

**THE CORPORATION OF THE
TOWNSHIP OF TINY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

THE CORPORATION OF THE TOWNSHIP OF TINY
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THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The management of the Corporation of the Township of Tiny (the "Municipality") is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying financial statements.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements.

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

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

The consolidated financial statements have been audited by Pahapill and Associates Professional Corporation, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Haley Leblond
Director of Corporate Services, Deputy CAO

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Tiny

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Pahapill and Associates

Huntsville, Ontario
October 21, 2026

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents (<i>Note 2</i>)	\$ 10,971,325	\$ 9,806,951
Taxes receivable	2,774,251	2,601,310
Trade and other receivables, no allowance	1,708,747	1,265,865
	15,454,323	13,674,126
LIABILITIES		
Temporary borrowing (<i>Note 4</i>)	1,100,000	-
Accounts payable and accrued liabilities	4,602,448	1,984,168
Construction deposits	1,769,083	1,654,588
Deferred revenue - general	1,060,875	236,862
Deferred revenue - obligatory reserve funds (<i>Note 5</i>)	3,051,752	3,159,270
Municipal debt (<i>Note 6</i>)	4,447,019	-
Long-term liabilities (<i>Note 9</i>)	6,083	10,140
Asset retirement obligations (<i>Note 10</i>)	1,077,504	1,024,626
	17,114,764	8,069,654
NET FINANCIAL ASSETS	(1,660,441)	5,604,472
NON-FINANCIAL ASSETS		
Tangible capital assets - net (<i>Note 8, Schedule 1</i>)	88,435,225	78,011,074
Prepaid expenses and inventories of supplies	835,650	526,696
	89,270,875	78,537,770
ACCUMULATED SURPLUS (<i>Note 12</i>)	\$ 87,610,434	\$ 84,142,242

CONTINGENT LIABILITIES (*Note 17*)
 COMMITMENTS (*Note 18*)

APPROVED ON BEHALF OF COUNCIL:


 Mayor (Oct 21, 2026 15:44:35 EDT) _____ Mayor

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 (Note 7)	Actual 2025	Actual 2024
REVENUE			
Net municipal taxation (Note 13)	\$ 18,702,387	\$ 18,690,909	\$ 17,204,881
User fees	5,960,279	5,840,006	6,502,884
Government transfers	2,477,328	2,134,078	1,881,884
Investment income	197,000	354,592	458,696
Other (Note 15)	324,834	827,979	811,494
TOTAL REVENUE	27,661,828	27,847,564	26,859,839
EXPENSES			
General government	3,777,781	3,585,121	3,474,161
Protection to persons and property	7,245,632	7,700,128	6,603,415
Transportation services	8,390,603	7,603,890	7,815,406
Environmental services	3,427,335	3,284,133	3,446,713
Health services	45,500	44,500	44,500
Recreation and culture	3,272,535	3,055,717	2,950,019
Planning and development	691,940	600,745	520,394
TOTAL EXPENSES	26,851,326	25,874,234	24,854,608
NET EXPENSES	810,502	1,973,330	2,005,231
OTHER			
Grants and transfers related to capital:			
Government grants	1,241,491	363,398	1,074,464
Contributions from obligatory reserve funds	1,374,205	871,170	1,544,444
Gain (loss) on disposal of tangible capital assets	133,000	260,294	(15,793)
	2,748,696	1,494,862	2,603,115
ANNUAL SURPLUS	3,559,198	3,468,192	4,608,346
ACCUMULATED SURPLUS, BEGINNING OF YEAR	84,142,242	84,142,242	79,533,896
ACCUMULATED SURPLUS, END OF YEAR	\$ 87,701,440	\$ 87,610,434	\$ 84,142,242

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual 2025	Actual 2024
Annual surplus	\$ 3,468,192	\$ 4,608,346
Acquisition of tangible capital assets	(15,219,271)	(7,993,274)
Amortization of tangible capital assets	4,628,627	4,369,876
(Gain) loss on disposition of tangible capital assets	18,848	15,793
Proceeds on disposition of tangible capital assets	147,645	65,202
Change in prepaid expense	(308,954)	(990)
Increase (decrease) in net financial assets	(7,264,913)	1,064,953
Net financial assets (debt), beginning of year	5,604,472	4,539,519
Net financial assets (debt), end of year	\$ (1,660,441)	\$ 5,604,472

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating transactions		
Annual surplus	\$ 3,468,192	\$ 4,608,346
Non-cash charges to operations:		
Amortization	4,628,627	4,369,876
(Gain)loss on disposal of tangible capital assets	18,848	15,793
Asset retirement obligations	52,878	75,737
	8,168,545	9,069,752
Changes in non-cash items:		
Taxes receivable	(172,941)	(309,131)
Trade and other receivable	(442,882)	(592,890)
Long-term receivables	-	10,020
Accounts payable and accrued liabilities	2,618,280	(629,224)
Construction deposits	114,495	135,996
Deferred revenue - general	824,013	11,886
Prepaid expenses	(308,954)	(990)
	2,632,011	(1,374,333)
Cash provided by operating transactions	10,800,556	7,695,419
Capital transactions		
Acquisition of tangible capital assets	(15,219,271)	(7,993,274)
Proceeds on disposal of tangible capital asset	147,645	65,202
Cash applied to capital transactions	(15,071,626)	(7,928,072)
Investing transactions		
Cash provided by investing transactions	-	-
Financing transactions		
Temporary borrowing	1,100,000	-
Debt advances	4,500,000	-
Principal repayments	(52,981)	-
Change in long-term liabilities	(4,057)	(31,258)
Deferred revenue - obligatory reserve funds	(107,518)	(609,549)
Cash applied to financing transactions	5,435,444	(640,807)
Net change in cash and cash equivalents	1,164,374	(873,460)
Cash and cash equivalents, beginning of year	9,806,951	10,680,411
Cash and cash equivalents, end of year	\$ 10,971,325	\$ 9,806,951

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF TINY

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

NATURE OF THE ORGANIZATION

The Corporation of the Township of Tiny ("the Municipality") is a lower-tier municipality located in the County of Simcoe, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act, Municipal Affairs Act and related legislation. The Municipality provides municipal services such as police (OPP contract), fire, public works, planning, parks, recreation and culture and other general government services.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Tiny (the "Municipality") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended in the Public Sector Accounting Board "PSAB" of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Municipality. They include the activities of government departments, funds, municipal organizations, committees of Council and Boards which are owned or controlled by the Municipality.

(i) Consolidated and Proportionally Consolidated entities

The following joint local boards and committees are proportionally consolidated using the most recent audited statements:

Huronia Airport Commission	22%
Severn Sound Environmental Association	17%

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

(ii) Accounting for County and school board transactions

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

(b) Basis of Accounting

(i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual method 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.

(ii) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term, highly liquid financial instruments with a maturity of three months or less at acquisition.

(iii) Long-term receivables

Long-term receivables represent local improvement charges recoverable from benefiting land owners and are reported on the consolidated statement of financial position.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

(iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual deficit, provides the consolidated change in net financial assets for the year.

(a) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital assets as follows:

Land improvements - 10 to 30 years
Buildings - 10 to 40 years
Information technology - 4 to 5 years
Equipment - 1 to 75 years
Infrastructure - 5 to 100 years
Vehicles - 7 to 20 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress is not amortized until the asset is available for productive use.

(b) Intangible assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not recognized as assets in the financial statements.

(c) Inventories

Inventories consist of fuel, sand, salt and gravel and are recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

(v) Pensions and employee benefits

The Municipality offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Municipality accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

(vi) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. Building permit revenue is recognized when performance obligations are met and all other deferred revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

(vii) Asset retirement obligations

A liability for asset retirement obligation (ARO) is recognized when, as at the financial reporting date:

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

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the Municipality has been initially recognized using the prospective method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs are capitalized as part of the carrying amount of the related tangible capital assets if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial statement date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion expenses in the statement of operations and all other changes are adjusted to the tangible capital asset (Note 1(b)(iv)(a)). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Recoveries related to tangible capital asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

(viii) Taxation and related revenues

Municipal tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by the 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 municipal 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 municipal 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.

THE CORPORATION OF THE TOWNSHIP OF TINY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
Year Ended December 31, 2025

(ix) Government transfers

Government transfers (referred to as "government grants" in these consolidated financial statements) are recognized in the consolidated financial statements as revenues in the period in which the 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. Conditional government grants are recognized to the extent the conditions imposed on them have been fulfilled. Unconditional government grants are recognized when monies are receivable. Government grants for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

(x) Revenue recognition

User chargers are recognized when the service has been performed. Fees for water usage are recorded as user charges. Connection fee revenues for water are recognized when the connection has been established.

Investment income (other than on obligatory funds) is 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. Revenue from the obligatory reserve funds is recognized in the year in which the eligible expenditures are made.

Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer. Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer.

Other revenues are recognized on an accrual basis.

(xi) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 have been made of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2025	2024
Unrestricted	\$ 1,542,283	\$ 288,565
Internally restricted - reserve funds	4,608,207	4,704,528
Externally restricted - obligatory reserve funds	3,051,752	3,159,270
Externally restricted - construction deposits	1,769,083	1,654,588
	\$ 10,971,325	\$ 9,806,951

At December 31, 2025, the Municipality had an undrawn, unsecured credit capacity of \$1,500,000 with interest at prime rate less 0.75% (2024 - undrawn credit capacity \$1,500,000 with interest at prime rate less 0.75%).

Internally restricted cash relates to reserve funds set aside for specific purposes by Council (Note 12).

Externally restricted cash - obligatory reserve funds relates to the amount of remaining funds to be spent from Canada Community Building Fund, development charges, Building Code Act, infrastructure programs and parkland revenues (Note 5).

3. OPERATIONS OF SCHOOL BOARDS AND COUNTY

Further to Note 1(a)(ii), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards and county. The amounts collected, remitted and outstanding are as follows:

	2025 School Boards	2025 County	2025 Total	2024 Total
Payable at the beginning of the year	\$ (96,849)	\$ 6,275	\$ (90,574)	\$ -
Taxation and payments-in-lieu, net of adjustments	7,094,330	13,763,107	20,857,437	19,913,386
Remitted during the year	(6,997,934)	(13,770,301)	(20,768,235)	(20,003,960)
Payable (receivable) at the end of the year	\$ (453)	\$ (919)	\$ (1,372)	\$ (90,574)

THE CORPORATION OF THE TOWNSHIP OF TINY

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

4. TEMPORARY BORROWING

The balance of the temporary borrowing reported on the Consolidated Statement of Financial Position is made up of a temporary interest-only construction loan for the building of the Township of Tiny Administration Centre which has a limit of \$28 million, of which \$1,100,000 has been drawn as of December 31, 2025. Interest for the year included in the consolidated statement of operations was \$6,046. When construction is complete the construction loan will be transferred into a debenture.

	2025	2024
Infrastructure Ontario Debenture, repayable in monthly interest-only payments calculated at prime plus 2.0% and is unsecured.	1,100,000	-

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year is as follows:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Canada Community Building Fund	\$ 185,516	\$ 424,638	\$ (7,072)	\$ (415,550)	\$ 187,532
Development Charges Building Code Act	\$ 195,341	\$ 285,234	\$ 9,530	\$ (242,776)	\$ 247,329
Parkland	2,514,350	-	67,300	(211,803)	2,369,847
	264,063	-	9,023	(26,042)	247,044
	\$ 3,159,270	\$ 709,872	\$ 78,781	\$ (896,171)	\$ 3,051,752

Canada Community-Building Fund (CCBF, previously known as Gas Tax)

The municipal funding agreement with the Association of Municipalities of Ontario requires the Municipality to transfer unspent CCBF funding into a reserve fund. The funding and interest earned in the reserve fund must be spent on approved projects.

Development charges

Certain user charges and fees are collected for which the related expenditures have yet to be spent on infrastructure. Until the funding has been spent on infrastructure it has not been earned and therefore has been deferred.

Building Code Act

These monies represent accumulated surplus collected under the Building Code Act.

Infrastructure programs

These programs relate to various capital grants that are required to be spent on infrastructure. Until the

THE CORPORATION OF THE TOWNSHIP OF TINY

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

funding has been spent on infrastructure it has not been earned and therefore has been deferred.

Parkland

These monies are received through subdivision agreements and are to be used for such things as acquisition of land for park or public recreation, including the erection or repair of buildings and the acquisition of machinery for park or other public recreation uses. Monies received from subdividers is in lieu of land being conveyed to the Municipality.

6. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2025	2024
Toronto-Dominion Bank, due May 2027, repayable in monthly payments of \$21,250 including interest calculated at 3.91%.	4,447,019	-
	\$ 4,447,019	\$ -

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2026	\$ 82,596	\$ 172,403
2027	4,364,423	70,868
	\$ 4,447,019	\$ 243,271

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2025	2024
Principal payments	\$ 52,981	\$ -
Interest	117,018	-
	\$ 169,999	\$ -

7. BUDGET FIGURES

The operating budget approved by Council for 2025 is reflected on the consolidated statement of operations. The budgets established for investment in tangible capital assets are on a project oriented basis, the costs and revenues (grants) of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual amounts. The budget figures have not been audited.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

8. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

- (a) Work in progress
Work in progress with a value of \$11,032,717 (2024 - \$2,133,464) has not been amortized. Amortization of these assets will commence when the asset is put into service.
- (b) Contributed tangible capital assets
Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$538,000 (2024 - \$383,500). The 2025 contributions consisted of land.
- (c) Works of art and historical treasures
No works of arts nor historical treasures are held by the municipality.

9. LONG-TERM LIABILITIES

Long-term liabilities represents the Township's share of the Huronia Airport Commission's long-term liabilities.

	2025	2024
Total long-term liabilities incurred by the Municipality including those incurred on behalf of benefiting landowners and municipal organizations	\$ 6,083	\$ 10,140

Interest is payable at 3.06% per annum (2024 - 3.06%). Interest expense for the year was \$253 (2024 - \$1,881). The liabilities mature in 2026.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

10. ASSET RETIREMENT OBLIGATIONS

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some Municipal owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the prospective approach as at January 1, 2023. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated remaining useful lives.

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

	2025	2024
Opening balance	\$ 1,024,626	\$ 948,889
Accretion expense	52,878	75,737
Less: settlement of obligations	-	-
	\$ 1,077,504	\$ 1,024,626

11. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The 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. 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 actuarial liabilities of \$151,365 million with respect to benefits accrued for service with actuarial assets at that date of \$150,043 million indicating an actuarial deficit of \$1,322 million. Because OMERS is a multi employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for the current year was \$796,493 (2024 \$701,379) for current service and is included as an expense on the consolidated statement of operations.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

12. ACCUMULATED SURPLUS

The accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2025	2024
Surplus:	-	-
Invested in tangible capital assets	\$ 88,435,226	\$ 78,011,074
Unrestricted deficit	(3,512,269)	(1,429,133)
To be recovered long-term debt	(5,547,019)	-
General surplus - Municipality	79,375,938	76,581,941
Reserves set aside for specific purposes by Council	3,626,289	2,855,773
Reserve funds set aside for specific purposes by Council (Note 2)	4,608,207	4,704,528
Total accumulated surplus	\$ 87,610,434	\$ 84,142,242

13. NET MUNICIPAL TAXATION

Net municipal taxation consists of:

	2025	2024
Taxation revenue	\$ 39,548,349	\$ 37,118,247
Amount levied and remitted to School Boards	\$ (7,094,333)	\$ (6,916,036)
Amount levied and remitted to the County of Simcoe	(13,763,107)	(12,997,330)
Net municipal taxation	\$ 18,690,909	\$ 17,204,881

THE CORPORATION OF THE TOWNSHIP OF TINY

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

14. GOVERNMENT PARTNERSHIPS

The following summarizes the financial position and operations of the joint municipal service boards. The Corporation of the Township of Tiny's pro-rata share of these amounts have been reported in the financial statements using the proportionate consolidation method at the proportionate share disclosed in Note 1 (a). The figures provided for the Huronia Airport Commission are as at December 31, 2024 and the Severn Sound Environmental Association figures are as at December 31, 2023 as these are the figures that were the most recently audited amounts available at the date of the financial statement preparation.

	Severn Sound Environmental Association (SSEA)	Huronia Airport Commission (HAC)
Financial assets	\$ 1,213,835	\$ 265,095
Financial liabilities	465,948	115,168
Net financial assets	747,887	149,927
Non-financial assets	273,657	1,760,569
Accumulated surplus	\$ 1,021,544	\$ 1,910,496
Invested in tangible capital assets	269,380	1,718,842
Unrestricted surplus	398,801	170,961
Reserve funds	471,063	20,693
Amounts to be recovered in future years	(117,700)	-
	\$ 1,021,544	\$ 1,910,496
Revenues	\$ 1,498,874	\$ 630,318
Expenses	1,347,429	566,157
Annual surplus	\$ 151,445	\$ 64,161

15. OTHER REVENUES

Other revenues consist of the following:

	2025	2024
Contributions to obligatory reserve funds	\$ 10,500	\$ 56,400
Sampling and recoveries	228,690	309,517
Contributed land (donation)	538,000	383,500
Donations, rents, sale of publications, etc.	50,789	62,077
	\$ 827,979	\$ 811,494

THE CORPORATION OF THE TOWNSHIP OF TINY

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

16. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police (OPP contract), fire, recreation, and library services as well as road, water and sewer infrastructure. Distinguishable functional segments have been separately disclosed in the segmented information. Revenues that are directly related to the costs of the function have been attributed to each segment. Net municipal taxation revenue is allocated to each segment based on the prorated total actual expenses for each department.

The nature of the segments and activities they encompass are as follows:

General Government

General government is the governance of the Municipality. It is of Council, corporate health and safety, human resources and general administration.

Protection Services

Protection services consists of fire and police (OPP contract) services as well as community safety activities, animal control, bylaw enforcement and building inspection. These services provide safety and protection to the community.

Transportation Services

Transportation services is comprised of revenues and expenses related to the various forms of transportation available to the Municipality. Transportation services include activities relating to maintaining roads, parking, streetlights and contributions to the local airport.

Environmental and Water Services

Environmental and water services consist of the provision of the Municipality's drinking water system and Severn Sound Environmental Association.

Health Services

Health services consist of contributions to physician recruitment and Georgian Bay General Hospital Foundation.

Parks, Recreation and Culture

Recreational and cultural services consists of parks, sports centre activities, recreation programs and library services. These services are for health and informational need of citizens.

Planning and Development

Planning and development is comprised of services including Township planning and Committee of Adjustment.

THE CORPORATION OF THE TOWNSHIP OF TINY

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

17. CONTINGENT LIABILITY

(a) In the ordinary course of business, various claims and lawsuits are brought against the Municipality. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by the Municipality pursuant to claims, lawsuits or expropriations will be charged in the year of settlement.

(b) The Municipality is potentially liable for certain future benefits costs related to the period of time during which it was a Schedule 2 employer for purposes of Workplace Safety and Insurance Board (WSIB).

18. COMMITMENTS

During the year the Township entered into a contract for construction manager services with Bertram Construction for the Township of Tiny Administration Centre at a cost of \$1,052,000 plus HST. The total managed project has an estimated cost of \$28 million, excluding manager service fees, and is expected to be completed in 2027. As of December 31, 2025, \$3,876,058 of work on the project had been completed and billed.

During the year the Township entered into a contract for the purchase of three new plow trucks at a combined cost of \$1,293,874 plus HST and are all expected to be billed and delivered in 2026.

During the year the Township entered into a contract for construction manager services with Bertram Construction for a pre-engineered steel structure at the Toanche Pavilion. The cost of management services is \$112,250 to manage the Toanche Pavilion project which has an estimated cost of \$1,445,000 plus HST. The project is expected to be completed in 2027.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

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

Schedule 1

	Land	Land Improvements	Buildings	Information Technology	Equipment	Infrastructure	Vehicles	Work in Progress	TOTAL 2025	TOTAL 2024
Cost										
Balance, beginning of year	\$ 13,360,218	\$ 5,227,571	\$ 6,056,363	\$ 516,396	\$ 4,484,974	\$ 132,049,403	\$ 10,894,993	\$ 2,133,464	\$ 174,723,382	\$ 167,759,069
Additions and betterments	538,000	140,059	25,967	18,328	343,540	2,259,110	732,703	11,161,564	15,219,271	7,993,274
Disposals and writedowns		(40,914)	(11,641)	(40,187)	(86,181)	(882,149)	(648,863)		(1,709,935)	(1,028,961)
Allocation from work in progress		251,159			13,983	1,627,295	369,874	(2,262,311)		
Balance, end of year	13,898,218	5,577,875	6,070,689	494,537	4,756,316	135,053,659	11,348,707	11,032,717	188,232,718	174,723,382
Accumulated amortization										
Balance, beginning of year	12,204	2,048,909	4,293,498	480,663	2,685,434	81,386,790	5,804,810		96,712,308	93,290,398
Annual amortization	8,136	228,184	199,273	70,483	401,815	2,935,699	785,037		4,628,627	4,369,876
Amortization disposals		(40,914)	(3,999)	(40,187)	(78,738)	(790,203)	(589,401)		(1,543,442)	(947,966)
Balance, end of year	20,340	2,236,179	4,488,772	510,959	3,008,511	83,532,286	6,000,446		99,797,493	96,712,308
Net book value, end of year	\$ 13,877,878	\$ 3,341,696	\$ 1,581,917	\$ (16,422)	\$ 1,747,805	\$ 51,521,373	\$ 5,348,261	\$ 11,032,717	\$ 88,435,225	\$ 78,011,074

THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Schedule 2

	General Government	Protection Services	Transportation Services	Environmental and Water Services	Health Services	Parks, Recreation and Culture	Planning and Development	Total
REVENUE								
Net municipal taxation	\$ 2,589,803	\$ 5,562,383	\$ 5,492,863	\$ 2,372,377	\$ 32,146	\$ 2,207,374	\$ 433,963	\$ 18,690,909
User fees	583,568	1,285,849	227,339	3,292,143	-	311,974	139,133	5,840,006
Government transfers	1,894,293	134,414	10,000	-	-	95,371	-	2,134,078
Investment income	354,592	-	-	-	-	-	-	354,592
Other	645,980	135,229	1,604	28,310	-	16,856	-	827,979
TOTAL REVENUE	6,068,236	7,117,875	5,731,806	5,692,830	32,146	2,631,575	573,096	27,847,564
EXPENSES								
Salaries, wages and benefits	2,624,007	2,725,974	2,565,420	1,136,063	-	1,610,215	431,189	11,092,868
Long-term debt charges (interest)	123,065	-	-	-	-	-	-	123,065
Operating expenses	716,164	4,498,309	1,765,703	1,590,006	-	725,586	120,095	9,415,863
Other	14,964	83,584	145,116	39,596	44,500	286,051	-	613,811
Amortization	106,921	392,261	3,127,651	518,468	-	433,865	49,461	4,628,627
TOTAL EXPENSES	3,585,121	7,700,128	7,603,890	3,284,133	44,500	3,055,717	600,745	25,874,234
NET REVENUES (EXPENSES)	2,483,115	(582,253)	(1,872,084)	2,408,697	(12,354)	(424,142)	(27,649)	1,973,330
OTHER								
Grants and transfers related to capital assets								
Government grants	-	-	327,405	-	-	35,993	-	363,398
Contributions from obligatory reserve funds	-	186,803	628,325	-	-	15,042	41,000	871,170
Gain (loss) on disposal of tangible capital assets	271,500	21,494	2,514	(32,992)	-	(2,222)	-	260,294
	271,500	208,297	958,244	(32,992)	-	48,813	41,000	1,494,862
ANNUAL SURPLUS (DEFICIT)	\$ 2,754,615	\$ (373,956)	\$ (913,840)	\$ 2,375,705	\$ (12,354)	\$ (375,329)	\$ 13,351	\$ 3,468,192

THE CORPORATION OF THE TOWNSHIP OF TINY
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 3

	General Government	Protection Services	Transportation Services	Environmental and Water Services	Health Services	Parks, Recreation and Culture	Planning and Development	Total
REVENUE								
Net municipal taxation	\$ 2,230,943	\$ 4,819,033	\$ 5,268,348	\$ 2,257,530	\$ 32,393	\$ 2,081,156	\$ 515,478	\$ 17,204,881
User fees	548,512	1,759,303	285,726	3,501,598	-	289,855	117,890	6,502,884
Government transfers	1,803,555	17,309	-	10,000	-	51,020	-	1,881,884
Investment income	458,696	-	-	-	-	-	-	458,696
Other	498,910	127,134	103,701	16,592	-	65,157	-	811,494
TOTAL REVENUE	5,540,616	6,722,779	5,657,775	5,785,720	32,393	2,487,188	633,368	26,859,839
EXPENSES								
Salaries, wages and benefits	2,468,425	2,454,799	2,479,774	1,058,088	-	1,505,217	386,851	10,353,154
Operating expenses	848,685	3,678,390	2,233,324	1,852,780	-	746,233	97,859	9,457,271
Other	38,745	100,650	155,718	38,480	44,500	296,213	-	674,306
Amortization	118,306	369,576	2,946,590	497,365	-	402,356	35,684	4,369,877
TOTAL EXPENSES	3,474,161	6,603,415	7,815,406	3,446,713	44,500	2,950,019	520,394	24,854,608
NET REVENUES (EXPENSES)	2,066,455	119,364	(2,157,631)	2,339,007	(12,107)	(462,831)	112,974	2,005,231
OTHER								
Grants and transfers related to capital								
Government grants	25,954	-	956,210	-	-	92,300	-	1,074,464
Contributions (to) from obligatory reserve funds	-	143,899	1,223,808	-	-	171,737	5,000	1,544,444
Gain (loss) on disposal of tangible capital assets	12,700	14,660	(6,212)	(1,319)	-	(35,622)	-	(15,793)
	38,654	158,559	2,173,806	(1,319)	-	228,415	5,000	2,603,115
ANNUAL SURPLUS (DEFICIT)	\$ 2,105,109	\$ 277,923	\$ 16,175	\$ 2,337,688	\$ (12,107)	\$ (234,416)	\$ 117,974	\$ 4,608,346