MCKENZIE-CLEARWATER FIRE PROTECTION CORPORATION

Financial Statements

Year Ended December 31, 2025

MCKENZIE-CLEARWATER FIRE PROTECTION CORPORATION
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Year Ended December 31, 2025

Ainsley Donald Chartered
Professional Accountant

Ainsley Donald Chartered Professional Accountant
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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of McKenzie Clearwater Fire Protection Corporation,

I have reviewed the accompanying financial statements of McKenzie Clearwater Fire Protection Corporation that comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net 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 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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 organization, 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, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of McKenzie Clearwater Fire Protection Corporation as at December 31, 2025, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Ainsley Donald CPA CA

Ainsley Donald Chartered Professional Accountant
Licensed Public Accountant
Kenora, Ontario
May 21, 2026

MCKENZIE-CLEARWATER FIRE PROTECTION CORPORATION
Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	**$ 259,291**	$ 104,857
Restricted cash	**100,000**	100,000
Harmonized sales tax recoverable	**9,540**	28,373
Prepaid expenses	**17,200**	14,422
Investments (Note 5)	**31,505**	15,719
	417,536	263,371
CAPITAL ASSETS (Note 6)	**345,231**	343,627
	$ 762,767	$ 606,998
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	**$ 36,206**	$ 20,665
Deferred contributions (Note 7)	**12,681**	-
	48,887	20,665
NET ASSETS		
Unrestricted	**613,880**	486,333
Internally restricted (Note 8)	**100,000**	100,000
	713,880	586,333
	$ 762,767	$ 606,998

APPROVED BY THE BOARD:

Richard Suche, Director

, Director

MCKENZIE-CLEARWATER FIRE PROTECTION CORPORATION
Statement of Operations
December 31, 2025

	General Fund	Mapping Fund	**2025**	2024
REVENUE				
The KeeMan Local Services Board	$ 209,484	$ -	**$ 209,484**	$ 210,680
Fundraising	181,971	-	**181,971**	157,493
Donations	27,318	-	**27,318**	30,066
Interest	6,348	-	**6,348**	7,298
Ministry of Natural Resources	18,009	-	**18,009**	12,214
Ministry of Transportation	9,280	-	**9,280**	6,701
Grant	-	37,273	**37,273**	-
Emergency mapping response	-	420	**420**	14,836
Other income	6,396	-	**6,396**	-
	458,806	37,693	**496,499**	439,288
EXPENSES				
Bank charges and interest	3,863	-	**3,863**	5,440
Dispatch	8,517	-	**8,517**	4,868
District 2 station expenses	12,350	-	**12,350**	5,081
Emergency mapping supplies and labour	-	37,693	**37,693**	64,463
Equipment	7,104	-	**7,104**	9,861
Fuel	4,879	-	**4,879**	7,567
Fundraising expenses	24,320	-	**24,320**	17,614
Insurance	36,293	-	**36,293**	41,852
Land lease	297	-	**297**	632
Office expense	17,570	-	**17,570**	1,390
Payroll - firefighters	61,084	-	**61,084**	60,876
Professional fees	35,302	-	**35,302**	41,704
Repairs and maintenance	20,222	-	**20,222**	7,403
Rescue operations	8,908	-	**8,908**	6,822
Training	1,466	-	**1,466**	7,350
Travel	13,277	-	**13,277**	9,035
Utilities	14,765	-	**14,765**	18,667
	270,217	37,693	**307,910**	310,625
Excess of revenues over expenses before amortization and other items	188,589	-	**188,589**	128,663
Amortization	65,242	-	**65,242**	44,176
Excess of revenues over expenses before other items	123,347	-	**123,347**	84,487
Gain on disposal of capital assets	4,200	-	**4,200**	2,030
EXCESS OF REVENUES OVER EXPENSES	$ 127,547	$ -	**$ 127,547**	$ 86,517

MCKENZIE-CLEARWATER FIRE PROTECTION CORPORATION
Statement of Changes in Net Assets
December 31, 2025

	General Fund	Mapping Fund	**2025**	2024
Net assets, beginning of year	$ 586,333	$ -	**$ 586,333**	$ 499,816
Excess (deficiency) of revenues over expenses	127,547	-	**127,547**	86,517
Net assets, end of year	$ 713,880	$ -	**$ 713,880**	$ 586,333

MCKENZIE-CLEARWATER FIRE PROTECTION CORPORATION
Statement of Cash Flows
December 31, 2025

	2025	2024
CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 127,547**	$ 86,517
Items not affecting cash		
Amortization	**65,242**	44,176
Gain on disposal of capital assets	**(4,200)**	(2,030)
	188,589	128,663
Changes in non-cash working capital items:		
Harmonized sales tax recoverable	**18,833**	(10,603)
Prepaid expenses	**(2,778)**	54,022
Accounts payable and accrued liabilities	**15,541**	(27,040)
Deferred contributions	**12,681**	(14,486)
	232,866	130,556
FINANCING ACTIVITIES		
Change in bank indebtedness	**-**	(19)
INVESTING ACTIVITIES		
Purchase of capital assets	**(66,846)**	(333,306)
Proceeds on disposal of capital assets	**4,200**	5,649
Change in restricted cash	**-**	14,486
Purchase of investments	**(15,786)**	(719)
	(78,432)	(313,890)
INCREASE (DECREASE) IN CASH	**154,434**	(183,353)
CASH, BEGINNING OF YEAR	**104,857**	288,210
CASH, END OF YEAR	**$ 259,291**	$ 104,857

1. NATURE OF OPERATIONS

McKenzie-Clearwater Fire Protection Corporation (the “Organization”) was incorporated as a not-for-profit, non-share capital corporation under the laws of the Province of Ontario. The Organization provides support for the volunteer fire team, provides training, and promotes the development and maintenance of programs for relief of fire victims, community service programs and fire prevention and suppression training.

The corporation is a not-for-profit organization and as such is exempt from paying income tax as a corporation under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and reflect the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting. The Organization maintains two funds, namely the General Fund, and the Externally Restricted Mapping Fund.

The General Fund reports the Organization’s unrestricted and internally restricted resources related to program delivery and administrative activities.

The Externally Restricted Mapping Fund reports the Organization’s externally restricted resources related to the Emergency Mapping Project.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions for the purchase of capital assets are deferred and amortized on the same basis as the related capital asset.

Grants, government assistance and other funding is recognized as revenue when eligibility criteria have been met, and collection is reasonably assured.

Interest and other revenue are recognized as revenue when earned.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Building - firehall	25 years
Boathouse and dock	10 years
Equipment	5 years
Fireboat - aluminium inboard	10 years
Fireboat - Stanley outboard	10 years
Rescue fire trucks	10 years
Rescue snowmobile	5 years
Rescue fire truck - tanker	20 years
Sign	5 years

Impairment of long-lived assets

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. The useful lives of capital assets are a significant estimate included in these financial statements.

Financial assets and liabilities

Financial assets and financial liabilities are initially recognized at fair value. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

The financial assets subsequently measured at amortized cost include cash and restricted cash.

The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

3. ECONOMIC DEPENDENCE

A significant portion of the Organization's revenue is derived from its agreement with The KeeMan Local Services Board. The Organization's ability to continue viable operations is dependent upon maintaining its agreement with the Local Services Board. The Organization has an annual agreement with the Local Services Board that expires on September 30, 2026.

4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2025.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating rate financial instruments. Fixed interest instruments subject the Organization to a fair value risk while the floating instruments subject it to a cash flow risk. A portion of the Organization's cash and short term investments bear interest at floating rates. Fluctuation in these rates impact the investment income received in the future. The Organization mitigates its interest rate risk by diversifying the durations of fixed income instruments that are held at a given time.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that customer or counterparty to a financial instrument defaults on their financial obligations. The majority of the Organization's receivables are from government sources and the Organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding or assistance.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operations liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stress conditions.

There have not been any changes in the nature of these risks from the prior year.

5. INVESTMENTS

Investments consist of:

	2025	2024
GIC, bearing interest at 2.60% maturing October 17, 2026	**$ 5,459**	$ -
GIC, bearing interest at 2.60% maturing October 17, 2026	**10,917**	-
GIC, bearing interest at 3.10% maturing September 22, 2027	**15,129**	-
GIC, bearing interest at 3.40% matured October 17, 2025	**-**	15,719
	$ 31,505	$ 15,719

6. CAPITAL ASSETS

Capital assets consist of:

	Cost	Accumulated Amortization	**2025 Net Book Value**
Building - firehall	$ 13,590	$ 12,565	**$ 1,025**
Boathouse and dock	62,398	62,398	**-**
Equipment	123,087	123,087	**-**
Fireboat - aluminium inboard	63,461	13,268	**50,193**
Fireboat - Stanley outboard	109,985	89,336	**20,649**
Rescue fire trucks	343,699	82,944	**260,755**
Rescue snowmobile	20,000	20,000	**-**
Rescue fire truck - tanker	146,637	146,637	**-**
Sign	14,010	1,401	**12,609**
	$ 896,867	$ 551,636	**$ 345,231**

	Cost	Accumulated Amortization	2024 Net Book Value
Building - firehall	$ 13,590	$ 12,021	$ 1,569
Boathouse and dock	62,398	62,398	-
Equipment	123,087	119,689	3,398
Fireboat - aluminium inboard	10,626	10,626	-
Fireboat - Stanley outboard	109,985	78,337	31,648
Rescue fire trucks	343,699	44,019	299,680
Rescue snowmobile	20,000	20,000	-
Rescue fire truck - tanker	146,637	139,305	7,332
	$ 830,022	$ 486,395	$ 343,627

6. CAPITAL ASSETS (continued)

The firehall building has not been recorded in these financial statements. It was constructed by volunteer labour and funding, and the fair value of contributed material and services was not determinable at the time of the construction.

7. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the Externally Restricted Mapping Fund consist of contributions received that were provided to fund the Emergency Mapping Project. Recognition of these amounts as revenue is deferred to periods when the designated disbursements are made. Changes in the deferred contribution account are as follows:

	2025	2024
Balance, beginning of year	**$ -**	$ 14,486
Amount received during the year	**49,954**	-
Less: amount recognized as revenue during the year	**(37,273)**	(14,486)
Balance, end of year	**$ 12,681**	$ -

The remaining balance in deferred contributions relates to the sign purchased by the Organization under the Emergency Mapping Project and is being amortized over 5 years consistent with the amortization of the related capital asset.

8. NET ASSETS

The Organization's Board of Directors internally restricted $100,000 to be held for future replacement of firefighting equipment. Use of these internally restricted funds must be approved by the Board of Directors.