

Township of Chapple
Consolidated Financial Statements
December 31, 2025

Township of Chapple
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For the year ended December 31, 2025

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Management's Responsibility

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

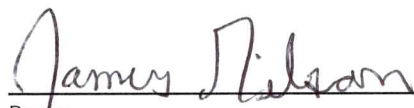
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.


In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Township Council composed primarily of members who are neither management nor employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP is appointed by the Members of Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

June 17, 2026


Reeve


CAO/Clerk-Treasurer

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2025, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated 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 Consolidated 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 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 Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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.

Fort Frances, Ontario

June 17, 2026

MNP LLP
Chartered Professional Accountants

Licensed Public Accountants

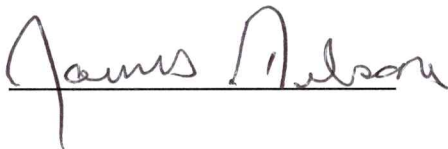
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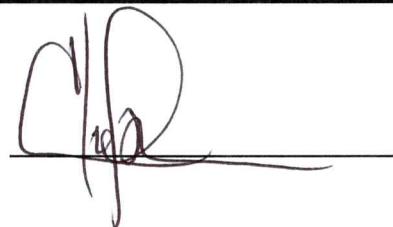
Township of Chapple
Consolidated Statement of Financial Position

As at December 31, 2025

	2025	2024
Financial assets		
Current		
Cash and temporary investments (Note 2)	2,232,762	1,931,013
Accounts receivable	155,238	401,753
Investments (Note 3)	3,106,064	3,178,339
Property tax receivable - Municipal	86,085	84,010
Total financial assets	5,580,149	5,595,115
Liabilities		
Current		
Accounts payable and accruals	67,689	155,348
Employee benefit obligations	42,747	35,523
Deferred revenue (Note 4)	233,024	302,762
Asset retirement obligations (Note 6)	515,869	484,840
Long-term debt (Note 5)	442,504	542,581
Total financial liabilities	1,301,833	1,521,054
Net financial assets	4,278,316	4,074,061
Non-financial assets		
Tangible capital assets (Note 8)	9,745,201	9,524,505
Intangible assets	95,356	95,356
Inventories of supplies	96,372	51,017
Prepaid expenses	9,639	8,925
Tangible capital assets under construction	2,938	22,759
Total non-financial assets	9,949,506	9,702,562
Accumulated surplus	14,227,822	13,776,623
Accumulated surplus is comprised of:		
Accumulated operating surplus (Note 9)	14,170,834	13,735,837
Accumulated remeasurement gains	56,988	40,786
	14,227,822	13,776,623

Approved on behalf of the Council

 **Reeve**

 **CAO/Clerk-Treasurer**

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

Township of Chapple
Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended December 31, 2025

	2025	2025	2024
	<i>Budget</i>		
Taxation	2,196,756	2,212,947	2,247,071
Government transfers <i>(Note 10), (Note 11)</i>	800,151	751,380	803,089
User fees	440,750	470,636	367,869
Investment income	130,000	359,564	312,728
Municipal grants	2,000	299	6,481
Permits, licences, and fines	29,000	94,131	77,926
Other revenue	65,220	35,904	100,782
	3,663,877	3,924,861	3,915,946
Program expenses			
General Government	559,579	518,480	501,201
Protection Services	409,667	457,693	444,186
Transportation Services	1,315,730	1,217,037	1,101,623
Environmental Services	409,160	575,787	516,625
Health Services	315,661	302,267	285,115
Social and Family Services	37,613	48,406	31,870
Social Housing	236,178	236,178	215,307
Recreation and Cultural Services	44,926	114,935	125,926
Planning and Development	138,966	19,081	17,523
	3,467,480	3,489,864	3,239,376
Annual surplus	196,397	434,997	676,570
Accumulated surplus, beginning of year	13,735,837	13,735,837	13,059,267
Accumulated surplus, end of year	13,932,234	14,170,834	13,735,837

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

Township of Chapple
Consolidated Statement of Remeasurement Gains
For the year ended December 31, 2025

	2025	2024
Accumulated remeasurement gains, beginning of year	40,786	15,353
Unrealized gains attributable to:		
Portfolio investments	16,202	25,433
Accumulated remeasurement gains, end of year	56,988	40,786

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

Township of Chapple
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2025

	<i>2025</i> <i>Budget</i>	<i>2025</i>	<i>2024</i>
Annual surplus	196,397	434,997	676,570
Acquisition of tangible capital assets	(1,026,894)	(774,803)	(1,536,877)
Amortization of tangible capital assets	519,446	517,893	519,446
Loss on disposal of tangible capital assets	-	31,625	-
Loss on disposal of Joint Fire Chief Government Partnership	-	4,589	-
Assets under construction	-	19,821	294,632
	(507,448)	(200,875)	(722,799)
Use (acquisition) of supplies inventories	-	(45,355)	21,000
Prepaid expenses	-	(714)	(661)
Change in remeasurement gains (losses) for the year	-	16,202	25,433
	-	(29,867)	45,772
Net change in net financial assets (debt) including net remeasurement gain	(311,051)	204,255	(457)
Net financial assets, beginning of year	-	4,074,061	4,074,518
Net financial assets, end of year	(311,051)	4,278,316	4,074,061

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

Township of Chapple
Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
Operating activities		
Annual surplus	434,997	676,570
Remeasurement gains	16,202	25,433
Items not involving cash		
Amortization	517,893	519,446
Accretion of asset retirement obligations	31,030	29,163
Loss on disposal of tangible capital assets	31,625	-
Loss on disposal of Joint Fire Chief Government Partnership	4,589	-
Changes in non-cash operating balances		
Taxes receivable	(2,075)	162,838
Accounts receivable	246,515	(118,783)
Prepays	(714)	(661)
Inventory of supplies	(45,355)	21,000
Accounts payable and accrued liabilities	(87,661)	(121,076)
Post employment benefits	7,224	7,378
Deferred revenue	(69,738)	41,374
	1,084,532	1,242,682
Financing activities		
Proceeds from issuance of long-term debt	-	566,550
Repayment of demand debt	(100,076)	(107,120)
	(100,076)	459,430
Capital activities		
Acquisition of tangible capital assets	(774,803)	(1,536,877)
Construction in progress	19,821	294,632
	(754,982)	(1,242,245)
Investing activities		
Proceeds (acquisition) of investments	72,275	(168,100)
Increase (decrease) in cash resources	301,749	291,767
Cash and cash equivalents, beginning of year	1,931,013	1,639,246
Cash and cash equivalents, end of year	2,232,762	1,931,013
Cash resources are composed of:		
Cash	2,232,762	1,931,013

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

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

1. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all municipal Organizations, committees, and boards which are owned or controlled by Council.

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the consolidated financial statements using the proportionate consolidation method.

The following government partnership, which the Municipality has a 33% ownership in, has been proportionately consolidated:

Joint Fire Chief Services Committee

Government business enterprises and partnerships 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. No government business enterprises are reflected in the consolidated financial statements.

Basis of accounting

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

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

Financial instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

1. **Significant accounting policies** *(Continued from previous page)*

Cash and cash equivalents

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

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 asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	20 to 50 years
Roads	straight-line	10 to 80 years
Machinery and equipment	straight-line	10 to 20 years
Land improvements	straight-line	50 to 100 years
Sewer and water	straight-line	10 to 40 years
Other	declining balance	5 to 10 years

Revenue recognition

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total amount of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized on the consolidated statement of operations in the year in which it is used for the specified purpose.

Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

School boards

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

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

1. **Significant accounting policies** *(Continued from previous page)*

Trust fund

Funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust fund are reported separately on the trust fund statement of continuity and balance sheet.

Asset retirement obligations

A liability for an asset retirement obligation is recognized when 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 is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these consolidated financial statements are the useful lives of property, plant and equipment, the useful life of the landfill sites, retirement costs of the landfills and taxation revenue.

2. **Cash and cash equivalents**

The balance of cash reported on the consolidated statement of financial position is made up of the following:

	2025	2024
Unrestricted	810,370	306,750
Restricted by Council resolution	1,222,923	1,367,803
Restricted by funding agreement	199,469	256,460
	2,232,762	1,931,013

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 9).

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

3. Investments

	2025	2024
CIBC guaranteed investment certificate	500,000	700,000
Equity fund	252,854	208,644
Bond fund	140,498	134,977
Canadian bonds and cash holdings	2,212,712	2,134,718
	3,106,064	3,178,339

The income from investments for the year was \$359,564 (2024 - \$312,728).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds (Note 8)

4. Deferred revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community Building Fund	200,114	49,977	6,445	(23,512)	233,024
OCIF	37,275	134,516	5,217	(177,008)	-
NORDS	65,373	-	-	(65,373)	-
	302,762	184,493	11,662	(265,893)	233,024

Canada Community Building Fund

The Federal Government advances the Municipality funding related to CCBF. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

OCIF

Funds relate to the Ontario Community Infrastructure Fund (OCIF). These funds are to be spent on approved infrastructure projects, therefore, are deferred until the funds are spent and the projects are completed.

NORDS

Funds relate to the Northern Ontario Resource Development Support Fund (NORDS). These funds are to be spent on approved infrastructure projects and, therefore, are deferred until the funds are spent and the projects are completed.

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

5. Long-term debt

	2025	2024
CAT Financial loan with interest at 6.85%, equipment loan, repayable in monthly installments of \$11,178 principal and interest, maturing September 2029.	442,504	542,581

Principal repayments on long-term debt in each of the next four years are estimated as follows:

	Principal	Interest	Total
2026	107,151	26,989	134,140
2027	114,726	19,414	134,140
2028	122,836	11,304	134,140
2029	97,791	2,812	100,603
	442,504	60,519	503,023

Interest on long-term debt amounted to \$34,064 (2024 - \$10,790).

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

6. Asset retirement obligations

The Municipality's financial statements include an asset retirement obligation for the Richardson Landfill and the Shenston Landfill as well as buildings. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Richardson Landfill has been estimated using a net present value technique with a discount rate of 3.34% (2024 – 3.34%). The estimated total undiscounted future expenditures are \$350,000 (2024 - \$350,000), which are to be incurred over 37 years. The liability is expected to be settled in 39 years.

	2025	2024
Balance, beginning of year	187,496	176,218
Accretion	11,999	11,278
Balance, end of year	199,495	187,496

The liability for the Shenston Landfill has been estimated using a net present value technique with a discount rate of 3.34% (2024 – 3.34%). The estimated total undiscounted future expenditures are \$575,000 (2024 - \$575,000), which are to be incurred over 35 years. The liability is expected to be settled in 40 years.

	2025	2024
Balance, beginning of year	222,172	208,808
Accretion	14,220	13,364
Balance, end of year	236,392	222,172

The liability for the buildings has been estimated using a net present value technique with a discount rate of 3.34% (2024 – 3.34%). The estimated total undiscounted future expenditures are \$125,170 (2024 - \$125,170), which are to be incurred when the buildings are disposed of. The liability is expected to be settled in 20 years.

	2025	2024
Balance, beginning of year	75,172	70,650
Accretion	4,810	4,522
Balance, end of year	79,982	75,172

7. Bank indebtedness

Bank indebtedness is secured by general security agreements covering certain assets of the Municipality. The maximum authorized amount is \$410,000 and bears interest at the prime rate. As of December 31, 2025, the amount of overdraft used is \$NIL (2024 - \$NIL).

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

8. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2025 Net book value</i>
Land	274,671	-	-	12,439	262,232
Buildings	2,259,834	15,087	-	1,256,230	1,018,691
Vehicles	1,436,027	-	14,352	703,233	718,442
Machinery and equipment	2,982,085	56,499	-	1,525,807	1,512,777
Computers	47,599	7,529	4,499	41,841	8,788
Roads	2,441,209	83,575	-	1,807,071	717,713
Bridges	5,504,969	568,377	81,432	1,373,580	4,618,334
Water mains/networks	3,901,657	43,736	-	3,057,169	888,224
	18,848,051	774,803	100,283	9,777,370	9,745,201

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>
Land	274,671	-	-	12,177	262,494
Buildings	1,801,919	457,915	-	1,216,837	1,042,997
Vehicles	1,436,027	-	-	643,071	792,956
Machinery and equipment	2,227,780	754,305	-	1,377,301	1,604,784
Computers	47,599	-	-	43,850	3,749
Roads	2,316,754	124,455	-	1,721,825	719,384
Bridges	5,482,511	22,458	-	1,350,051	4,154,918
Water mains/networks	3,723,913	177,744	-	2,958,434	943,223
	17,311,174	1,536,877	-	9,323,546	9,524,505

The net book value of tangible capital assets not being amortized because they are under construction is \$2,938 (2024 - \$22,759). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

9. Accumulated surplus

The Municipality segregates its accumulated surplus in the following categories:

	2025	2024
Invested in tangible capital assets		
Tangible capital assets	9,748,139	9,547,262
Long-term debt	(442,504)	(542,581)
	9,305,635	9,004,681
<hr/>		
Investment in intangible assets	95,356	95,356
<hr/>		
Current operations		
General operating	838,604	339,855
Water	(38,207)	(38,383)
Recreation	1,872	30,155
Museum	20,726	26,495
	822,995	358,122
<hr/>		
Other allocated deficits		
Asset retirement obligation	(515,869)	(484,840)
Employee future benefits	(42,757)	(35,523)
	(558,626)	(520,363)
<hr/>		
Reserve funds		
Replacement of capital assets	2,973,906	3,407,536
Landfill closures	190,295	184,070
Other	403,231	358,799
Sick leave	45,413	43,921
Chapple Community Development Fund	716,835	627,921
	4,329,680	4,622,247
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Working capital reserve	175,794	175,794
	14,170,834	13,735,837

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

10. Government transfers - federal

	2025	2024
Operating		
Canada Summer Jobs	2,408	2,319
Canada Community Building Fund	23,511	-
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Total operating transfers	25,919	2,319
Tangible capital assets		
Canada Community Building Fund	-	28,165
Industry Canada - FedNor	-	22,916
ICIP Green Stream	20,736	-
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Total tangible capital assets	20,736	51,081
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Total federal transfers	46,655	53,400

11. Government transfers - provincial

	2025	2024
Operating - Province of Ontario		
Ontario Municipal Partnership Fund	367,000	367,000
Ministry of Tourism Culture and Sport	5,569	1,828
Ministry of Agriculture, Food and Rural Affairs Environmental Management Branch	14,808	1,485
Other	9,685	74,463
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Total operating transfers	397,062	444,776
Tangible capital assets - Province of Ontario		
Ministry of Rural Affairs	290,385	304,913
ICIP Green Stream	17,278	-
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Total tangible capital assets	307,663	304,913
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Total provincial transfers	704,725	749,689

12. Expenses by object

	2025	2024
Salaries, wages and employee benefits	1,076,982	987,130
Materials	669,712	579,724
Contracted services	513,923	500,123
Rent and financial expenses	114,572	119,716
Contributions to other organizations	562,718	522,448
Amortization	517,893	519,445
Interest on long-term debt	34,064	10,790
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	3,489,864	3,239,376

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

13. Pension agreement

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Municipality is only one of a number of employers that participate in the plan and the financial information provided to the Municipality, on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contributions payable in exchange for services rendered during a period is recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2025, was \$70,500 (2024 - \$62,278).

As at December 31, 2025, the OMERS plan was 99% funded (December 31, 2024 - 98%) and reported an actuarial funding deficit of \$1.3 billion (2024 - \$2.9 billion). OMERS has a strategy to return the plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

14. Operation of school boards

During the year, the following taxation revenue was raised and remitted:

	2025	2024
School boards	502,899	542,570

15. Trust fund

The trust fund administered by the Municipality amounting to \$45,701 (2024 - \$41,415) has not been included on the consolidated statement of financial position nor have the operations been included on the consolidated statement of operations.

16. Contributions to unconsolidated boards

The following contributions were made by the Municipality to these boards:

	2025	2024
Northwestern Health Unit	37,213	31,727
Rainy River District Social Services Administration Board	538,276	492,039
	575,489	523,766

Township of Chapple
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

17. Partnership in Joint Fire Chief Services Committee

On June 16, 2021, the Corporation of the Township of Chapple entered into an agreement with the Corporation of the Township of Alberton, the Corporation of the Township of Emo and the Corporation of the Township of LaVallee in order to provide common administration and oversight of fire chief services and directly related matters. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of fire chief services and directly related matters for each of the Municipalities. Under the agreement, decisions related to the financial and operating activities of the Joint Fire Chief Services Committee are shared. No partner is in a position to exercise unilateral control.

Effective March 31, 2023, the Township of Alberton withdrew from the partnership. The remaining partners acquired the Township of Alberton's share of the non-financial asset for \$11,700 (\$3,00 each). For each of the remaining three member communities, the exit resulted in an increase in their proportionate interest of the partnership to 33.33%.

Effective March 12, 2025, the Joint Fire Chief Services Committee was dissolved. Each municipality has appointed a part-time Fire Chief to carry on services for their respective Municipalities.

The Municipality's financial statements reflect proportionate consolidation, whereby they include the Corporation of the Township of Chapple's pro-rata share of the expenses and jointly controlled assets. Upon dissolution of the partnership, the Township of Chapple recorded the disposal of their portion of the assets and recognized a loss on dissolution of \$6,176.

The Joint Fire Chief Services Committee has total expenses of \$33,179 for the year ended December 31, 2025 (2024 - \$71,032). The Corporation of the Township of Chapple's pro-rata share of these expenses is \$12,167 (2024 - \$26,483).

18. Budget Reconciliation

The Financial Plan (Budget) By-Law adopted by Council on June 17, 2025 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to a surplus of \$358,121. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on June 17, 2025, with adjustments as follows:

	<i>2025</i>
Financial plan (budget) by-law deficit for the year	(358,121)
Transfers to reserves	195,875
Transfers from reserves	(677,737)
Budgeted capital additions	1,026,894
Education tax revenue	(502,868)
Education tax expense	512,354
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Budget surplus per consolidated statement of operations	196,397

19. Segmented information

The Corporation of the Township of Chapple is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services

Environmental services consist of maintenance of the two waste disposal facilities located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Chapple require the service.

Recreation and Cultural Services

This service area consists of various small recreation programs. Also, the Municipality contributes to the library board of another Municipality in order to ensure a library is available to the citizens of the Municipality.

Planning and Development

This service relates to zoning issues as well as planning of various municipal maintenance projects.

Township of Chapple
Schedule 1 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2025
Revenue										
Taxation	313,940	282,801	601,997	341,007	252,652	91,677	210,744	45,051	73,080	2,212,949
Fees and user charges	-	1,238	4,130	435,222	6,370	-	-	21,832	1,844	470,636
Municipal grants	-	299	-	-	-	-	-	-	-	299
Other revenue	69,457	62,568	133,188	41,802	55,897	20,283	46,626	43,610	16,168	489,599
Conditional Grants	23,389	11,411	267,678	38,014	-	-	-	43,888	-	384,380
Unconditional Grants	52,064	46,900	99,836	35,872	41,900	15,204	34,950	28,152	12,120	366,998
	458,850	405,217	1,106,829	891,917	356,819	127,164	292,320	182,533	103,212	3,924,861
Expenses										
Interest on long term debt	34,064	-	-	-	-	-	-	-	-	34,064
Contracted services	77,971	171,397	36,801	187,931	6,988	20,517	-	-	-	501,605
External Transfers	1,250	267	-	-	291,306	27,889	236,178	5,828	-	562,718
Rent and financial	94,267	9,581	-	3,881	-	-	-	6,843	-	114,572
Materials	91,776	94,130	297,345	134,770	1,049	-	-	44,106	18,856	682,032
Salaries and benefits	208,537	97,614	588,040	144,798	2,587	-	-	35,180	225	1,076,981
	507,865	372,989	922,186	471,380	301,930	48,406	236,178	91,957	19,081	2,971,972
Net revenue, before amortization	(49,015)	32,228	184,643	420,537	54,889	78,758	56,142	90,576	84,131	952,889
Amortization	10,615	84,704	294,851	104,407	337	-	-	22,978	-	517,892
Net revenue	(59,630)	(52,476)	(110,208)	316,130	54,552	78,758	56,142	67,598	84,131	434,997

Township of Chapple
Schedule 1 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2024
Revenue										
Taxation	303,523	294,511	705,208	322,139	293,590	17,866	245,175	53,934	11,125	2,247,071
Fees and user charges	-	19,793	385	312,999	6,390	-	-	23,662	4,640	367,869
Municipal grants	-	6,481	-	-	-	-	-	-	-	6,481
Other revenue	66,381	64,410	154,229	36,809	65,634	27,215	55,044	19,282	2,433	491,437
Conditional Grants	63,643	13,139	85,000	52,231	-	-	-	220,590	1,485	436,088
Unconditional Grants	49,572	48,101	115,177	31,932	49,015	20,324	41,106	9,956	1,817	367,000
	483,119	446,435	1,059,999	756,110	414,629	65,405	341,325	327,424	21,500	3,915,946
Expenses										
Interest on long term debt	10,790	-	-	-	-	-	-	-	-	10,790
Contracted services	55,529	198,336	32,276	189,188	4,880	19,914	-	-	-	500,123
External Transfers	3,250	223	-	-	276,588	11,956	215,307	9,782	5,341	522,447
Rent and financial	100,890	9,453	-	3,786	-	-	-	5,587	-	119,716
Materials	106,040	88,592	246,170	98,524	1,190	-	-	27,267	11,942	579,725
Salaries and benefits	214,717	59,205	552,242	124,300	2,120	-	-	34,306	240	987,130
	491,216	355,809	830,688	415,798	284,778	31,870	215,307	76,942	17,523	2,719,931
Net revenue, before amortization	(8,097)	90,626	229,311	340,312	129,851	33,535	126,018	250,482	3,977	1,196,015
Amortization	9,985	88,377	270,935	100,827	337	-	-	48,984	-	519,445
Net revenue	(18,082)	2,249	(41,624)	239,485	129,514	33,535	126,018	201,498	3,977	676,570