Consolidated Financial Statements of

CORPORATION OF THE TOWN OF PELHAM

December 31, 2025

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Consolidated Financial Statements

Trust Funds

Deloitte.

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Independent Auditor's Report

To the Members of Council of the
Corporation of the Town of Pelham

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Town 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 PSAS, 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 Town'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 Town to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 GAAS 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 GAAS, 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 Town'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 Town'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 Town 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.

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 10, 2026

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Financial Position
December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents	$ **22,528,286**	$ 23,952,861
Taxes receivable	**3,145,619**	2,443,904
User charges receivable	**1,319,394**	1,295,769
Accounts receivable	**2,302,444**	4,630,387
Investment in subsidiary (Note 2)	**6,051,246**	5,919,525
	35,346,989	38,242,446
LIABILITIES		
Accounts payable and accrued liabilities	**7,279,707**	8,489,585
Deposits	**2,193,033**	2,602,236
Deferred revenue	**588,929**	570,187
Deferred revenue - obligatory reserve funds (Note 4)	**6,891,239**	8,771,901
Long-term debt (Note 5)	**22,199,977**	24,274,670
Employee benefit obligations (Note 6)	**843,285**	860,585
	39,996,170	45,569,164
Contingencies (Note 17)		
Net debt	**(4,649,181)**	(7,326,718)
NON FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	**162,084,287**	160,606,323
Prepaid expenses	**1,048,119**	483,130
	163,132,406	161,089,453
Accumulated surplus (Note 7)	$ **158,483,225**	$ 153,762,735

Signed on behalf of the Town:

Marvin Junkin, Mayor

Teresa Quinlin-Murphy, Treasurer

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Operations
For the Year Ended December 31, 2025

	Budget 2025 (Note 14)	Actual 2025	Actual 2024
REVENUE			
Taxation (Note 9)	$ 20,986,914	$ **21,532,642**	$ 19,835,212
User charges (Note 10)	10,565,395	**11,109,939**	10,281,436
Grants (Note 12)	5,444,203	**2,331,035**	3,848,404
Contributions from developers	5,116,680	**3,006,513**	1,545,982
Contributed tangible capital assets	-	**-**	1,533,355
Other (Note 13)	2,555,009	**2,556,079**	2,679,683
Equity earnings in subsidiary (Note 2)	-	**234,571**	283,535
(Loss) gain on disposal of assets and assets held for sale	-	**(42,350)**	11,355
	44,668,201	**40,728,429**	40,018,962
EXPENSES			
General government	5,490,368	**5,880,138**	5,680,469
Protection to persons and property	2,664,948	**2,883,930**	2,783,077
Transportation services	6,763,530	**7,492,931**	6,362,028
Environmental services	7,847,852	**8,663,856**	7,107,408
Health services	133,210	**154,210**	118,539
Recreation and culture services (Note 20)	9,430,658	**9,946,902**	8,669,302
Planning and development	774,270	**985,972**	983,142
	33,104,836	**36,007,939**	31,703,965
Annual surplus	11,563,365	**4,720,490**	8,314,997
Accumulated surplus, beginning of year	153,762,735	**153,762,735**	145,447,738
Accumulated surplus, end of year	$ 165,326,100	$ **158,483,225**	$ 153,762,735

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Change in Net Debt
For the Year Ended December 31, 2025

	Budget 2025	Actual 2025	Actual 2024
ANNUAL SURPLUS	$ 11,253,175	$ **4,720,490**	$ 8,314,997
Amortization of tangible assets	6,000,000	**6,448,508**	6,223,580
Contributed tangible capital assets	-	**-**	(1,533,355)
Acquisition of tangible capital assets	(16,187,114)	**(8,079,037)**	(9,974,085)
Loss (gain) on disposal of tangible capital assets	-	**42,350**	(11,355)
Proceeds on disposal of tangible capital assets	-	**110,215**	16,769
	1,066,061	**3,242,526**	3,036,551
Acquisition of prepaid expenses	-	**(1,049,736)**	(527,542)
Use of prepaid expenses	-	**484,747**	154,126
	-	**(564,989)**	(373,416)
Decrease in net debt	1,066,061	**2,677,537**	2,663,135
Net debt, beginning of year	(10,501,936)	**(7,326,718)**	(9,989,853)
Net debt, end of year	$ (9,435,875)	$ **(4,649,181)**	$ (7,326,718)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	$ **4,720,490**	$ 8,314,997
Items not involving cash:		
Amortization of tangible assets	**6,448,508**	6,223,580
Loss (gain) on disposal of tangible capital assets	**42,350**	(11,355)
Contributed tangible capital assets	**-**	(1,533,355)
Net earnings from investment in subsidiary	**(234,571)**	(283,535)
Employment benefit obligations	**(17,300)**	341,333
Change in non-cash assets and liabilities:		
Taxes receivable	**(701,715)**	(186,707)
User charges receivable	**(23,625)**	(242,203)
Accounts receivable	**2,327,943**	482,242
Accounts payable and accrued liabilities	**(1,209,878)**	1,330,418
Deposits	**(409,203)**	339,471
Deferred revenue - obligatory reserve funds	**(1,880,662)**	2,652,566
Deferred revenue	**18,742**	262,480
Prepaid expenses	**(564,989)**	(373,416)
	8,516,090	17,316,516
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	**110,215**	16,767
Acquisition of tangible capital assets, net of construction in process capitalized	**(8,079,037)**	(9,974,085)
	(7,968,822)	(9,957,318)
FINANCING ACTIVITIES		
Dividends received from investment in subsidiary (Note 2)	**102,850**	95,370
Repayment of long-term debt	**(2,074,693)**	(2,222,718)
	(1,971,843)	(2,127,348)
Net (decrease) increase in cash	**(1,424,575)**	5,231,850
Cash and cash equivalents, beginning of year	**23,952,861**	18,721,011
Cash and cash equivalents, end of year	$ **22,528,286**	$ 23,952,861

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

1. Significant accounting policies

The Corporation of the Town of Pelham ("the Town") is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

The consolidated financial statements of the Town are the representation of management prepared in accordance with Canadian public sector accounting standards ("PSAS"). Significant aspects of the accounting policies adopted by the Town are as follows:

a. Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, non-financial assets, revenues, and expenses and include all activities of all committees of Council and the following local boards and municipal entities which are under the control of Council:

i. Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 15).

ii. Peninsula West Power Inc.

Peninsula West Power Inc., a subsidiary corporation of the Town is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government enterprises (Note 2). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and interorganizational transactions and balances are not eliminated.

iii. Lincoln Pelham Union Public Library

The Lincoln Pelham Union Public Library (LPPL) was established pursuant to and in accordance with the provisions of the *Public Libraries Act* to serve Lincoln and Pelham. The LPPL is under the management and control of a union board as described in the *Public Libraries Act*, which is a corporation incorporated pursuant to the Non-for-Profit Corporations Act, 2010, S.O. 2010 C.15. Lincoln and Pelham are responsible for their proportionate share of the operating budget based on population. Lincoln's portion is 58% and Pelham's portion is 42%. The library facilities will remain the responsibility and asset of the respective municipality.

These consolidated financial statements exclude trust funds that are administered for the benefit of external parties (Note 16).

b. Basis of accounting

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

1. Significant accounting policies (continued)

c. Deferred revenue - obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses which will be incurred in a later period are deferred.

d. Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

e. Cash and cash equivalents

For the purpose of the consolidated financial statements, the Town considers all short-term investments with an original maturity of three months or less to be cash equivalents.

f. Deposits and deferred revenue

Deposits and deferred revenue represent user fees and charges that have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

g. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

1. Significant accounting policies (continued)

h. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of an asset. The cost, less residual value of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Classification	Useful life
Buildings	20 to 60 years
Computer hardware	4 years
Computer software	5 years
Furniture and fixtures	5 to 10 years
Land improvements	15 to 40 years
Linear assets	2 to 90 years
Machinery and equipment	7 to 40 years
Vehicles	3 to 20 years

Half year amortization is charged in the year of acquisition and no amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Town does not capitalize interest as part of the costs of its capital assets.

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

Works of art, artifacts, cultural or historic assets are not recorded as assets in the consolidated financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

i. Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Town. The Town is not involved in the construction.

j. Reserves for future expenses

Certain amounts, as approved by Town Council, are set aside in reserves and reserve funds for future current and capital expenses.

k. Government transfer payments

1. Significant accounting policies (continued)

k. Government transfer payments (continued)

Government transfers are recognized as revenues by the Town in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

l. Local improvements

The Town records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become receivable.

m. Tax revenue

Tax revenue is recognized on all taxable properties within the Town that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Town as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the Town's own purposes in the period for which the tax is levied.

n. Region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these consolidated financial statements.

o. Development charges

Development charges, collected under the authority of Sections 33 to 35 of the Development Charges Act, 1997, are reported as deferred revenue - obligatory reserve funds in the consolidated statement of financial position in accordance with Canadian public sector accounting standards. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

1. Significant accounting policies (continued)

p. Asset Retirement Obligations

Asset Retirement Obligations (ARO) represent the legal obligations associated with the retirement of a tangible capital asset (TCA) that result from its acquisition, construction, development, or normal use. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use, leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Town to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the Town derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations. There is no impact to the Town as a result of the implementation of the ARO standard.

q. Management estimates

The preparation of these 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include accounts receivable, accrued liabilities, deferred revenue, employee benefit obligations and useful lives of tangible capital assets.

2. Subsidiary operations

Peninsula West Power Inc. (PWPI), established by Council under Municipal By-law 2004-45, is an amalgamation of hydro-electric commissions from the Municipalities of Lincoln, West Lincoln and Pelham. PWPI owns a 25.5% share of Niagara Peninsula Energy Inc., which provides electric distribution services and wholly-owns Peninsula West Services Ltd. (PWSL), which provides water heater, sentinel lights and related services. The Town of Pelham has a 17% interest in PWPI.

The following table provides condensed supplementary financial information for Peninsula West Power Inc.:

	2025	2024
Financial position		
Current assets	$ **1,889,204**	$ 1,810,169
Capital assets	**50,426**	50,753
Investment	**40,817,804**	39,818,483
Total assets	**42,757,434**	41,679,405
Current liabilities		
Accounts payable and accrued liabilities	**62,810**	35,929
Future payments in lieu of taxes	**7,099,055**	6,822,738
Total liabilities	**7,161,865**	6,858,667
Net assets	**35,595,569**	34,820,738
Town of Pelham's interest - 17%	$ **6,051,246**	$ 5,919,525

	2025	2024
Change in equity investment in subsidiary		
Revenues	$ **166,898**	$ 170,819
Expenses	**(110,095)**	(118,623)
Payment in lieu of income taxes	**(313,793)**	(223,867)
Loss from operations	**(256,990)**	(171,671)
Gain on investment	**1,636,821**	1,424,573
Net earnings	**1,379,831**	1,252,902
Dividends	**(605,000)**	(561,000)
Net increase in equity of subsidiary	**774,831**	691,902
Change in equity of subsidiary - 17%	$ **131,721**	$ 117,623

2. Subsidiary operations (continued)

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2025 and the results of operations is as reported for the year ended December 31, 2025. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2024.

The following summarizes the Town's related party transactions with Peninsula West Power Inc. for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

3. Line of Credit

The Town has an authorized revolving line of credit of $11,500,000 (2024 - $11,500,000) at prime minus 0.25%, of which $11,500,000 (2024 - $11,500,000) remained unused at year-end. The line of credit is secured by a borrowing by-law for operating line of $11,500,000 held. Payment is due on demand.

4. Deferred revenue - obligatory reserve funds

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

	Development charges	Parkland	Canada Community-Building Fund	Ontario Gas Tax	Other	2025 Total	2024 Total
Balance, beginning of year	$ 7,480,149	$ 1,061,613	$ 91,694	$ 67,780	$ 70,665	$ 8,771,901	$ 6,119,335
Restricted funds received	1,064,319	269,143	595,790	-	844,839	2,774,091	6,411,965
Interest earned	130,903	35,962	2,774	2,216	3,202	175,057	161,424
Collection of receivable	-	(269,143)	-	-	-	(269,143)	(622,468)
Revenue recognized	(2,978,540)	-	(690,258)	-	(891,869)	(4,560,667)	(3,298,355)
Balance, end of year	$ 5,696,831	$ 1,097,575	$ -	$ 69,996	$ 26,837	$ 6,891,239	$ 8,771,901

5. Long-term debt

(a) The balance of net long-term debt reported on the consolidated statement of financial position is made up of the following:

		2025		2024
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is	$	**22,199,977**	$	24,274,670

(b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates		2025		2024
75-2015	Fire Stn #3 & Pt Robinson	1.94%	2025	$	**-**	$	366,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026		**624,044**		1,234,069
72-2016	Meridian Community Centre	3.34%	2046		**7,215,286**		7,449,219
55-2017	Meridian Community Centre	3.22%	2047		**9,939,601**		10,246,168
59-2019	East Fonthill Roads	2.40%	2029		**1,710,571**		2,114,949
58-2020	Meridian Community Centre	1.98%	2040		**2,710,475**		2,864,265
				$	**22,199,977**	$	24,274,670

(c) Principal repayments due in each of the next 5 years and thereafter are as follows:

2026	$	1,752,359
2027		1,159,134
2028		1,191,275
2029		1,224,500
2030		805,440
Thereafter		16,067,269
	$	22,199,977

The Town paid $693,327 (2024 - $749,355) of interest on long-term debt during the year.

6. Employee benefit obligations

The Town completes a valuation for accounting purposes annually using the projected benefit method prorated on service.

The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect management's best estimates. The main assumptions employed for the valuation are as follows:

Discount rate	beginning of year	4.00%
	end of year	4.00%
Medical cost increases	ultimate trend rate	8.30%

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

		2025		2024
Current service cost	$	**(15,496)**	$	337,884
Interest on post-employment benefit liability		**(32,945)**		20,259
Total expense related to post-employment benefits	$	**(48,441)**	$	358,143

Vested sick leave benefits

Under the sick leave benefit plan, which was in place until 1994, unused sick leave could accumulate and employees were entitled to a cash payment. All the vested sick leave benefits have been paid out.

Post-employment benefit liability

The Town sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments for retirees during the year were $20,323 (2024 - $20,733).

Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 107 members of its staff. The Town also makes contributions to OMERS on behalf of 7 members of its library 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. The Town accounts for its participation in OMERS as a defined contribution plan. The OMERS Plan ended 2025 with a funding deficit of $1.3 billion (2024 - $2.9 billion). The funded ratio increased to 99% in 2025, up from 98% in 2024 The primary reason for the increase in funded ratio is due to net return of 6.0% ($8.2 billion). The amount the Town contributed to OMERS for 2025 was $872,380 (2024 - $756,909) for current service which is included as an expense in the consolidated statement of operations. The amount the employees contributed to OMERS for 2025 was $872,380 (2024 - $756,909).

7. Accumulated surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2025	2024
Surplus (deficit)		
Town	$ **1,611,093**	$ 1,631,610
Library (Note 20)	**12,450**	49,138
Niagara Central Airport Commission (Note 15)	**(117,709)**	(127,151)
	1,505,834	1,553,597
Investment in tangible capital assets (Schedule 2)	**162,084,287**	160,606,323
Investment in subsidiary	**6,051,246**	5,919,525
Unfunded		
Long-term debt	**(22,199,977)**	(24,274,670)
Employee benefit obligations	**(843,285)**	(860,585)
	(23,043,262)	(25,135,255)
Reserves and reserve funds (Note 8)	**11,885,120**	10,818,545
	$ **158,483,225**	$ 153,762,735

8. Reserves and reserve funds

	2025	2024
Reserves and reserve funds set aside for specific purposes by Council		
Airport (Note 15)	$ -	$ 28,357
Building department	**1,338,700**	1,645,608
Cemetery	**325,750**	295,750
Community improvement plan	**241,625**	256,496
Debt Repayment	**503,993**	150,350
Elections	**140,816**	98,170
Fire equipment	**679,036**	145,840
Fleet	**1,623,651**	1,639,952
Human resource capacity building	**162,304**	364,116
Information technology	**154,540**	147,175
Insurance and Claims	**248,915**	114,911
Invasive Species Management Reserve	**290,000**	240,000
Land acquisition	**(243,296)**	(390,296)
Library	**288,204**	232,842
Meridian Community Centre	-	141,406
Municipal building facility	**726,204**	310,066
Municipal drainage	**111,360**	91,360
Parks and recreation	**465,699**	338,916
Physician recruitment	**27,706**	27,705
Planning	**315,811**	235,811
Roads	**1,863,731**	2,039,953
Volunteer firefighter life insurance	**62,500**	62,500
Wastewater	**1,569,254**	1,911,330
Water	**544,254**	281,767
Working capital	**444,363**	408,460
	$ 11,885,120	$ 10,818,545

9. Taxation

	Budget 2025 (Note 14)	Actual 2025	Actual 2024
Taxation - real property	$ 52,473,375	$ **54,212,576**	$ 49,347,886
Payments in lieu of taxes	300,000	**305,524**	305,551
	52,773,375	**54,518,100**	49,653,437
Less: taxation collected on behalf of			
Region of Niagara	26,053,598	**27,058,530**	24,078,114
School boards	5,722,861	**5,926,928**	5,740,111
	31,776,459	**32,985,458**	29,818,225
Net taxes available for municipal purposes	20,996,916	**21,532,642**	19,835,212
Residential and farm	-	**19,672,938**	18,069,073
Multi-residential	-	**243,744**	232,887
Commercial	-	**1,513,721**	1,425,975
Industrial	-	**102,239**	107,277
	$ -	$ **21,532,642**	$ 19,835,212

10. User charges

	Budget 2025 (Note 14)	Actual 2025	Actual 2024
Operating			
Fees and service charges	$ 2,039,817	$ **2,332,008**	$ 2,312,236
Water charges	4,347,236	**4,417,920**	4,050,820
Sewer charges	3,649,292	**3,820,803**	3,334,510
Licenses and permits	529,050	**539,208**	583,870
	$ 10,565,395	$ **11,109,939**	$ 10,281,436

11. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	2025	2024
Region of Niagara	$ **27,948,191**	$ 31,175,727
School boards	**5,926,928**	5,740,111
	$ **33,875,119**	$ 36,915,838

The Town is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Town collects development charges on behalf of the Region of Niagara. Development charges collected in excess of those paid to the Region are recorded as accounts payable.

12. Grants

	Budget 2025 (Note 14)	Actual 2025	Actual 2024
Operating			
Government of Canada	$ 10,000	$ **29,116**	$ 65,068
Province of Ontario	1,061,121	**561,949**	356,541
Region of Niagara	-	**7,833**	-
Other	954,000	**43,800**	10,400
	2,025,121	**642,698**	432,009
Capital			
Government of Canada	2,566,025	**706,829**	1,845,511
Province of Ontario	853,057	**800,836**	1,368,715
Region of Niagara	-	**180,672**	192,169
Other	-	**-**	10,000
	3,419,082	**1,688,337**	3,416,395
	$ 5,444,203	$ **2,331,035**	$ 3,848,404

13. Other revenue

	Budget 2025 (Note 14)	Actual 2025	Actual 2024
Operating			
Penalties and interest on taxes	$ 315,000	**$ 521,914**	$ 414,831
Investment income	515,810	**662,808**	991,608
Fines and other penalties	27,000	**172,108**	65,257
Other	547,199	**1,088,714**	672,523
	1,405,009	**2,445,544**	2,144,219
Capital			
Donations	300,000	**102,417**	123,858
Other	850,000	**8,118**	411,606
	1,150,000	**110,535**	535,464
	$ 2,555,009	**$ 2,556,079**	$ 2,679,683

14. Budget amounts

The operating and tax rate supported budgets were adopted by Council on December 4, 2024 to establish the tax rates for the year. The tax rate supported capital budget was also adopted by Council on December 4, 2024. The water and wastewater operating budgets were adopted by Council on February 5, 2025.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Council adopted budget.

Amounts included in the original Council adopted capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the consolidated statement of change in net debt.

14. Budget amounts (continued)

The chart below reconciles the approved budget to the budget amounts reported in the consolidated financial statements.

		Budget Amount
Revenues		
Approved operating budget		$ 25,550,316
Approved water and wastewater budget		8,037,528
Approved library budget - other than Town contribution		85,805
Add capital:		
Development charges	5,026,680	
Recreational Land (the Planning Act)	90,000	
Canada Community Building Fund	566,000	
Ontario Community Infrastructure Fund	818,000	
Other grants	2,870,000	
Investing in Canada (ICIP) grant	979,046	
Other contributions	1,150,000	
		11,499,726
Less:		
Transfers from reserves - operating	(505,174)	
		(505,174)
Total revenues		44,668,201
Expenses		
Approved operating budget		25,550,316
Approved water and wastewater budget		8,037,528
Approved library operating budget		1,026,258
Add:		
Amortization	6,000,000	
Employee future benefits	130,000	
Estimated capital budget items expense in nature	844,000	
Debt interest payments - development charges	339,345	
		7,313,345
Less:		
Debt principal payments (development charge excluded)	(1,052,598)	
Town contribution to library	(955,573)	
Transfers to reserves, including capital	(6,814,440)	
		(8,822,611)
Total expenses		33,104,836
Annual surplus		$ 11,563,365

15. Niagara Central Airport Commission

The Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Town of Pelham has a non-controlling interest in the airport of 18%.

	2025	2024
Financial assets		
Cash and temporary investments	$ **55,860**	$ 214,367
Receivables	**2,472**	36,497
	58,332	250,864
Liabilities		
Accounts payable and accrued liabilities	**66,315**	68,221
Loans payable and capital lease liability	**642,715**	728,744
Asset retirement obligation	**42,810**	42,367
	751,840	839,332
Net debt	**(693,508)**	(588,468)
Non-financial assets		
Prepaid expenses	**19,714**	20,580
Fuel inventory	**19,857**	19,035
Tangible capital assets	**2,213,714**	2,074,826
	2,253,285	2,114,441
Accumulated surplus	**1,559,777**	1,525,973
Accumulated surplus		
Operating deficit	**(611,127)**	(656,553)
Reserves	**-**	157,539
Investment in tangible capital assets	**2,170,904**	2,024,987
	1,559,777	1,525,973
Revenues		
Grants	**200,000**	172,000
Fuel and rentals	**132,678**	211,195
Other	**72,371**	49,686
Expenses	**(371,245)**	(546,302)
Annual surplus (deficit)	$ **33,804**	$ (113,421)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2025 and the results of operations are as reported for the year ended December 31, 2025.

15. Niagara Central Airport Commission (continued)

The Town has recorded in the financial statements its 18% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Town's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

		2025		2024
Grants	$	**35,109**	$	31,023
Donations	$	**1,163**	$	2,933

16. Trust funds

Trust funds administered by the Town amounting to $1,137,694 (2024 - $1,105,822) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

17. Contingencies

From time to time, the Town is the subject of litigation. In the opinion of management, any litigation outstanding, if successful, would not have a material impact on the financial statements.

18. Financial instruments

The Town's financial instruments consist of cash and cash equivalents, user charges and accounts receivable, accounts payable and accrued liabilities, other liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

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

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. Financial instruments (continued)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

19. Segmented information

The Town provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The services included in each segment are as follows:

(i) General government

General government is comprised of governance, corporate management and program support.

(ii) Protection to persons and property.

Protection is comprised of fire, protective inspection and control, emergency measures and provincial offences.

(iii) Transportation services

Transportation is comprised of roads, winter control, transit, parking, street lighting and air transportation.

(iv) Environmental services

Environmental is comprised of storm sewer systems and water collection.

(v) Health services

Health services is comprised of cemeteries.

(vi) Recreation and culture services

Recreation and culture is comprised of parks, recreation programs, recreation facilities, libraries and cultural services.

(vii) Planning and development

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, heritage matters and municipal drainage.

20. Lincoln Pelham Public Library

The Lincoln Pelham Union Public Library board is established on March 7, 2022 by the Town's of Lincoln and Pelham to in accordance with the provisions of the Public Libraries Act to serve the Town's of Lincoln and Pelham. The new library board commenced operations on January 1, 2023. The proportions of local operating support to be contributed by the Councils of Lincoln and Pelham is be based on 2016 census data. The Town of Pelham's proportionate share of local support to the Library Board is 42%.

	2025	2024
Financial assets		
Cash and temporary investments	$ 1,141,441	$ 839,292
Receivables	36,639	232,399
	1,178,080	1,071,691
Liabilities		
Accounts payable and accrued liabilities	148,880	117,368
Post-retirement benefit liability	132,073	87,978
Deferred revenue	196,697	199,161
Net financial assets	700,430	667,184
Non-financial assets		
Prepaid expenses	15,415	4,196
Tangible capital assets	849,759	747,788
	865,174	751,984
Accumulated Surplus	1,565,604	1,419,168
Accumulated surplus		
Operating deficit	(327,977)	(178,383)
Library Trust	357,621	295,378
Reserves	686,201	554,385
Investment in tangible capital assets	849,759	747,788
	1,565,604	1,419,168
Revenues		
Municipal Grants	2,274,296	2,153,053
Provincial Grants	118,016	80,825
Fees, fines, rentals and sales	34,623	31,651
Deferred revenue earned	66,600	63,995
Trust Fund Donations	237,196	131,308
Other revenue	19,837	67,078
Total Revenue	2,750,568	2,527,910

20. Lincoln Pelham Public Library (continued)

	2025	2024
Expenses		
Staffing Cost	2,127,449	2,025,654
Materials and Supplies	249,491	259,595
Contracted Services	78,287	63,095
Amortization of tangible capital assets	148,905	161,853
Total Expenses	2,604,132	2,510,197
Annual surplus	146,436	17,713
Accumulated surplus, beginning of the year	1,419,168	1,401,455
Accumulated surplus, end of year	$ 1,565,604	$ 1,419,168

The financial position information is as reported by the Lincoln Pelham Public Library as at December 31, 2025 and the results of operations are as reported for the year ended December 31, 2025.

The Town has recorded in the financial statements its 42% share of Lincoln Pelham Public Library's' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Town's related party transactions with the Lincoln Pelham Public Library for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2025
Municipal Grant - From Pelham to Library	$ 955,567
Development charges funds transfer	47,664
	$ 1,003,231

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 1
For the Year Ended December 31, 2025

2025	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	$ 18,912,896	$ 9,098,555	$ 50,322,771	$ 9,553,545	$ 8,411,852	$168,482,789	$ 3,521,666	$268,304,074
Add additions	-	148,109	38,085	535,161	1,152,743	3,163,302	4,000,911	9,038,311
Less construction in process capitalized	-	-	-	-	-	-	(959,274)	(959,274)
Less disposals during the year	-	-	-	(172,807)	(1,365,185)	-	-	(1,537,992)
End of year	18,912,896	9,246,664	50,360,856	9,915,899	8,199,410	171,646,091	6,563,303	274,845,119
Accumulated amortization								
Beginning of year	-	3,357,960	11,671,743	5,241,675	4,826,230	82,600,143	-	107,697,751
Add amortization during the year	-	416,644	1,357,015	667,491	336,833	3,670,525	-	6,448,508
Less amortization on disposals	-	-	-	(157,739)	(1,227,688)	-	-	(1,385,427)
End of year	-	3,774,604	13,028,758	5,751,427	3,935,375	86,270,668	-	112,760,832
Net book value	$ 18,912,896	$ 5,472,060	$ 37,332,098	$ 4,164,472	$ 4,264,035	$ 85,375,423	$ 6,563,303	$162,084,287

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 1
For the Year Ended December 31, 2025

								2024
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	$ 18,912,896	$ 8,301,254	$ 49,837,241	$ 8,599,169	$ 6,645,550	$150,228,155	$ 14,422,082	$256,946,347
Add additions	-	595,021	485,530	948,713	1,854,415	16,939,901	2,689,554	23,513,134
Add contributed tangible capital assets	-	202,280	-	16,342	-	1,314,733	-	1,533,355
Less construction in process capitalized	-	-	-	-	-	-	(13,589,970)	(13,589,970)
Less disposals during the year	-	-	-	(10,679)	(88,113)	-	-	(98,792)
End of year	18,912,896	9,098,555	50,322,771	9,553,545	8,411,852	168,482,789	3,521,666	268,304,074
Accumulated amortization								
Beginning of year	-	2,951,469	10,320,677	4,616,063	4,612,762	79,066,578	-	101,567,549
Add amortization during the year	-	406,491	1,351,066	635,905	296,553	3,533,565	-	6,223,580
Less amortization on disposals	-	-	-	(10,293)	(83,085)	-	-	(93,378)
End of year	-	3,357,960	11,671,743	5,241,675	4,826,230	82,600,143	-	107,697,751
Net book value	$ 18,912,896	$ 5,740,595	$ 38,651,028	$ 4,311,870	$ 3,585,622	$ 85,882,646	$ 3,521,666	$160,606,323

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 2
For the Year Ended December 31, 2025

	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	2025 Total
Revenue								
Taxation	$ 8,992,582	$ 2,091,866	$ 2,967,018	$ -	$ 19,228	$ 7,015,386	$ 446,562	$ 21,532,642
User charges	87,348	550,199	43,122	8,238,723	43,238	1,823,140	324,169	11,109,939
Grants	53,841	24,691	1,684,515	-	-	473,361	94,627	2,331,035
Contributions from developers	104,161	25,978	2,658,454	52,253	-	61,151	104,516	3,006,513
Other	1,418,762	191,196	139,822	124,593	91,744	573,864	16,098	2,556,079
Equity earnings in subsidiary	234,571	-	-	-	-	-	-	234,571
Gain on disposal of assets and assets held for sale	(42,350)	-	-	-	-	-	-	(42,350)
Total revenues	10,848,915	2,883,930	7,492,931	8,415,569	154,210	9,946,902	985,972	40,728,429
Expenses								
Salaries and wages	3,071,787	1,966,900	1,606,659	1,920,081	99,495	4,644,520	691,073	14,000,515
Long term debt interest	-	2,207	44,224	1,312	-	644,592	992	693,327
Materials	1,375,502	243,760	884,085	377,489	8,585	1,872,522	38,811	4,800,754
Contracted services	1,081,360	252,545	1,988,534	5,249,123	31,021	1,027,384	187,180	9,817,147
Rents & financials	60,339	-	79,982	-	-	-	-	140,321
External transfers to others	104,367	-	-	-	-	3,000	-	107,367
Amortization of tangible assets	186,783	418,518	2,889,447	1,115,851	15,109	1,754,884	67,916	6,448,508
	5,880,138	2,883,930	7,492,931	8,663,856	154,210	9,946,902	985,972	36,007,939
Annual (deficit) surplus	$ 4,968,777	$ -	$ -	$ (248,287)	$ -	$ -	$ -	$ 4,720,490

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 2
For the Year Ended December 31, 2025

	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	2024 Total
Revenue								
Taxation	$ 631,202	$ 2,726,970	$ 7,647,382	$ -	$ -	$ 7,846,516	$ 983,142	$ 19,835,212
User charges	75,530	595,202	69,312	7,385,330	46,775	1,704,197	405,090	10,281,436
Grants	118,578	50,798	2,063,940	1,354,607	-	195,481	65,000	3,848,404
Contributions from developers	-	-	1,177,605	186,866	-	528,357	99,806	1,992,634
Contributed tangible capital assets	1,517,013	-	-	-	-	16,342	-	1,533,355
Other	1,202,793	148,276	627,957	130,668	130,610	426,440	12,939	2,679,683
Equity earnings in subsidiary	283,535	-	-	-	-	-	-	283,535
(Loss) on disposal of assets and assets held for sale	(224,003)	-	-	-	-	-	-	(224,003)
Total revenues	3,604,648	3,521,246	11,586,196	9,057,471	177,385	10,717,333	1,565,977	40,230,256
Expenses								
Salaries and wages	3,274,586	1,998,226	1,372,848	1,694,717	83,099	4,000,381	824,830	13,248,687
Long term debt interest	-	8,211	74,526	782	-	661,231	4,605	749,355
Materials	1,202,841	221,548	710,829	385,317	21,335	1,379,916	13,294	3,935,080
Contracted services	893,901	195,311	1,381,202	3,917,708	1,679	878,411	72,498	7,340,710
Rents & financials	53,223	-	82,175	-	-	-	-	135,398
External transfers to others	68,355	-	-	-	-	2,800	-	71,155
Amortization of tangible assets	187,563	359,781	2,740,448	1,108,884	12,426	1,746,563	67,915	6,223,580
	5,680,469	2,783,077	6,362,028	7,107,408	118,539	8,669,302	983,142	31,703,965
Annual (deficit) surplus	$ (2,075,821)	$ 738,169	$ 5,224,168	$ 1,950,063	$ 58,846	$ 2,048,031	$ 582,835	$ 8,526,291

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Independent Auditor's Report

To the Members of Council of the
Corporation of the Towm Pelham

Opinion

We have audited the financial statements of the Corporation of the Town of Pelham Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2025, and the statements of revenue and expenses and change in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 qualified audit 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 accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund'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 GAAS 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 financial statements.

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

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

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 10, 2026

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Financial Position

As at December 31, 2025

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Total 2025	Total 2024
Assets				
Cash	$ 970,740	$ 167,289	$ 1,138,029	$ 1,122,271
Receivables and accrued interest	2,144	369	2,513	3,602
Due from the Town of Pelham (Note 2)	26,838	-	26,838	-
	999,722	167,658	1,167,380	1,125,873
Liability				
Due to the Town of Pelham (Note 2)	29,687	-	29,687	20,051
Fund balance	$ 970,035	$ 167,658	$ 1,137,693	$ 1,105,822

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Revenue and Expenses and Change in Fund Balances

Year ended December 31, 2025

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Total 2025	Total 2024
Revenue				
Interest	$ 29,687	$ 5,033	$ 34,720	$ 53,741
Marker fees	6,700	-	6,700	8,400
Plot sales	20,138	-	20,138	35,078
	56,525	5,033	61,558	97,219
Expenses				
Maintenance	29,687	-	29,687	45,971
Excess of revenues over expenses	26,838	5,033	31,871	51,248
Fund balance, beginning of year	943,197	162,625	1,105,822	1,054,574
Fund balance, end of year	$ 970,035	$ 167,658	$ 1,137,693	$ 1,105,822

1. Accounting policies

The financial statements of the Corporation of the Town of Pelham Trust Funds are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.

(b) Investments

Investments are recorded at cost.

(c) Financial instruments

Cash, due to Town of Pelham and due from the Town of Pelham are recorded at amortized cost.

(d) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 amount of revenues and expenses during the period. Actual results could differ from those estimates.

2. Due to/from Town of Pelham

The amounts due to/from the Town of Pelham are unsecured, interest bearing with no specific terms of repayment.

3. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements presented.