
Asset retirement obligations	(38,288)	–	(17,428)	–	–	–	(55,716)
Amortization	778,850	2,101,921	1,476,901	2,105,311	1,716,301	–	8,179,284
Disposals	(14,899)	–	(570,765)	(403,924)	(22,593)	–	(1,012,181)
Transfers	–	(16,159)	–	–	16,159	–	–
Accumulated amortization, end of year	12,899,083	36,614,371	11,949,709	49,285,081	33,817,936	–	144,566,180
Net book value, end of year	$ 25,321,086	$ 32,449,864	$ 12,614,736	$ 42,302,213	$ 66,984,963	$ 7,010,086	$ 186,682,948

8. Tangible capital assets (continued):

	Land and land Improvements	Buildings	Equipment and Vehicles	Roads and Bridges	Water and Sewer Systems	Assets under construction	2024 Net book value
Cost							
Beginning of year	$ 37,439,083	$ 63,250,536	$ 19,189,040	$ 86,720,201	$ 93,565,494	$ 3,602,180	$ 303,766,534
Asset retirement obligations	(1,026,423)	40,121	1,120	–	1,704	–	(983,478)
Additions	–	(5,834)	89,044	–	61,960	17,613,871	17,759,041
Disposals	(13,248)	(21,541)	(1,495,658)	(1,001,955)	(2,817)	–	(2,535,219)
Transfers	818,271	4,022,767	3,468,476	3,185,599	3,833,848	(15,328,961)	–
Cost, end of year	37,217,683	67,286,049	21,252,022	88,903,845	97,460,189	5,887,090	318,006,878
Accumulated amortization							
Beginning of year	11,959,890	32,576,153	11,316,274	46,584,479	30,458,566	–	132,895,362
Asset retirement obligations	(541,504)	37,713	799	–	1,735	–	(501,257)
Amortization	768,282	1,936,284	1,231,444	2,000,701	1,650,585	–	7,587,296
Disposals	(13,248)	(21,541)	(1,487,516)	(1,001,486)	(2,817)	–	(2,526,608)
Transfers	–	–	–	–	–	–	–
Accumulated amortization, end of year	12,173,420	34,528,609	11,061,001	47,583,694	32,108,069	–	137,454,793
Net book value, end of year	$ 25,044,263	$ 32,757,440	$ 10,191,021	$ 41,320,151	$ 65,352,120	$ 5,887,090	$ 180,552,085

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 $7,010,086 (2024 - $5,887,090).

Contributed infrastructure capital assets of $nil (2024 - $1,024,500) were recognized in the financial statements during the year.

9. Temporary borrowings:

The Municipality has an undrawn operating line of credit of $3,000,000 that bears interest at the bank's prime rate less 0.50%. This facility is secured by a current borrowing by-law.

10. Long-term liabilities:

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2025	2024
Loan payable, Real Term Energy, 4.47%, payable interest and principal monthly, due September 2025	$ –	$ 109,745
Loan payable, Ontario Infrastructure & Lands Corporation, 2.12%, interest and principal payable semi-annually, due September 2025	–	197,556
Loan payable, Ontario Infrastructure & Lands Corporation, 2.48%, interest and principal payable semi-annually, due July 2025	–	36,221
Tile drain debentures payable, 6%, payable interest and principal annually, due 2023 through 2025	–	6,888
Loan payable, Ontario Infrastructure & Lands Corporation, 2%, interest and principal payable semi-annually, due 2025 through 2040	2,161,470	2,283,907
Loan payable, Ontario Infrastructure & Lands Corporation, 3.49%, interest and principal payable monthly, due 2025 through 2029	2,136,753	2,626,000
Loan payable, Ontario Infrastructure & Lands Corporation, 4.42%, interest and principal payable semi-annually, due 2025 through 2042	7,055,000	7,470,000
Loan payable, Ontario Infrastructure & Lands Corporation, 5.31%, interest and principal payable monthly, due 2025 through 2043	4,274,457	4,413,725
	$ 15,627,680	$ 17,144,042

10. Long-term liabilities (continued):

Principal payments estimated for the next 5 fiscal years and thereafter, if not demanded, are as follows:

2026	$ 1,193,340
2027	1,221,807
2028	1,251,396
2029	1,282,153
2030	731,757
Thereafter	9,947,227
	$ 15,627,680

11. Asset retirement obligations:

(a) Landfill obligation:

The Municipality owns and operates two active landfill site and owns and monitors three closed landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 Asset Retirement Obligations*. 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. The active sites have a remaining capacity of approximately 512,300m^3 and have an estimated life expectancy of 70 and 40 years. These costs were discounted to December 31, 2025 using a discount rate of 3.42%. Solid waste landfill closure and post-closure costs are funded through the Municipality's annual budget.

(b) Asbestos obligation:

The Municipality owns and operates buildings that are known to have asbestos. Following the adoption of *PS3280 Asset Retirement Obligations*, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. The buildings have an estimated useful life of 50 years.

11. Asset retirement obligations (continued):

(b) Asbestos obligation (continued):

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

Asset retirement obligations	Landfill closure	Asbestos removal	Water and wastewater decommission	Balance at December 31, 2025
Opening balance	$ 1,553,509	$ 1,314,822	$ 91,869	$ 2,960,200
Accretion expense	44,952	47,927	3,509	96,388
In year change estimate	(239,134)	(65,069)	(462)	(304,665)
Closing balance	$ 1,359,327	$ 1,297,680	$ 94,916	$ 2,751,923

Asset retirement obligations	Landfill closure	Asbestos removal	Water and wastewater decommission	Balance at December 31, 2024
Opening balance	$ 4,292,780	$ 1,312,873	$ 91,330	$ 5,696,983
Accretion expense	50,210	48,070	3,366	101,646
In year change estimate	(2,789,481)	(46,121)	(2,827)	(2,838,429)
Closing balance	$ 1,553,509	$ 1,314,822	$ 91,869	$ 2,960,200

12. Accumulated surplus:

The accumulated surplus consists of individual fund surplus (deficit) amounts and reserve funds as follows:

	2025	2024
Investment in tangible capital assets:		
Tangible capital assets purchased	$ 186,682,948	$ 180,552,085
Capital assets financed by long-term liabilities to be funded in future years	(15,627,680)	(17,137,152)
Unfinanced capital assets	(914,933)	(897,726)
Total invested in capital assets	170,140,335	162,517,207
General surplus	678,647	2,455,856
Bruce Telecom	–	–
Business improvement area	94,896	72,231
Unfunded post-employment benefits	(716,427)	(704,916)
Unfunded asset retirement obligations	(2,751,923)	(2,960,200)
	167,445,528	161,380,178
Reserves and reserve funds (note 13)	83,322,242	79,063,704
Accumulated surplus	$ 250,767,770	$ 240,443,882

13. Reserves and reserve funds set aside for specific purpose by council:

	2025	2024
Reserves:		
Working funds	$ 354,677	$ 354,677
Capital purposes	10,627,341	8,091,670
Current purposes	97,286	90,951
	11,079,304	8,537,298
Reserve funds:		
Contingencies	919,801	888,973
Insurance, sick leave, WSIB	412,513	400,472
Capital purposes	70,910,624	69,236,961
	72,242,938	70,526,406
	$ 83,322,242	$ 79,063,704

14. Grants:

	2025 Actual	2024 Actual
Operating:		
Province of Ontario:		
Ontario Municipal Partnership Fund (“OMPF”)	$ 1,224,700	$ 1,065,600
Conditional - other	427,876	368,783
	1,652,576	1,434,383
Government of Canada:		
Conditional - other	146,460	13,324
Other municipalities:		
Conditional - other	589,944	277,586
Total operating grants	2,388,980	1,725,293
Capital grants:		
Province of Ontario:		
Conditional - water, sewer and other	2,178,046	1,801,953
Government of Canada:		
Conditional - water, sewer and other	418,189	13,322
Total grants	$ 4,985,215	$ 3,540,568

15. Government partnerships:

The following summarizes the financial position and results of operations of the government partnerships. The Municipality's pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method.

	Saugeen Mobility and Regional Transit		Bruce Area Solid Waste Recycling Association	
	2025	2024	2025	2024
Financial assets	$ 174,246	$ 183,842	$ 1,519,368	$ 1,901,664
Liabilities	286,575	282,484	426,089	434,979
Net (debt) financial assets	(112,329)	(98,642)	1,093,279	1,466,685
Non-financial assets	1,649,055	856,098	1,735,962	1,675,536
Accumulated surplus	$ 1,536,726	$ 757,456	$ 2,829,241	$ 3,142,221
Revenues	$ 3,086,147	$ 2,224,508	$ 4,393,572	$ 4,621,792
Expenses	2,306,876	2,084,925	4,706,552	4,194,931
Annual surplus (deficit)	$ 779,271	$ 139,583	$ (312,980)	$ 426,861

SMART is a partnership between the Town of Hanover, the Town of Saugeen Shores, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Township of Southgate, Township of Huron Kinloss, Municipality of Grey Highlands, Township of Chatsworth, and the Municipality of Kincardine to provide transportation services to the physically disabled.

BASWRA is a partnership between the Town of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Town of Saugeen Shores, the Municipality of Kincardine and others to provide garbage, recycling and cardboard collection services.

16. Post-employment benefits:

Other benefits:

The Municipality provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. The post-employment benefit at December 31 includes the following components:

	2025	2024
Post-employment benefits	$ 270,365	$ 287,281
Sick leave	377,414	356,757
Workplace Safety and Insurance Board Obligations	4,697	4,952
	652,476	648,990
Unamortized actuarial loss	63,951	55,926
	$ 716,427	$ 704,916

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2024.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.25% (2024 – 4.25%). For extended health care costs, a 5.67% (2024 – 6.00%) annual rate of increase was assumed. For dental costs, a 4.00% annual rate of increase was assumed.

	2025	2024
Current period benefit cost	$ 92,003	$ 131,147
Amortization of actuarial loss	8,025	37,610
Retirement benefit expense	100,028	168,757
Interest costs	27,046	28,779
Total expense for the year	$ 127,074	$ 197,536

16. Post-employment benefits (continued):

Pension plan:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of 140 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2025 was $913,570 (2024 - $837,630) for current service. The contribution rate for 2025 was 9.0% to 14.6% (2024 - 9.0% to 14.6%) depending on age and level of income level.

The latest 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 actuarial liabilities of $149.6 billion (2024 - $140.8 billion) and actuarial assets of $145.5 billion (2024 - $137.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

17. Financial instrument risk:

The fair value of the Municipality's financial instruments that are comprised of cash, taxes receivable, trade and other receivables, long-term investments, loans receivable, accounts payable and accrued liabilities, and long-term liabilities approximate their carrying value due to their short term nature and are measured at cost or amortized cost in the statement of financial position. The fair value of investments is disclosed in note 4. It is management's opinion that the municipality is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2025.

(a) Credit risk:

The municipality is exposed to credit related losses through cash, accounts receivable and investments in the event of non-performance by counterparties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions. Accounts receivable of $5,484,086 (2024 - $4,797,019) are mainly due from government grants and municipal drain contributions of which $81,647 (2024 - $40,286) were over 90 days past due.

17. Financial instrument risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Municipality will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by monitoring cash activities and through cash flow forecasting including a laddered investment maturity approach to match large cash outflows.

(c) Market risk:

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at year end. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the consolidated statement of operations. Interest rate risk is minimized through a diversified investment portfolio held in accordance with the municipality' s consolidated investment policy.

18. Budget information:

Under Canadian generally accepted accounting principles, budget amounts are to be reported on a consolidated statement of operations and changes in net debt for comparative purposes. The 2025 budget amounts for the Corporation of the Municipality of Kincardine as approved by Council have been restated to conform to the presentation of the revenues and expenses on the consolidated statements of operations and change in net debt. The following is a reconciliation of the budget approved by Council.

	2025
Annual surplus	$ 15,594,771
Acquisition of tangible capital assets less disposal and write-downs	(36,504,825)
Change in long-term debt to be funded in future years	1,856,737
Net transfers from reserves	18,931,886
Change in consolidated entities	121,431
	$ –

19. Operations of School Boards and the County of Bruce:

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

	2025	2024
School boards	$ 4,604,613	$ 4,513,695
County of Bruce	12,924,628	12,101,919
	$ 17,529,241	$ 16,615,614

20. Trust funds:

The trust funds administered by the Municipality amounting to $716,744 have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2025, the trust fund balances are as follows:

	2025	2024
Cemetery Care and Maintenance	$ 716,744	$ 691,639

21. Contractual commitments:

(a) On December 13, 2021, the Municipality entered into a third amending agreement with Bruce Power L.P. commencing January 1, 2022 for funding assistance for Nuclear Emergency Preparedness as a requirement of the Emergency Management and Civil Protection Act. Under this Agreement, Bruce Power will reimburse the Municipality up to $115,847 per year (adjusted in accordance with the Consumer Price Index-Canada (CPI)) for expenses incurred to comply with this Act.

(b) On May 21, 2014, the Municipality entered into a development agreement with SP Armow Wind Ontario LP, whereby the Municipality received a lump-sum payment of $1,030,000 as a contribution to the refurbishment of the main runway at the municipal airport. As part of this agreement, Kincardine will receive annual lump sum payments of $630,000 for the years 2014 to 2034, with 20% of the payment indexed for inflation. The funds are held in a community benefits reserve fund and used exclusively for municipal projects, subject to the terms and conditions of the agreement.

(c) The Municipality of Kincardine has entered into a one-year contract extension with Bruce Area Solid Waste Association for the collection of residential garbage and commercial cardboard at an approximate cost of $275,000 per year, ending December 31, 2026.

21. Contractual commitments (continued):

(d) The Municipality of Kincardine has entered into physician recruitment agreements to support the attraction of medical professionals to the community. Two agreements were executed in 2022, and one additional agreement was executed in 2024. Each agreement provides for a non-interest bearing loan of up to $250,000 to assist with the purchase of a residence within the Municipality, repayable 5 years from the date the funds are advanced. In addition, the Municipality has committed up to $2,400,000 toward future planned capital upgrades at the Kincardine Hospital.

(e) The Municipality of Kincardine entered into an agreement with Municipal Support Services for the provision of full-time by-law enforcement services in Kincardine. The agreement is for a 5-year term ending November 1, 2030. The contract is estimated to cost $568,880 over the term of the agreement for full-time and seasonal enforcement.

(f) The Municipality of Kincardine entered into an agreement with the Kincardine Yacht Club for the operations of the marina and the lighthouse. This is a 3-year agreement with a payment due to the KYC annually for $20,000.

(g) The Municipality of Kincardine entered into an agreement with Weiler’s Cleaning service for cleaning and maintenance services at the WE Thompson Building. The agreement has a five-year term ending December 8, 2030, with a total value of $442,500. These costs are fully recoverable from Bruce Power in accordance with the facility use agreement.

(h) The Municipality of Kincardine entered into a 15-month agreement with Saugeen Mobility and Regional Transit (SMART) for enhanced accessible passenger transportation services, ending March 31, 2027. The total cost over the term is $70,000, with an option to renew for an additional one-year period.

(i) The Municipality of Kincardine has entered into a two-year funding agreement with Bruce Power in relation to the Municipality’s participation in the Bruce C Impact Assessment Process. Under the agreement, Bruce Power provides fixed capacity funding of $130,000 per year, with the agreement ending December 31, 2026.

22. Economic dependence:

Approximately 21% (2024 - 21%) of the Municipality’s taxation revenues are generated from Ontario Power Generation (“OPG”). The loss of a material amount of taxation revenue from OPG could have a material adverse effect on the operations of the municipality.

23. Segmented information:

The Corporation of the Municipality of Kincardine is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, building inspection, sewer, water waste, collection, disposal and recycling, recreational, library 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:

(a) General government:

This item reports the revenues and expenses that relate to the governance and operations of the Municipality itself and cannot be directly attributed to a specific segment.

(b) Protection to persons and property:

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. 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.

(c) Transportation:

Transportation is responsible for construction and maintenance of the Municipality's roadways, bridges, parking areas and streetlighting. Transportation also includes the management of the Kincardine Airport.

(d) Sewer and water:

Sewers are responsible for collecting and cleaning the sewage. Water collects, treats and distributes the Municipality's drinking water. They ensure the Municipality's sewer and water systems meet all Provincial standards.

(e) Environmental:

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

(f) Health:

Health services include doctor recruitment, provision of a medical clinic and operation of a Locum house. Health services also includes the operations of local cemeteries.

23. Segmented information (continued):

(g) Recreational and cultural services:

This service area provides services meant to improve the health and development of the Municipality's citizens. The Municipality operates and maintains parks, arenas, a swimming pool, community centres, and a marina. The Municipality also provides recreational programs and library facilities.

(h) Planning and development:

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information. Promotion and events as well as business improvement area, weed control and drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu, OMPF grant, net income of government business enterprise and shared other revenue consisting of penalty and interest on taxes, bank and investment income and Ontario Power Generation contribution have been allocated to those segments that are funded by these amounts based on the net surplus for the year.

23. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	**2025 Total**
	$	$	$	$	$	$	$	$	$
Revenue:									
Taxation	3,932,778	4,152,300	7,664,726	–	1,434,624	870,388	6,094,329	1,252,183	25,401,328
Fees and user charges	469,542	307,790	146,588	7,330,091	1,477,636	118,436	957,847	83,550	10,891,480
Specific grants	56,462	92,663	1,981,852	766,645	541,577	17,000	276,927	27,389	3,760,515
OMPF grant	190,214	200,831	370,714		69,387	42,097	294,760	56,697	1,224,700
Other revenue	5,545,416	46,981	168,058	1,345,341	10,214	359,746	1,261,624	101,899	8,839,279
Obligatory reserve fund revenue recognized	–	349,734	200,000	6,537	–	–	187,941	–	744,212
	10,194,412	5,150,299	10,531,938	9,448,614	3,533,438	1,407,667	9,073,428	1,521,718	50,861,514
Expenses:									
Salaries and benefits	3,212,172	1,364,231	3,200,031	1,540,706	866,145	409,297	3,542,475	710,704	14,845,761
Interest on debt	1,929	231	268,713	407,315	–	–	–	408	678,596
Material and supplies	580,697	329,424	2,292,924	1,499,035	641,822	249,871	2,055,695	217,008	7,866,476
Contract services	802,966	2,584,075	773,333	2,190,130	771,699	45,658	485,044	413,315	8,066,220
Other transfers	–	504,922	–	–	–	170,953	74,709	52,759	803,343
Rents and financial expenses	7,626	4,773	36,009	83,842	71,724	2,959	100,825	4,240	311,998
Amortization	198,224	283,818	3,068,999	2,870,574	343,353	184,451	1,196,483	33,382	8,179,284
Accretion	–	2,356	9,567	3,509	44,952	597	35,407	–	96,388
Change in asset retirement obligations	–	(2,084)	(15,478)	(462)	(244,909)	(668)	(46,839)	–	(310,440)
	4,803,614	5,071,746	9,634,098	8,594,649	2,494,786	1,063,118	7,443,799	1,431,816	40,537,626
Annual surplus (deficit)	5,390,798	78,553	897,840	853,965	1,038,652	344,549	1,629,629	89,902	10,323,888

23. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	**2024 Total**
	$	$	$	$	$	$	$	$	$
Revenue:									
Taxation	2,101,692	4,306,817	7,318,312	–	1,548,076	853,055	6,086,552	1,261,156	23,475,660
Fees and user charges	417,964	511,289	162,282	6,754,391	1,489,156	160,121	899,308	158,725	10,553,236
Specific grants	(2,199)	29,813	1,766,498	24,423	235,672	17,000	220,407	183,354	2,474,968
OMPF grant	95,718	196,147	333,301	–	70,505	38,851	277,203	53,875	1,065,600
Other revenue	(667,945)	21,330	177,115	3,406,940	63,067	380,830	1,521,600	521,231	5,424,168
Obligatory reserve fund revenue recognized	–	159,303	571,710	86,026	–	–	–	–	817,039
	1,945,230	5,224,699	10,329,218	10,271,780	3,406,476	1,449,857	9,005,070	2,178,341	43,810,671
Expenses:									
Salaries and benefits	2,732,918	1,463,223	2,773,095	1,511,098	804,216	398,263	3,331,224	680,265	13,694,302
Interest on debt	6,050	1,123	301,949	441,485	–	–	–	1,118	751,725
Material and supplies	913,277	342,958	2,140,986	1,567,272	530,564	239,408	1,908,870	163,752	7,807,087
Contract services	841,488	2,568,338	749,074	1,302,819	426,760	43,811	626,490	490,163	7,048,943
Other transfers	–	415,695	–	–	–	134,311	73,388	26,115	649,509
Rents and financial expenses	15,345	3,455	32,073	82,014	73,599	4,592	89,172	2,196	302,446
Amortization	198,515	253,497	2,837,762	2,669,095	314,537	179,501	1,111,469	22,920	7,587,296
Accretion	–	1,694	9,506	3,414	50,210	591	36,231	–	101,646
Change in asset retirement obligations	–	(1,069)	(12,047)	(2,888)	(2,304,562)	(543)	(35,099)	–	(2,356,208)
	4,707,593	5,048,914	8,832,398	7,574,309	(104,676)	999,934	7,141,745	1,386,529	35,586,746
Annual surplus (deficit)	(2,762,363)	175,785	1,496,820	2,697,471	3,511,152	449,923	1,863,325	791,812	8,223,925

24. Deferred revenue:

	Opening	Contributions received	Investment income	Revenue recognized	Ending
Obligatory reserve funds:					
Building permit fees	$ 1,911,076	$ –	$ 67,788	$ 349,734	$ 1,629,130
Development charges	2,969,783	379,878	94,426	206,537	3,237,550
Parkland	514,446	18,200	17,438	107,941	442,143
CCBF	96,478	401,779	7,220	80,000	425,477
Parking	59,584	–	2,066	–	61,650
Other	211,236	–	7,325	–	218,561
	5,762,603	799,857	196,263	744,212	6,014,511
Other:					
Subdivider contributions	1,819,820	197,920	–	516,229	1,501,511
Other	1,237,277	4,286,836	–	4,196,892	1,327,221
	3,057,097	4,484,756	–	4,713,121	2,828,732
Total	$ 8,819,700	$ 5,284,613	$ 196,263	$ 5,457,333	$ 8,843,243

Consolidated Financial Statements of

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE
Trust Funds

Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Kincardine of The Corporation of the Municipality of Kincardine

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Municipality of Kincardine (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of continuity for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(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 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.

KPMG

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.

- 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

Kitchener, Canada

June 22, 2026

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Trust Funds

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Cash	$ 714,582	$ 691,293
Interest receivable	1,790	2,424
Due from municipality	372	(2,078)
	$ 716,744	$ 691,639
Fund balances	$ 716,744	$ 691,639

Consolidated Statement of Continuity

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

	2025	2024
Balance, beginning of year	$ 691,639	$ 653,161
Receipts:		
Bank and investment interest	23,860	34,879
Care and maintenance	25,105	38,478
	48,965	73,357
Expenses:		
Transfer to municipality	23,860	34,879
Balance, end of year	$ 716,744	$ 691,639

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

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements of The Municipality of Kincardine Trust Funds are representations of management. They have been prepared in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”).

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

(b) Management responsibility:

The financial information of the Corporation of the Municipality of Kincardine Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.