

Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF FRONTENAC
ISLANDS**

Year ended December 31, 2024

CORPORATION OF THE TOWNSHIP OF
FRONTENAC ISLANDS

Financial Statements

Year ended December 31, 2024

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the Corporation of the Township of Frontenac Islands (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

Vanessa Latimer
Chief Administrative Officer



Jesse Collins
Treasurer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Frontenac Islands

Opinion

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

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated municipal equity for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, 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.

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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

October 14, 2025

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 1,588,375	\$ 496,758
Investments (note 3)	1,617,599	1,477,474
Taxes receivable	920,672	886,073
Accounts receivable	1,374,601	1,732,933
	5,501,247	4,593,238
Financial liabilities:		
Accounts payable and accrued liabilities	1,275,958	1,557,136
Prepaid property taxes	178,754	107,006
Deferred revenue	40,565	—
Deferred revenue - obligatory reserves (note 5)	1,075,919	559,806
Asset retirement obligations (note 9)	482,052	492,297
Long-term liabilities (note 6)	777,480	947,665
	3,830,728	3,663,910
Net financial assets	1,670,519	929,328
Non-financial assets:		
Tangible capital assets (note 13)	20,820,388	21,749,276
Inventory	150,923	150,923
Prepaid expenses	203,656	24,056
	21,174,967	21,924,255
Contingent liabilities (note 11)		
Commitments (note 12)		
Accumulated municipal equity (note 10)	\$ 22,845,486	\$ 22,853,583

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (note 15)	Actual 2024	Actual 2023
Revenue:			
Taxation for municipal purposes	\$ 3,363,561	\$ 3,369,263	\$ 3,319,010
User charges	207,897	224,218	224,432
Government transfers (grants)	1,354,992	1,275,949	1,262,069
Licences and permits	185,970	146,248	175,399
Investment income	53,000	182,141	75,684
Fines and penalties	75,000	106,759	104,053
Wolfe Island Wind Plant	645,000	645,000	645,000
Donations	2,500	27,416	15,595
Other	75,251	98,372	135,645
Transfers from obligatory reserve funds	52,824	52,824	206,104
	6,015,995	6,128,190	6,162,991
Expenses (note 14):			
General government	897,846	990,310	973,092
Protection to persons and property	821,869	794,906	754,825
Transportation services	3,635,944	3,214,295	3,539,948
Environmental services	376,556	334,434	349,533
Social housing services	139,052	91,323	77,298
Recreation and cultural services	412,254	370,835	551,569
Planning and development	348,737	298,442	359,306
	6,632,258	6,094,545	6,605,571
Annual operating surplus (deficit)	(616,263)	33,645	(442,580)
Capital items:			
Government grants (note 5)	—	—	108,107
Government capital grants	144,000	—	459,315
Capital grant recovery	—	(41,742)	—
Loss on disposal of tangible capital assets	—	—	(2,961)
	144,000	(41,742)	564,461
Annual surplus (deficit)	(472,263)	(8,097)	121,881
Accumulated municipal equity, beginning of year	22,853,583	22,853,583	22,731,702
Accumulated municipal equity, end of year	\$ 22,381,320	\$ 22,845,486	\$ 22,853,583

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
	(note 15)		
Annual surplus (deficit)	\$ (472,263)	\$ (8,097)	\$ 121,881
Amortization of tangible capital assets	1,306,581	1,306,581	1,358,360
Loss on disposal of tangible capital assets	—	—	2,961
Proceeds on disposal of tangible capital assets	—	—	5,404
Acquisition of inventory	—	—	61,399
Acquisition of prepaid expenses	—	(179,600)	5,973
Acquisition of tangible capital assets	(488,083)	(377,693)	(1,249,700)
Change in net financial assets	346,235	741,191	306,278
Net financial assets, beginning of year	929,328	929,328	623,050
Net financial assets, end of year	\$ 1,275,563	\$ 1,670,519	\$ 929,328

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus (deficit)	\$ (8,097)	\$ 121,881
Item not involving cash:		
Amortization of tangible capital assets	1,306,581	1,358,360
Loss on disposal of tangible capital assets	—	2,961
Change in asset retirement obligations	(10,245)	167,920
Change in non-cash operating working capital:		
Accounts receivable	358,332	543,446
Accounts payable and accrued liabilities	(281,178)	(492,989)
Prepaid expenses	(179,600)	5,973
Deferred revenue	40,565	(20,517)
Taxes receivable	(34,599)	(101,607)
Deferred revenue - obligatory reserves	516,113	18,382
Inventory	—	61,399
Prepaid property taxes	71,748	(2,033)
Net change in cash from operations	1,779,620	1,663,176
Capital activities:		
Proceeds on disposal of tangible capital assets	—	5,404
Acquisition of tangible capital assets	(377,693)	(1,249,700)
	(377,693)	(1,244,296)
Investing activities:		
Purchase of investments	(140,125)	(54,809)
Financing activities:		
Repayment of long-term liabilities	(170,185)	(179,105)
Increase in cash	1,091,617	184,966
Cash, beginning of year	496,758	311,792
Cash, end of year	\$ 1,588,375	\$ 496,758

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements

Year ended December 31, 2024

The Corporation of the Township of Frontenac Islands (the "Township") was incorporated in 1998 (being an amalgamation of the former Howe Island Township and Wolfe Island Township) and assumed its responsibilities under the authority of the Ministry of Municipal Affairs and the Municipal Act. The Township operates as a lower tier government in the County of Frontenac, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The financial statements of the Township are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of presentation:

- (i) The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Township.

(ii) Non-entities:

The Big Sandy Bay Management Area Stewardship Committee has not been with the financial statements of the Corporation of the Township of Frontenac Islands, but is reported on separately.

(iii) Trust funds:

Trust funds and their related operations administered by the Township are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

(iv) Accounting for school board and County transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and the County of Frontenac are not reflected in the municipal fund balances of these financial statements.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(b) Basis of accounting:

- (i) The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual deficit, provides the change in net financial assets for the year.

(c) Taxation and related revenues:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established by the Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the County of Frontenac for regional services, and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Tangible capital assets:

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	30 to 50
Buildings	10 to 60
Vehicles	3 to 25
Machinery and equipment	3 to 25
Linear assets:	
Roads	7 to 50

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations and accumulated municipal equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations and accumulated municipal equity.

(e) Inventory:

Inventory held for consumption are recorded at the lower of cost or replacement cost.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Pension and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

(g) Government transfers:

Government transfers are recognized in the financial statements as revenue 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

(h) Revenue recognition:

Government transfers are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. User charges, generally consisting of user fees, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

The Township receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the relate expenses are incurred or services performed.

The Township receives restricted contributions under the authority of provincial legislation and Municipal by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Investments:

Investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

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

(j) Asset retirement obligation:

The Township recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- 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.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded.

Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Statement of Operations and Municipal Equity at the time of remediation.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets.

(k) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(k) Liability for contaminated sites (continued):

(c) the Township:

(i) is directly responsible; or

(ii) accepts responsibility

(d) it is expected that future economic benefit will be given up; and

(e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

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

All financial assets are assessed for impairment on an annual basis. Where 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 of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations.

(m) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

(n) 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 revenue and expenses during the period. Actual results could differ from these estimates.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Change in accounting policies – adoption of new accounting standards:

The Township adopted the following standards concurrently beginning January 1, 2024:

a) 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. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

b) 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.

c) PS 3160 Public Private Partnerships (P3s):

Provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no significant impact on the financial statements as a result of adopting the new accounting standards.

3. Investments:

Investments, which consist of funds invested into One Investments, are recorded on the statement of financial position at cost plus accrued interest. They have a market value of \$1,850,394 at December 31, 2024 (2023 - \$1,660,022).

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Operations of the School Boards and County of Frontenac:

The Township collected and made property tax transfers including payments in lieu of property taxes, to the County of Frontenac and School Boards as follows:

	2024	2024	2023	2023
	School boards	County of Frontenac	School boards	County of Frontenac
Amounts requisitioned and paid	\$ 1,017,734	\$ 1,207,296	\$ 984,958	\$ 1,166,874

5. Deferred revenue – obligatory reserves:

A requirement of 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 Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

	Development charges	Building	Canada Community Building Fund	OCIF	Parkland	Total
January 1, 2024	\$ 278,944	\$ 80,893	\$ 199,969	\$ –	\$ –	\$ 559,806
Contributions	63,931	18,040	147,220	249,664	57,513	536,368
Interest	13,206	–	13,904	5,459	–	32,569
Transfer for capital purposes	–	(52,824)	–	–	–	(52,824)
December 31, 2024	\$ 356,081	\$ 46,109	\$ 361,093	\$ 255,123	\$ 57,513	\$ 1,075,919

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Long-term liabilities:

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

	2024	2023
Infrastructure Ontario loan (2.23%), repayable in semi-annual blended payments of \$15,977, maturing June 2025	\$ 15,801	\$ 46,882
Infrastructure Ontario loan (2.55%), repayable in semi-annual principal payments of \$14,000 plus interest, maturing February 2045	574,000	602,000
Caterpillar Financial Service Limited loan (0.00%), repayable in monthly instalment payments of \$1,855, matured July 2024	—	11,332
Infrastructure Ontario loan (1.29%), repayable in blended semi-annual payments of \$33,928, maturing July 2026	133,551	199,049
TD Bank loan (1.672%), repayable in blended monthly payments of \$2,047, maturing June 2025	12,221	36,356
TD Bank loan (5.054%), repayable in blended monthly payments of \$1,045, maturing August 2028	41,907	52,046
	\$ 777,480	\$ 947,665

Principal payments are due as follows:

2025	\$ 133,038
2026	106,427
2027	39,803
2028	36,212
2029 and thereafter	462,000
	\$ 777,480

Interest expense on long-term liabilities at December 31, 2024 amounted to \$20,399 (2023 - \$24,356).

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Trust funds:

Trust funds administered by the Township amounting to \$16,263 (2023 - \$19,976) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

8. Pension contributions:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these financial statements. The plan's actuarial deficit as of December 31, 2024 amounted to \$2.9 billion (2023 - \$4.2 billion).

The amount contributed to OMERS was \$129,783 (2023 - \$108,521) for current services and is included as an expense on the statement of operations and accumulated municipal equity classified under the appropriate functional expenditure.

9. Asset retirement obligation:

The Township's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings and the legally required post-closure costs of operating one landfill site.

The obligation related to the asbestos-containing materials in certain buildings is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The obligation related to the post-closure costs of the landfill site is determined on the estimated discounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation. The discount rate used as at December 31, 2024 is 4.0% (2023 - 4.0%).

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

9. Asset retirement obligation (continued):

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 492,297	\$ 465,429
Inflationary adjustment during the year	3,681	40,794
Accretion expense – landfill	(13,926)	(13,926)
Liabilities settled during the year	–	–
Liabilities for asset retirement obligations, end of year	\$ 482,052	\$ 492,297

At December 31, 2024 the asset retirement balance is comprised of:

	2024	2023
Building asbestos obligation	\$ 144,733	\$ 141,052
Landfill post-closure obligation	337,319	351,245
Liabilities for asset retirement obligations, end of year	\$ 482,052	\$ 492,297

10. Municipal equity:

	2024	2023
Investment in tangible capital assets:		
Tangible capital assets	\$ 20,820,388	\$ 21,749,276
Long-term debt	(777,480)	(947,665)
	20,042,908	20,801,611
Unfunded liabilities:		
Asset retirement obligations	(482,052)	(492,297)
Reserves and reserve funds (Schedule 1)	3,284,630	2,544,268
Total accumulated municipal equity	\$ 22,845,486	\$ 22,853,583

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

11. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2024, management believes that the Township has valid defences and appropriate reserves and insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the financial statements.

12. Commitments

- (a) The Township has entered into an agreement with the County of Frontenac (the "County") whereby the County will provide financial services to the Township on a cost recovery basis commencing January 1, 2020 and shall continue thereafter on a year to year basis. Payments made under the contract for 2024 were \$59,657 (2023 - \$72,598).
- (b) The Township is provided police services by the Ontario Provincial Police under Section 5.1 of the Police Services Act. The annual charges are determined based on base costs and calls for service, overtime, prisoner transport, cleaning and accommodation. The amount paid in 2024 for police service usage was \$320,877 (2023 - \$316,505).

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Tangible capital assets:

Cost	Balance at December 31, 2023	Transfers and additions	Disposals and adjustments	Balance at December 31, 2024
Land	\$ 818,471	\$ –	\$ –	\$ 818,471
Land improvements	2,795,479	58,504	–	2,853,983
Buildings	4,524,715	22,148	–	4,546,863
Machinery and equipment	1,949,306	55,770	–	2,005,076
Vehicles	2,839,939	40,704	–	2,880,643
Linear assets:				
Roads	41,076,340	–	–	41,076,340
Construction in progress	–	200,567	–	200,567
Total	\$ 54,004,250	\$ 377,693	\$ –	\$ 54,381,943

Accumulated amortization	Balance at December 31, 2023	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2024
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	924,015	83,412	–	1,007,427
Buildings	1,780,220	131,336	–	1,911,556
Machinery and equipment	682,430	109,160	–	791,590
Vehicles	1,090,254	136,026	–	1,226,280
Linear assets:				
Roads	27,778,055	846,647	–	28,624,702
Total	\$ 32,254,974	\$ 1,306,581	\$ –	\$ 33,561,555

Net book value	2023	2024
Land	\$ 818,471	\$ 818,471
Land improvements	1,871,464	1,846,556
Buildings	2,744,495	2,635,307
Machinery and equipment	1,266,876	1,213,486
Vehicles	1,749,685	1,654,363
Linear assets:		
Roads	13,298,285	12,451,638
Construction in progress	–	200,567
Total	\$ 21,749,276	\$ 20,820,388

Assets under construction having a value of \$200,567 (2023 - \$Nil) have not been amortized. Amortization of these assets will commence when the asset is put into service.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. Segmented information:

The Township is a diversified municipal government that provides a wide range of services to its citizens, including police, fire, transportation, recreational and environmental services. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

(a) General government:

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

(b) Protection to persons and property:

Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts. Also includes the management and operation of all ferry services between Wolfe Island and the mainland and Howe Island and the mainland.

(d) Environmental services:

Includes the management and maintenance of the one landfill site.

(e) Social housing services:

Provides resources to assist with specific housing projects.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. Segmented information (continued):

(f) Recreation and culture:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, and recreation fields.

(g) Planning and development:

Manages development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision for geomatics services.

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue. Taxation is apportioned to these services based on the funding requirement. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Social Housing	Recreation and Culture	Planning and Development	2024 Total
Revenue:								
Taxation	\$ 838,613	\$ 454,919	\$ 1,428,286	\$ 315,911	\$ 6,579	\$ 252,932	\$ 67,476	\$ 3,364,716
Payments in lieu of taxation	1,133	615	1,930	427	9	342	91	4,547
Penalties and interest on taxes	106,759	-	-	-	-	-	-	106,759
Investment income	176,058	216	5,532	-	-	335	-	182,141
Government conditional grants	291,281	-	959,599	25,069	-	-	-	1,275,949
Licenses, permits and rents	245	400	-	-	-	-	145,603	146,248
User charges	-	-	132,415	9,596	63,442	18,765	-	224,218
Wind plant	-	-	645,000	-	-	-	-	645,000
Transfers from other funds	-	-	-	-	(41,742)	-	52,824	11,082
Donations	-	22,515	-	-	-	4,901	-	27,416
Other	56,179	11,597	417	(147)	449	29,877	-	98,372
Total revenue	1,470,268	490,262	3,173,179	350,856	28,737	307,152	265,994	6,086,448
Expenses:								
Salaries, wages and employee benefits	577,672	139,204	1,398,858	60,493	453	60,524	183,261	2,420,465
Materials	61,155	116,650	275,241	2,448	10,559	111,283	3,281	580,617
Contracted services	325,088	451,197	465,222	278,140	11,310	92,462	111,900	1,735,319
Rent and financial expense	1,713	2,404	2,780	-	43,713	873	-	51,483
External transfers	10,325	-	-	-	-	-	-	10,325
Asset retirement obligation accretion	1,403	-	1,121	(13,926)	-	1,157	-	(10,245)
Amortization	12,954	85,451	1,071,073	7,279	25,288	104,536	-	1,306,581
Total expenses	990,310	794,906	3,214,295	334,434	91,323	370,835	298,442	6,094,545
Annual surplus (deficit)	\$ 479,958	\$ (304,644)	\$ (41,116)	\$ 16,422	\$ (62,586)	\$ (63,683)	\$ (32,448)	\$ (8,097)

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. Segmented information (continued):

Comparative information for the year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Social Housing	Recreation and Culture	Planning and Development	2023 Total
Revenue:								
Taxation	\$ 704,850	\$ 412,720	\$ 1,732,701	\$ 278,415	\$ (6,170)	\$ 220,876	\$ (31,262)	\$ 3,312,130
Payments in lieu of taxation	1,464	857	3,599	578	(13)	460	(65)	6,880
Penalties and interest on taxes	104,053	-	-	-	-	-	-	104,053
Investment income	73,417	784	265	-	-	1,218	-	75,684
Government conditional grants	154,946	-	1,337,500	107,572	-	229,473	-	1,829,491
Licenses, permits and rents	42	325	-	-	-	-	175,032	175,399
User charges	-	-	143,064	6,014	62,796	12,558	-	224,432
Wind plant	-	-	645,000	-	-	-	-	645,000
Transfers from other funds	66,295	-	-	-	-	-	139,809	206,104
Donations	-	10,051	-	-	2,200	3,344	-	15,595
Other	116,221	4,260	6,429	(68)	586	-	8,217	135,645
Loss on disposals of tangible capital assets	-	(2,961)	-	-	-	-	-	(2,961)
Total revenue	1,221,288	426,036	3,868,558	392,511	59,399	467,929	291,731	6,727,452
Expenses:								
Salaries, wages and employee benefits	483,719	169,776	1,277,718	56,567	6,455	63,703	176,199	2,234,137
Materials	41,103	48,915	453,007	9,968	8,819	297,155	2,576	861,543
Contracted services	380,690	447,033	621,857	248,851	20,848	100,253	180,531	2,000,063
Rent and financial expense	38,475	2,896	4,017	-	15,888	1,555	-	62,831
Asset retirement obligation accretion	16,151	-	26,988	26,868	-	18,630	-	88,637
Amortization	12,954	86,205	1,156,361	7,279	25,288	70,273	-	1,358,360
Total expenses	973,092	754,825	3,539,948	349,533	77,298	551,569	359,306	6,605,571
Annual surplus (deficit)	\$ 248,196	\$ (328,789)	\$ 328,610	\$ 42,978	\$ (17,899)	\$ (83,640)	\$ (67,575)	\$ 121,881

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

15. Budget figures:

The 2024 approved budget was prepared on a cash-based approach with a reconciliation to a budget based on Canadian public sector accounting standards. The cash-based approach includes capital expenses, repayment of long-term liabilities and transfers to and from reserves which are removed in the year end statement of operations and accumulated municipal equity. The revenues attributable to these items continue to be included in the statement of operations and accumulated municipal equity, resulting in a significant variance.

The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements.

	Budget 2024
Total revenues	\$ 6,015,995
Total expenses	(6,632,258)
Net deficit	(616,263)
Amortization	1,306,581
Adjusted net deficit	690,318
Capital revenue	144,000
Funds available	834,318
Capital expenditures	(488,083)
Principal repayments	(170,185)
Increase in operating surplus	\$ 176,050
Allocated as follows:	
Net transfers to reserves	\$ 176,050

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Notes to Financial Statements (continued)

Year ended December 31, 2024

16. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Township is exposed to credit risk with respect to the accounts receivable.

The Township assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Township as at December 31, 2024 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts is \$Nil (2023 - \$Nil).

(b) Liquidity risk:

Liquidity risk is the risk that the Township will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Township manages its liquidity risk by monitoring its operating requirements. The Township prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and liabilities with variable interest rates expose the Township to cash flow interest rate risk.

There have been no significant changes to the risk exposures from 2023.

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (note 15)	Actual 2024	Actual 2023
Revenue:			
Interest	\$ —	\$ 674	\$ 2,405
Net transfers from (to) other funds:			
Transfers to operations	311,664	938,116	255,534
Transfers to capital acquisitions	(135,614)	(198,428)	(30,219)
Total net transfers	176,050	739,688	225,315
Change in reserves and reserve fund balances	176,050	740,362	227,720
Reserves and reserve fund balances, beginning of year	2,544,268	2,544,268	2,316,548
Reserves and reserve fund balances, end of year	\$ 2,720,318	\$ 3,284,630	\$ 2,544,268

CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Schedule 1: Continuity of Reserves and Reserve Funds (continued)

Year ended December 31, 2024, with comparative information for 2023

Composition of Reserves and Reserve Funds

	2024	2023
Reserves set aside for specific purposes by Council:		
Working capital	\$ 58,936	\$ 16,327
Capital	196,471	196,471
General reserves	17,500	12,500
Planning	5,428	(1,896)
	278,335	223,402
Mill rate stabilization	20,707	20,660
Ernie Allen reserve fund	65,530	65,501
	86,237	86,161
	364,572	309,563
Reserves set aside for Howe Island by Council:		
Howe capital reserve funds	225,781	96,154
Reserves set aside for Wolfe Island by Council:		
Wolfe Community Centre	128,105	64,425
Wolfe Waste Disposal	(6,268)	(6,268)
Wolfe Community Enhancement and Recreation	42,795	22,490
Wolfe General	4,491	4,491
Wolfe Capital	573,609	61,667
	742,732	146,805
Wolfe Capital	323,315	323,315
Wolfe Island Investment Fund	1,400,000	1,400,000
Wolfe Capital Reserve Funds	228,230	268,431
	1,951,545	1,991,746
	2,694,277	2,138,551
Total reserves and reserve funds	\$ 3,284,630	\$ 2,544,268



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Frontenac Islands:

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Frontenac Islands (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of financial activities and changes in fund balance 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, 2024, and its results of operations 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

October 14, 2025

THE CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Trust Funds
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Cash	\$ 16,263	\$ 19,976
Liabilities and Fund Balance		
Due to Township of Frontenac Islands	\$ —	\$ 3,965
Fund balance	16,263	16,011
	\$ 16,263	\$ 19,976

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Trust Funds

Statement of Financial Activities and Fund Balance

December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Interest	\$ 252	\$ 919
Expenses:		
Maintenance	—	—
Excess of revenue over expenses	252	919
Fund balance, beginning of year	16,011	15,092
Fund balance, end of year	\$ 16,263	\$ 16,011

THE CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Trust Funds
Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The financial statements of the Corporation of the Township of Frontenac Islands Trust Funds (the "Trust Funds") are prepared by management in accordance with Canadian Public Sector Accounting Standards.

(a) Basis of presentation:

These statements reflect the assets, liabilities, revenues and expenses of the Trust Funds.

(b) Basis of accounting:

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

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

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

All financial assets are assessed for impairment on an annual basis. Where 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 of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations.

(d) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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. Actual results could differ from those estimates.

THE CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

3. Financial instruments:

The Trust Fund's financial instruments consist of cash and due to the Township of Frontenac Islands and are carried at cost. Unless otherwise noted, it is management's opinion that the Trust Fund is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of the Trust Fund's financial instruments approximates their carrying value due to their short-term nature.

4. Change in accounting policies – adoption of new accounting standards:

The Township adopted the following standards concurrently beginning January 1, 2024:

a) 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. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

b) 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.

c) PS 3160 Public Private Partnerships (P3s):

Provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no significant impact on the financial statements as a result of adopting the new accounting standards.