

**The Corporation of the  
Township of Severn**  
Consolidated Financial Statements  
For the year ended December 31, 2024

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### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Severn ("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 the significant accounting policies are described in the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, 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 the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Baker Tilly KDN LLP, independent external auditor 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 consolidated financial statements.

Andrew Plunkett  
Director of Finance/Treasurer

Mike Burkett  
Mayor





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## INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn**

### *Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Severn and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2024, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

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Peterborough

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*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

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

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
January 6, 2026

**The Corporation of the  
Township of Severn**  
Consolidated Statement of Financial Position

December 31	2024	2023
<b>Financial assets</b>		
Cash (Note 2)	\$ 44,744,574	\$ 44,529,885
Taxes receivable	3,314,267	2,515,988
Accounts receivable	1,731,667	1,476,595
Inventories for resale	44,528	10,020
Long-term receivables (Note 3)	192,844	105,587
	<u>50,027,880</u>	<u>48,638,075</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,891,120	2,288,491
Other liabilities	3,220,266	3,026,461
Deferred revenue - Obligatory reserve funds (Note 6)	10,016,294	12,035,849
Deferred revenue - Other	295,814	-
Long-term debt (Note 7)	5,565,952	5,792,690
Asset retirement obligation (Note 13)	25,500	25,500
	<u>23,014,946</u>	<u>23,168,991</u>
<b>Net financial assets</b>	<b>27,012,934</b>	<b>25,469,084</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	113,718,800	107,561,313
<b>Accumulated surplus (Note 9)</b>	<b>\$140,731,734</b>	<b>\$133,030,397</b>

Contingencies (Note 12)

**The Corporation of the  
Township of Severn**

**Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	(Note 17) Budget 2024	Actual 2024	Actual 2023
<b>Revenue</b>			
Taxation (Note 15)	\$ 15,610,525	\$ 15,916,803	\$ 14,932,367
Government grants - Federal	520,664	1,377,166	159,274
Government grants - Provincial	2,831,512	2,775,905	2,898,031
Government grants - Municipal	33,999	38,934	48,699
User fees and service charges	5,141,138	7,891,982	5,371,475
Investment income	1,953,500	1,843,843	1,791,279
Contributed assets	-	-	1,263,335
Other (Note 10)	968,600	1,165,887	1,438,450
	<u>27,059,938</u>	<u>31,010,520</u>	<u>27,902,910</u>
<b>Expenses</b>			
General government	3,495,277	3,605,744	2,933,084
Fire department	1,904,570	1,959,637	1,637,554
Police services	2,261,222	2,204,803	2,234,865
Protective inspection and control	1,151,771	1,231,758	978,408
Transportation services	6,803,135	6,933,664	6,465,482
Water and sewer	4,636,305	4,418,298	4,379,942
Parks and recreation	1,781,450	1,623,689	1,275,539
Library and culture	377,115	343,636	314,241
Planning and development	879,712	848,181	650,674
	<u>23,290,557</u>	<u>23,169,410</u>	<u>20,869,789</u>
<b>Annual surplus</b>	<u>3,769,381</u>	<u>7,841,110</u>	<u>7,033,121</u>
<b>Accumulated surplus, beginning of year</b>	133,030,397	133,030,397	125,997,276
<b>Adjustment on adoption of the revenue recognition standard (Note 1)</b>	-	(139,773)	-
<b>Accumulated surplus, beginning of year, restated</b>	<u>133,030,397</u>	<u>132,890,624</u>	<u>125,997,276</u>
<b>Accumulated surplus, end of year</b>	<u>\$136,799,778</u>	<u>\$140,731,734</u>	<u>\$133,030,397</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**The Corporation of the  
Township of Severn**

**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 17) Budget 2024	2024	2023
<b>Annual surplus</b>	\$ 3,769,381	\$ 7,841,110	\$ 7,033,121
Acquisition of tangible capital assets	(13,678,650)	(10,906,584)	(8,467,846)
Amortization of tangible capital assets	4,588,600	4,588,571	4,304,739
Net loss on disposal of tangible capital assets	-	69,426	333,970
Proceeds on disposal of tangible capital assets	111,000	91,100	26,750
<b>Net change in net financial assets</b>	<b>(5,209,669)</b>	<b>1,683,623</b>	<b>3,230,734</b>
<b>Net financial assets, beginning of year</b>	<b>25,469,084</b>	<b>25,469,084</b>	<b>22,263,850</b>
<b>Adjustment on adoption of the asset retirement obligation standard</b>	<b>-</b>	<b>-</b>	<b>(25,500)</b>
<b>Adjustment on adoption of the revenue recognition standard (Note 1)</b>	<b>-</b>	<b>(139,773)</b>	<b>-</b>
<b>Net financial assets, beginning of year, as restated</b>	<b>25,469,084</b>	<b>25,329,311</b>	<b>22,238,350</b>
<b>Net financial assets, end of year</b>	<b>\$ 20,259,415</b>	<b>\$ 27,012,934</b>	<b>\$ 25,469,084</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**The Corporation of the  
Township of Severn  
Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2024</b>	<b>2023</b>
<b>Operating transactions</b>		
Annual surplus	\$ 7,841,110	\$ 7,033,121
Items not involving cash		
Amortization of tangible capital assets	4,588,571	4,304,739
Net loss on disposal of tangible capital assets	69,426	333,970
Contributed tangible capital assets	-	(1,263,335)
Changes in non-cash operating balances		
Taxes receivable	(798,279)	(449,687)
Accounts receivable	(255,072)	(17,669)
Inventories for resale	(34,508)	57,373
Long term receivables	(87,257)	(48,240)
Accounts payable and accrued liabilities	1,602,629	(1,339,685)
Other current liabilities	193,805	644,816
Deferred revenue - obligatory reserve funds	(2,019,555)	2,497,463
Deferred revenue - other	156,041	-
	<u>11,256,911</u>	<u>11,752,866</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(10,906,584)	(7,204,511)
Proceeds on disposal of tangible capital assets	91,100	26,750
	<u>(10,815,484)</u>	<u>(7,177,761)</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	96,900	94,900
Repayment of long-term debt	(323,638)	(344,710)
	<u>(226,738)</u>	<u>(249,810)</u>
<b>Net change in cash</b>	<b>214,689</b>	<b>4,325,295</b>
<b>Cash, beginning of year</b>	<b>44,529,885</b>	<b>40,204,590</b>
<b>Cash, end of year (Note 2)</b>	<b>\$ 44,744,574</b>	<b>\$ 44,529,885</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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**The Corporation of the  
Township of Severn**  
**Summary of Significant Accounting Policies**

**December 31, 2024**

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**Basis of Consolidation**

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Township of Severn Public Library Board - 100%

**Basis of Accounting**

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

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

The accumulated surplus represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Inventories For Resale**

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

**Long-term Receivables**

Long-term receivables are recorded at their face value. Allowances for doubtful receivables are recorded when it is determined that the Township will be unable to collect all amounts due according to the terms of the underlying agreements. Interest revenue is recognized as received.

**Deferred Revenue**

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

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**The Corporation of the  
Township of Severn**  
Summary of Significant Accounting Policies

**December 31, 2024**

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**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. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Construction in progress (CIP) assets are not amortized until the asset is put into use. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Vehicles	8 to 25 years
Equipment	7 to 25 years
Buildings	20 to 50 years
Site improvements	15 to 50 years
Roads and bridges	15 to 60 years
Water systems	20 to 80 years
Sewer systems	20 to 80 years

**Asset Retirement Obligation**

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

1. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
2. The past transaction or event giving rise to the liability has occurred;
3. It is expected that future economic benefits will be given up; and
4. A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several buildings owned by the Township has been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase in the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the account policies outlined for tangible capital assets.

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**The Corporation of the  
Township of Severn**  
Summary of Significant Accounting Policies

**December 31, 2024**

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**Financial Instruments**

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

<u>Financial Instrument</u>	<u>Measurement Method</u>
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Long-term receivables	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Other liabilities	Amortized Cost
Long-term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

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**The Corporation of the  
Township of Severn**  
Summary of Significant Accounting Policies

**December 31, 2024**

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**Financial Instruments cont.**

The following hierarchy 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 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are not significant to fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

**Trust Funds**

Trust funds held in trust by the Corporation of the Township of Severn, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately. (Page 31).

**Post Retirement Benefits**

The Corporation of the Township of Severn is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2024**

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<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made and there is reasonable assurance of collection.
<b>County and School Boards</b>	The municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Simcoe are not reflected in these financial statements.
<b>Revenue Recognition</b>	<p>The municipality recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation (MPAC) and tax rates are established and approved by members of Council. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal are known.</p> <p>Charges for sewer and water usage are recognized as user fees when services have been provided. Connection fee revenues are recognized when the connection has been established. Charges for interment and vaults are recognized as user fees when services are purchased. Charges for the use of recreation facilities and programs like arena and hall rentals are recognized when services have been provided.</p> <p>Sales of services and other revenue are recognized when services are provided and collection is reasonably assured.</p>
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the allowance for doubtful accounts, the estimated useful life of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**1. Changes in Accounting Policies**

The Township has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'.

In accordance with the provisions of this new standard, which has been applied prospectively, the Township reflected the following adjustments at January 1, 2024:

- An increase of \$139,773 to deferred revenue other and corresponding decrease to accumulated surplus related to the estimated unearned portion of building permit fees due to outstanding performance obligations at December 31, 2023.

Under PSG8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

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**2. Cash**

	<u>2024</u>	<u>2023</u>
Unrestricted	\$ 34,728,280	\$ 32,494,036
Restricted	10,016,294	12,035,849
	<u>\$ 44,744,574</u>	<u>\$ 44,529,885</u>

All cash is held at one chartered bank with interest paid monthly at prime less 1.75%.

The restricted cash represents the balance of the deferred revenue (Note 6).

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**3. Long-Term Receivables**

	<u>2024</u>	<u>2023</u>
Tile drainage loans	\$ 192,844	\$ 105,587

The tile drainage loans have interest rates of 6% and are due from 2025 to 2034.

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**4. Credit Facility**

The Township has arranged an operating loan for \$500,000 at prime less 0.75% to assist with working capital requirements.

The Township has arranged a demand loan for \$4,500,000 at prime less 0.75% to assist with the Coldwater Sewer project.

As at December 31, 2024 no amounts have been drawn relating to either credit facility. (2023 - \$Nil)

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**5. Financial Instruments**

Transactions in financial instruments may result in the Township assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Township is exposed to the following risks in respect of certain of the financial instruments held.

a. Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectibility of accounts receivable based on past experience to derive a net realizable value.

b. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Township has exposure to interest rate risk on its long-term debt.

In the opinion of management, the Township is not exposed to any significant liquidity, market or currency risk.

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**6. Deferred Revenue - Obligatory Reserve Funds**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community- Building Fund	\$ 3,024,920	\$ 464,930	\$ 123,981	\$ (1,367,166)	\$ 2,246,665
Development charges	8,279,069	995,520	339,332	(2,521,027)	7,092,894
Recreational land	731,860	7,500	29,997	(92,622)	676,735
	<u>\$ 12,035,849</u>	<u>\$ 1,467,950</u>	<u>\$ 493,310</u>	<u>\$ (3,980,815)</u>	<u>\$ 10,016,294</u>

Canada Community-Building Fund (CCBF)

The Association of Municipalities of Ontario (AMO) requires the Municipality to include unspent gas tax funding in an obligatory reserve fund which is reported as deferred revenue. The funding and interest earned in the obligatory reserve fund must be spent on approved projects.

Development charges

Certain user charges and fees are collected for which the related services have yet to be performed. These revenues will be recognized at the time the related services are performed.

Recreational land

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

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**7. Long-term Debt**

Long term debt reported on the consolidated statement of financial position is comprised of the following:

	<b>2024</b>	<b>2023</b>
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	<b>\$ 5,373,108</b>	\$ 5,687,103
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,084 to \$6,793 per year, due 2025 to 2034	<b>192,844</b>	105,587
	<b>\$ 5,565,952</b>	\$ 5,792,690

Long-term debt principal repayments for the next five years and thereafter are due as follows:

2025		\$ 348,366
2026		367,117
2027		386,877
2028		404,618
2029		426,380
Thereafter		3,632,594
		<b>\$ 5,565,952</b>

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Interest expense paid relating to the long-term debt above is \$302,524 (2023 - \$313,138).

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2024**

**8. Tangible Capital Assets**

	2024								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 13,735,657	\$ 16,353,593	\$ 2,778,966	\$ 65,751,839	\$ 24,293,799	\$ 30,850,588	\$ 9,521,024	\$ 3,809,503	\$ 167,094,989
Additions	2,784,114	75,660	471,872	6,367,041	985,181	704,156	929,302	(1,410,742)	10,906,584
Disposals	-	(5,500)	(67,914)	(389,749)	(119,010)	(12,217)	(423,379)	-	(1,017,769)
Cost, end of year	16,519,771	16,423,753	3,182,924	71,729,131	25,159,970	31,542,527	10,026,947	2,398,761	176,983,784
Accumulated amortization, beginning of year	1,040,901	7,139,801	1,303,093	28,112,697	8,666,514	8,700,751	4,569,899	-	59,533,656
Amortization	207,716	413,558	251,312	2,036,523	503,578	525,555	650,329	-	4,588,571
Disposals	-	(4,981)	(62,602)	(309,918)	(90,026)	(12,218)	(377,498)	-	(857,243)
Accumulated amortization, end of year	1,248,617	7,548,378	1,491,803	29,839,302	9,080,066	9,214,088	4,842,730	-	63,264,984
Net carrying amount, end of year	\$ 15,271,154	\$ 8,875,375	\$ 1,691,121	\$ 41,889,829	\$ 16,079,904	\$ 22,328,439	\$ 5,184,217	\$ 2,398,761	\$ 113,718,800

	2023								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 12,182,662	\$ 15,683,604	\$ 2,373,196	\$ 62,005,589	\$ 24,233,757	\$ 30,837,384	\$ 8,747,526	\$ 3,802,843	\$ 159,866,561
Additions	1,552,995	669,989	715,500	4,566,043	60,042	13,204	908,913	6,660	8,493,346
Disposals	-	-	(309,730)	(819,793)	-	-	(135,415)	-	(1,264,938)
Cost, end of year	13,735,657	16,353,593	2,778,966	65,751,839	24,293,799	30,850,588	9,521,024	3,809,503	167,094,989
Accumulated amortization, beginning of year	894,233	6,737,296	1,436,682	26,694,091	8,162,424	8,182,213	4,026,196	-	56,133,135
Amortization	146,668	402,505	163,897	1,928,208	504,090	518,538	640,833	-	4,304,739
Disposals	-	-	(297,486)	(509,602)	-	-	(97,130)	-	(904,218)
Accumulated amortization, end of year	1,040,901	7,139,801	1,303,093	28,112,697	8,666,514	8,700,751	4,569,899	-	59,533,656
Net carrying amount, end of year	\$ 12,694,756	\$ 9,213,792	\$ 1,475,873	\$ 37,639,142	\$ 15,627,285	\$ 22,149,837	\$ 4,951,125	\$ 3,809,503	\$ 107,561,313

Included in additions are \$Nil (2023-\$1,263,335) in contributed capital assets that were recognized in the financial statements during the year. The cost of land included in land and site improvement is \$9,764,345 (2023 - \$8,692,512) and is not being amortized.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2024**

**9. Accumulated Surplus**

The Corporation of the Township of Severn segregates its accumulated surplus in the following categories:

	2024	2023
Investment in tangible capital assets		
Tangible capital assets - net book value	\$113,718,800	\$107,561,313
Long Term Debt - amounts to be recovered	(5,406,524)	(5,720,648)
Unfunded asset retirement obligation	(25,500)	(25,500)
	<b>108,286,776</b>	<b>101,815,165</b>
Current Fund		
General area taxation	2,500	2,500
Police	167,266	119,258
Waterworks and sewer systems	1,219,047	585,411
Coldwater Business Improvement Area (Schedule 1)	10,957	6,026
Severn Library Board	241,071	241,071
	<b>1,640,841</b>	<b>954,266</b>
Reserves set aside for specific purposes by Council:		
Working funds	3,615,655	3,613,822
Election	85,688	55,688
Emergency planning	40,000	40,000
Parkland	348,538	324,794
Capital purposes	17,900,284	17,413,493
Taxation	400,000	500,000
Administration	3,495,142	2,501,418
Fire protection	1,028,424	1,028,424
Water and sewer systems	2,836,588	3,589,529
Building department	486,469	626,469
Gravel pit restoration	194,549	194,549
Westshore	372,780	372,780
	<b>30,804,117</b>	<b>30,260,966</b>
	<b>\$140,731,734</b>	<b>\$133,030,397</b>

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2024 has been decreased by an amount of \$681,833, transferred to reserves as authorized by by-law #2024-30 dated May 9, 2024. Had this decrease not been made the current fund balance would have shown a surplus of \$2,322,674.

**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**10. Other Revenue**

	(Note 17) Budget 2024	Actual 2024	Actual 2023
Penalties and interest on taxation	\$ 350,000	\$ 421,413	\$ 385,090
Other fines and penalties	25,000	26,897	21,207
Licences, permits and fines	593,100	560,390	994,606
Donations	500	15,733	14,405
Gain on disposal of tangible capital assets	-	52,569	159
Other	-	88,885	22,983
	<b>\$ 968,600</b>	<b>\$ 1,165,887</b>	<b>\$ 1,438,450</b>

Losses on disposal of tangible capital assets amounted to \$119,297 (2023 - \$334,129) and are included in the other expense line in respect to the department they pertain to, resulting in a total net (gain)loss of \$66,728 (2023 - \$333,970).

**11. Expenses by Object**

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	(Note 17) Budget 2024	Actual 2024	Actual 2023
<b>Expenses</b>			
Salaries and wages	\$ 9,597,911	\$ 8,920,200	\$ 7,455,764
Materials and supplies	5,258,226	5,622,521	5,147,567
Contracted services	3,526,224	3,586,874	3,290,870
Rents and financial	21,050	35,635	26,878
Interest	298,546	296,313	308,842
Other	-	119,296	335,129
Amortization	4,588,600	4,588,571	4,304,739
	<b>\$ 23,290,557</b>	<b>\$ 23,169,410</b>	<b>\$ 20,869,789</b>

**12. Contingencies**

Claims have been filed against the Township requesting damages. The ultimate outcome of these claims is not determinable at the time of issue of these financial statements. No provision for these claims has been recorded in these financial statements. Settlements in excess of insurance, if any, will be reflected in the periods in which settlement occurs.

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**13. Asset Retirement Obligation**

The Township's asset retirement obligation consists of the following:

(a) Asbestos obligation

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 - Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2023. The buildings had an estimated useful life of 40 years when they were purchased, but are currently fully amortized and still in use by the Township with an estimated 20 years of useful life remaining. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues.

Changes in the asset retirement obligation in the year are as follows:

	<u>Asbestos Removal</u>
Opening balance - January 1, 2024	\$ 25,500
In year adjustment	<u>\$ -</u>
Closing balance	<u>\$ 25,500</u>

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**14. Post Retirement Benefits**

OMERS provides pension services to almost 640,000 active and retired members and over 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$140,766 (2023 - \$134,574) million in respect of benefits accrued for service with actuarial assets at that date of \$137,853 (2023 - \$130,372) million indicating an actuarial deficit of \$2,913 (2023 - \$4,202) million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit.

The Township's total contributions to OMERS in 2024 were \$1,180,588 (2023 - \$964,114) of which \$590,294 (2023 - \$482,057) was contributed by employees.

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2024**

**15. Taxation**

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

	2024	2023
Total taxes levied	\$ 32,204,299	\$ 30,438,890
Amount levied and remitted to School Boards	(6,368,715)	(6,248,701)
Amount levied and remitted to the County of Simcoe	(9,873,342)	(9,236,028)
Available for general municipal purposes	15,962,242	14,954,161
Amounts written off during the year	(45,439)	(21,794)
Taxation revenue	\$ 15,916,803	\$ 14,932,367

**16. Trust Funds**

The trust funds administered by the municipality amounting to \$138,066 (2023 - \$131,001) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2024, the trusts fund balances are as follows:

	2024	2023
Cemetery Care and Maintenance funds	\$ 127,043	\$ 120,494
Cemetery pre-need	6,396	6,096
Other	4,627	4,411
	\$ 138,066	\$ 131,001

**17. Budget Figures**

The budget, approved by the Township, for 2024 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**18. Segmented Information**

The Corporation of the Township of Severn is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire and water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

This relates to the activities of Council and the general financial and administrative management of the Municipality.

**Fire Department**

The fire department is responsible for providing fire suppression service, fire prevention programs, training and education. The members of the fire department consist of full-time employees and volunteers.

**Police Services**

The police services work to ensure the safety and protection of the citizens and their property.

**Protective Inspection and Control**

Protective inspection is comprised of the building department and animal control. The building department provides a number of services including maintenance and enforcement of building and construction codes.

**Transportation Services**

Transportation is responsible for maintaining the municipality's roadway, streetlight systems and cemeteries.

**Water and Sewer**

This service provides the municipality's drinking water. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards.

**Parks and Recreation**

Parks and recreation represents recreational activity support within the municipality. This includes maintenance and upkeep of parks, community centres and administering recreation programs.

**Library and Cultural**

The municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

The planning department provides a number of services including municipal planning and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenditures.

**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**18. Segmented Information (continued)**

For the year ended December 31, 2024	General government		Fire department	Police services	Protective inspection and control	Transportation services	Water and sewer	Parks and recreation	Library and cultural	Planning and development	Unallocated	2024 Total
	\$	- \$										
Revenue												
Taxation (Note 15)	\$	- \$	2,252,811	\$	- \$	- \$	- \$	- \$	- \$	- \$	13,663,992	\$ 15,916,803
Grants	38,860	2,802	-	-	2,937,681	-	25,821	44,041	-	-	1,142,800	4,192,005
User fees and service charges	68,336	62,896	-	-	58,350	2,463,598	4,496,206	1,140	323,146	-	-	7,891,982
Investment income	1,818,096	-	-	-	-	-	-	25,747	-	-	-	1,843,843
Other (Note 10)	530,662	3,714	-	-	584,075	41,608	4,548	1,280	-	-	-	1,165,887
	2,455,954	69,412	2,252,811	5,442,887	4,500,754	444,131	323,146	72,208	14,806,792	-	-	31,010,520
Expenses												
Salaries and wages	1,932,345	1,039,812	-	1,039,116	2,070,547	1,247,630	761,092	186,198	643,460	-	-	8,920,200
Materials and supplies	883,773	452,288	32,033	128,275	1,829,976	1,700,877	522,129	55,804	17,366	-	-	5,622,521
Contracted services	614,321	52,457	2,172,770	51,686	425,430	14,428	6,715	68,047	181,020	-	-	3,586,874
Rents and financial interest	-	-	-	-	-	-	-	-	-	6,335	-	35,635
Other	5,312	415,080	-	12,681	84,481	289,978	-	519	-	-	-	296,313
Amortization	134,358	1,959,637	2,204,803	1,231,758	2,523,230	1,136,401	333,753	33,068	-	-	-	119,296
	3,605,744	1,959,637	2,204,803	1,231,758	6,933,664	4,418,298	1,623,689	343,636	848,181	(525,035)	-	23,169,410
Net surplus (deficit)	\$ (1,149,790)	\$ (1,890,225)	\$ 48,008	\$ (589,333)	\$ (1,490,777)	\$ 82,456	\$ (1,179,558)	\$ (271,428)	\$ (525,035)	\$ 14,806,792	\$ 7,841,110	
For the year ended December 31, 2023												
Revenue												
Taxation (Note 15)	\$	- \$	2,252,791	\$	- \$	- \$	- \$	- \$	- \$	- \$	12,679,576	\$ 14,932,367
Grants	-	-	-	-	1,813,306	-	131,557	44,041	-	-	1,117,100	3,106,004
User fees and service charges	26,232	333,042	-	62,400	106,668	4,244,101	394,683	43,095	161,254	-	-	5,371,475
Investment income	1,716,020	16,624	-	2,375	2,075	30,125	-	24,060	-	-	-	1,791,279
Contributed assets	-	-	-	-	1,263,335	-	-	-	-	-	-	1,263,335
Other (Note 10)	418,718	-	-	1,012,965	158	1,525	2,459	2,625	-	-	-	1,438,450
	2,160,970	349,666	2,252,791	1,077,740	3,185,542	4,275,751	528,699	113,821	161,254	-	-	27,902,910
Expenses												
Salaries and benefits	1,633,734	851,234	-	843,686	1,716,390	1,186,325	515,090	167,192	542,113	-	-	7,455,764
Materials and supplies	722,141	373,162	20,237	95,332	1,632,443	1,757,196	469,708	63,925	13,423	-	-	5,147,567
Contracted services	453,768	41,395	2,214,628	28,571	392,147	10,044	6,456	51,341	92,519	-	-	3,290,870
Rents and financial interest	-	-	-	-	-	-	-	-	-	2,619	-	26,878
Other	6,152	371,762	-	10,819	328,977	306,223	-	-	-	-	-	308,842
Amortization	90,411	1,637,554	2,234,865	978,408	2,995,525	1,120,154	284,285	31,783	-	-	-	335,129
	2,933,084	1,637,554	2,234,865	978,408	6,465,482	4,379,942	1,275,539	314,241	650,674	(489,420)	-	20,869,789
Net surplus (deficit)	\$ (772,114)	\$ (1,287,888)	\$ 17,926	\$ 99,332	\$ (3,279,940)	\$ (104,191)	\$ (746,840)	\$ (200,420)	\$ (889,420)	\$ 13,796,676	\$ 7,033,121	

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**The Corporation of the  
Township of Severn**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**19. Comparative Amounts**

Certain comparative amounts for the prior year have been reclassified to conform to the current year financial statement presentation. Such reclassifications had no effect on the annual surplus or the accumulated surplus.

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## COMPILATION ENGAGEMENT REPORT

### To the Members of the Coldwater Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn

On the basis of information provided by management, we have compiled the statement of financial position as at December 31, 2024 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and note 1, which describes the basis of accounting applied in the preparation of the compiled financial information and other explanatory information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
January 6, 2026

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**The Corporation of the  
Township of Severn**  
Schedule 1 - Coldwater Business Improvement Area

<b>For the year ended December 31</b>	<b>Budget 2024</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>			
BIA Coldwater taxation	\$ 31,500	\$ 31,292	30,000
Other revenue	-	14,453	11,780
	<u>31,500</u>	<u>45,745</u>	<u>41,780</u>
<b>Expenses</b>			
Advertising	8,000	8,651	12,597
Beautification	5,500	9,000	7,098
Administrative Fees	500	647	429
Insurance	1,000	500	969
Professional fees	1,000	1,000	1,000
Promotion and public relations	15,500	21,016	15,898
Taxes written off	-	-	225
	<u>31,500</u>	<u>40,814</u>	<u>38,216</u>
<b>Annual surplus</b>	-	4,931	3,564
<b>Accumulated surplus, beginning of year</b>	6,026	6,026	2,462
<b>Accumulated surplus (deficit), end of the year</b>	\$ 6,026	\$ 10,957	\$ 6,026

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**The Corporation of the  
Township of Severn**  
**Schedule 1 - Coldwater Business Improvement Area**  
**Notes to the Financial Information**

**December 31, 2024**

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**1. Significant Accounting Policies**

This financial information has been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn**

#### *Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Severn (the Trust Funds), which comprise the statement of financial position as at December 31, 2024, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2024, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

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*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 these financial statements.

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

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

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
January 6, 2026

**The Corporation of the Township of Severn  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash	\$ 131,483	\$ 129,355
Due from Township	6,583	1,646
	<u>\$ 138,066</u>	<u>\$ 131,001</u>
<b>Fund Balance</b>	<b>\$ 138,066</b>	<b>\$ 131,001</b>

**Statement of Financial Activities**

<b>For the year ended December 31</b>	<b>2024</b>	<b>2023</b>
<b>Fund balance, beginning of the year</b>	<u>\$ 131,001</u>	<u>\$ 128,890</u>
<b>Revenue</b>		
Care and maintenance - plots	4,000	900
Care and maintenance - niches	1,549	-
Monuments placed	1,000	700
Bank interest	516	511
	<u>7,065</u>	<u>2,111</u>
<b>Fund balance, end of the year</b>	<u><b>\$ 138,066</b></u>	<u><b>\$ 131,001</b></u>

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**The Corporation of the Township of Severn  
Trust Funds  
Notes to Financial Statements**

**December 31, 2024**

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**1. Cemetery Perpetual Care**

The cemetery perpetual care trust funds represent a portion of the sale of cemetery plots and monument foundations at the Coldwater Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on these funds used to maintain the cemetery.

**2. Summary of Significant Accounting Policies**

**Management Responsibility**      The financial statements of The Corporation of the Township of Severn Trust Funds are the responsibility of management.

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

**The Corporation of the  
Township of Severn  
Library Board  
Financial Statements  
For the year ended December 31, 2024**

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Baker Tilly KDN LLP  
272 Charlotte Street  
Peterborough, ON  
Canada K9J 2V4

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

D: 705.742-3418  
F: 705.742-9775

**To the Members of the Library Board, the Members of Council,  
Inhabitants and Ratepayers of the Corporation of the Township of  
Severn**

[www.bakertilly.ca](http://www.bakertilly.ca)

We have reviewed the accompanying financial statements of the Library Board of the Corporation of the Township of Severn (the Board), that comprise the statement of financial position as at December 31, 2024 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Board as at December 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
January 6, 2026

ASSURANCE • TAX • ADVISORY

*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

**The Corporation of the Township of Severn Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2024</b>	<b>2023</b>
<b>Financial assets</b>		
Cash	\$ 568,261	\$ 521,800
<b>Liabilities</b>		
Due to the Corporation of the Township of Severn (Note 8)	327,190	280,729
<b>Net financial assets</b>	<b>241,071</b>	<b>241,071</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	270,194	267,204
<b>Accumulated surplus (Note 5)</b>	<b>\$ 511,265</b>	<b>\$ 508,275</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	(Note 6) Budget 2024	Actual 2024	Actual 2023
<b>Revenue</b>			
Township of Severn contribution (Note 8)	\$ 314,724	\$ 274,419	\$ 238,756
Province of Ontario grant	25,342	25,342	25,342
Township of Oro-Medonte contribution	18,999	18,699	18,699
Miscellaneous	950	1,140	432
Interest	3,500	25,747	24,060
Donations	500	1,280	2,625
	<u>364,015</u>	<u>346,627</u>	<u>309,914</u>
<b>Expenses</b>			
Amortization of tangible capital assets	33,100	33,068	31,783
Equipment	3,000	2,299	2,237
General and office	16,850	8,290	10,875
Loss on Disposal of tangible capital assets	-	520	-
Insurance (Note 8)	3,500	4,046	3,392
Library contract	66,595	66,785	50,670
Professional fees (Note 8)	1,000	1,000	1,000
Repairs and maintenance	17,850	13,139	19,684
Supplies	28,520	20,341	20,449
Telephone	2,000	1,870	1,872
Training	2,000	-	51
Utilities	5,500	6,081	5,035
Wages and benefits	197,200	186,198	167,192
	<u>377,115</u>	<u>343,637</u>	<u>314,240</u>
<b>Annual surplus (deficit)</b>	(13,100)	2,990	(4,326)
<b>Accumulated Annual surplus, beginning of year</b>	508,275	508,275	512,601
<b>Accumulated surplus, end of year</b>	\$ 495,175	\$ 511,265	\$ 508,275

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 6) Budget 2024	<b>2024</b>	<b>2023</b>
<b>Annual surplus (deficit)</b>	\$ (13,100)	\$ 2,990	\$ (4,326)
Acquisition of tangible capital assets	(20,000)	<b>(36,578)</b>	(27,457)
Amortization of tangible capital assets	33,100	<b>33,068</b>	31,783
Net loss on disposal of tangible capital assets	-	<b>520</b>	-
<b>Net change in net financial assets</b>	-	-	-
<b>Net financial assets, beginning of year</b>	241,071	<b>241,071</b>	241,071
<b>Net financial assets, end of year</b>	\$ 241,071	\$ <b>241,071</b>	\$ 241,071

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2024</b>	<b>2023</b>
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 2,990	\$ (4,326)
Items not involving cash		
Amortization of tangible capital assets	33,068	31,783
Loss on disposal of tangible capital assets	520	-
	<u>36,578</u>	<u>27,457</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(36,578)</u>	<u>(27,457)</u>
<b>Financing transactions</b>		
Due to (from) the Corporation of the Township of Severn	<u>46,461</u>	<u>47,098</u>
<b>Net change in cash</b>	<b>46,461</b>	<b>47,098</b>
<b>Cash, beginning of year</b>	<u>521,800</u>	<u>474,702</u>
<b>Cash, end of year</b>	<u>\$ 568,261</u>	<u>\$ 521,800</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2024

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<b>Nature of Business</b>	The board provides library services to the general public.								
<b>Basis of Accounting</b>	<p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p> <p>The statement of financial position reflects all of the financial assets and liabilities of the board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.</p> <p>The accumulated surplus represents the financial position of the board, and is the difference between its assets and liabilities. This provides information about the board's overall future revenue requirements and its ability to finance activities and meets its obligations.</p>								
<b>Non-financial Assets</b>	Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.								
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td style="text-align: right;">15 - 40 years</td></tr><tr><td>Books</td><td style="text-align: right;">7 years</td></tr><tr><td>Computer equipment</td><td style="text-align: right;">7 years</td></tr><tr><td>Furniture and equipment</td><td style="text-align: right;">10 years</td></tr></table>	Buildings	15 - 40 years	Books	7 years	Computer equipment	7 years	Furniture and equipment	10 years
Buildings	15 - 40 years								
Books	7 years								
Computer equipment	7 years								
Furniture and equipment	10 years								
<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.								

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2024

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<b>Revenue Recognition</b>	User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection. Interest revenue is recognized as it is earned.
<b>Contributed Materials and Services</b>	Contributed materials and services which are used in the normal course of the board's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution, if fair value can be reasonably estimated.
<b>Post Retirement Benefits</b>	The Corporation of the Township of Severn Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.
<b>Inter-Entity Transactions</b>	<p>The Library Board is a Board of the Township of Severn and is consolidated with the Township's financial statements.</p> <p>Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.</p> <p>Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.</p>
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, if any, and the estimated useful life of tangible capital assets. Actual results could differ from the management's best estimates as additional information becomes available in the future.

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2024

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### Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

<u>Financial Instrument</u>	<u>Measurement Method</u>
Cash	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Due to Township of Severn	Amortized Cost

**Fair value category:** The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

**Amortized cost category:** Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy 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 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are not significant to fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

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# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

December 31, 2024

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### 1. Changes in Accounting Policies

The Board has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Board's financial statements.

Under PSG8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Board's financial statements.

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### 2. Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Corporation of the Township of Severn Library Board's ("Board") management and have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. A summary of significant accounting policies is provided in these financial statements. The preparation of the financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board'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 regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

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### 3. Financial Instruments

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Board is not exposed to any significant credit, liquidity, interest rate, market or currency risk.

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**The Corporation of the Township of Severn Library Board**  
**Notes to Financial Statements**

**December 31, 2024**

**4. Tangible Capital Assets**

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	428,015	256,117	424,361	248,104
Books	163,286	71,120	153,121	68,970
Computer equipment	7,433	6,621	9,304	8,161
Furniture and equipment	5,001	4,750	5,001	4,415
	<b>\$ 608,802</b>	<b>\$ 338,608</b>	<b>\$ 596,854</b>	<b>\$ 329,650</b>
Net book value		<b>\$ 270,194</b>		<b>\$ 267,204</b>

**5. Accumulated Surplus**

The Board segregates its accumulated surplus in the following categories:

	2024	2023
Investment in tangible capital assets	\$ 270,194	\$ 267,204
Operating Surplus	241,071	241,071
	<b>\$ 511,265</b>	<b>\$ 508,275</b>

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

**6. Budget**

The budget, approved by the Board, for 2024 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore, many not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

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# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

December 31, 2024

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### 7. Post Retirement Benefits

OMERS provides pension services to almost 640,000 active and retired members and over 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$140,766 (2023 - \$134,574) million in respect of benefits accrued for service with actuarial assets at that date of \$137,853 (2023 - \$130,372) million indicating an actuarial deficit of \$2,913 (2023 - \$4,202) million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit.

The Board's total contributions to OMERS in 2024 were \$23,416 (2023 - \$19,492) of which \$11,708 (2023 - \$9,746) was contributed by employees.

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### 8. Inter-entity Transactions

During the year, the Board entered into transactions with the Township of Severn. As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity transactions are as follows:

	<u>2024</u>	<u>2023</u>
Allocated costs:		
Professional Fees	\$ 1,000	\$ 1,000
Insurance	4,046	3,392
	<u>\$ 5,046</u>	<u>\$ 4,392</u>

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of Severn have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

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