

01. AGENDA

2026 Annual General Meeting

Tuesday, March 31, 2026
0845 h

Canadian Room
Convention Floor
Fairmont Royal York
Toronto, Ontario

Chair: Aakash Desai – Treasurer, Township of Chatsworth and
Good Roads Second Vice President

	ITEM	Pg. #
01.	Call to Order	--
02.	Approval of Minutes of the Annual General Meeting of April 01, 2025	02
03.	President's Report – Cheryl Forst, President, Good Roads Board of Directors	--
04.	2025 Audited Financial Report	04
05.	Appointment of Auditors for the 2026 Fiscal Year	--
06.	Other Business	--
07.	Next Annual General Meeting <ul style="list-style-type: none">– Tuesday, April 06, 2027 at 0845 h– Fairmont Royal York, Toronto, ON	--
08.	Adjournment	

02. MINUTES 2025 Annual General Meeting

Tuesday, April 01, 2025
0845 h

Canadian Room
Convention Floor
Fairmont Royal York
Toronto, Ontario

1. Call to Order and Approval of Agenda

Paul Ainslie, Good Roads Second Vice-President and Councillor, City of Toronto, called the meeting to order at 0845 h.

He introduced the Board of Directors present:

- President: Antoine Boucher – Director of Public Works and Engineering, Municipality of East Ferris Travis
- First Vice President: Cheryl Fort – Mayor, Township of Hornepayne
- Third Vice President: Aakash Desai – Treasurer, Township of Chatsworth
- Past-President: John Parsons – London, ON
- Melissa Abercrombie – Manager of Engineering Services, County of Oxford
- Salim Alibhai – Director, Capital Planning and Delivery, Transportation Operations, Public Works, Regional Municipality of York
- Chris Angelo – Director of Public Works & Environmental Services, City of Quinte West
- Terry McKay – Deputy Mayor, Township of Chatsworth
- Kristin Murray – Councillor, City of Timmins
- Justin Towndale – Mayor, City of Cornwall
- Scott Butler, Executive Director/Secretary-Treasurer

2. Approval of the Minutes of the Meeting on April 23, 2024

It was duly moved and seconded that the minutes of the Annual General Meeting of April 23, 2024, be approved.

CARRIED

3. President's Report

President Antoine Boucher presented his report.

It was duly moved and seconded that the report of the President be received for information.

CARRIED

4. Approval of Auditors Report

Paul Ainslie referred delegates to the Auditor's Report contained within the Annual Report.

It was duly moved and seconded that the audited financial statements be approved.

CARRIED

5. Appointment of Auditors for 2025 Fiscal Year

It was duly moved and seconded that the accounting firm of DurCo, LLP be appointed as the auditors for Good Roads for the fiscal year 2025.

CARRIED

6. Constitutional Amendment

The Chair referred members to the Constitutional amendment which had been circulated to the membership along with an explanatory note. The report on the amendment is attached to the minutes.

It was duly moved and seconded that the Constitutional amendment being By-law 1-2025 of the Ontario Good Roads Association be approved.

7. Other Business

There was no other business brought before the membership.

8. Adjournment

The meeting was adjourned by the Chair at 0858 h.



President



Secretary Treasurer

ONTARIO GOOD ROADS ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

DRAFT



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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Good Roads Association:

Opinion

We have audited the consolidated financial statements of Ontario Good Roads Association which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of changes in net assets, operations, 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 financial position of Ontario Good Roads Association as at December 31, 2025 and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter - Predecessor Auditor

The consolidated financial statements of Ontario Good Roads Association as at and for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements dated March 11, 2025.

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 accounting standards for not-for-profit organizations 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 Ontario Good Roads Association'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 Ontario Good Roads Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ontario Good Roads Association's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ontario Good Roads Association'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 Ontario Good Roads Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 Ontario Good Roads Association 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

**Chartered Professional Accountants
Licensed Public Accountants**

**Woodbridge, Ontario
DATE**

ONTARIO GOOD ROADS ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
ASSETS		
Current assets		
Cash - <i>Note 3</i>	\$ 777,106	\$ 1,281,743
Short-term investments - <i>Note 4</i>	331,605	619,907
Accounts receivable	154,894	199,617
Prepaid expenses	182,289	142,608
Inventories	24,110	2,263
Income taxes recoverable	<u>13,204</u>	<u>10,972</u>
	<u>1,483,208</u>	<u>2,257,110</u>
Long-term assets		
Investments - <i>Note 4</i>	2,175,372	2,165,768
Capital and intangible assets - <i>Note 5</i>	<u>1,489,084</u>	<u>1,580,441</u>
	<u>3,664,456</u>	<u>3,746,209</u>
	<u>\$ 5,147,664</u>	<u>\$ 6,003,319</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 207,974	\$ 263,265
Government remittances payable	124,967	172,801
Deferred revenue - <i>Note 7</i>	<u>1,307,286</u>	<u>1,623,263</u>
	<u>1,640,227</u>	<u>2,059,329</u>
Net assets		
Unrestricted	1,314,010	1,538,848
Invested in capital assets	1,489,084	1,580,441
Board-designated funds - <i>Note 11</i>		
Advocacy and special projects	109,249	139,632
Education development	223,486	303,461
Building reserve	161,608	161,608
Reserve for research	185,000	195,000
Legal defence reserve	<u>25,000</u>	<u>25,000</u>
	<u>3,507,437</u>	<u>3,943,990</u>
	<u>\$ 5,147,664</u>	<u>\$ 6,003,319</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025							2024	
	Board-Designated Funds								
	Unrestricted Net Assets	Invested in Capital Assets	Advocacy	Education Development	Building Reserve	Research	Legal Defence Reserve	Total	Total
Balance, beginning of year	\$ 1,538,848	\$ 1,580,441	\$ 139,632	\$ 303,461	\$ 161,608	\$ 195,000	\$ 25,000	\$ 3,943,990	\$ 3,687,623
Excess (deficiency) of revenue over expenditures	(436,553)	-	-	-	-	-	-	(436,553)	256,367
Capital and intangible asset purchases	(5,610)	5,610	-	-	-	-	-	-	-
Amortization of capital and intangible assets	96,967	(96,967)	-	-	-	-	-	-	-
Appropriations - <i>Note 11</i>	<u>120,358</u>	<u>-</u>	<u>(30,383)</u>	<u>(79,975)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,314,010</u>	<u>\$ 1,489,084</u>	<u>\$ 109,249</u>	<u>\$ 223,486</u>	<u>\$ 161,608</u>	<u>\$ 185,000</u>	<u>\$ 25,000</u>	<u>\$ 3,507,437</u>	<u>\$ 3,943,990</u>

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
REVENUE		
Education	\$ 3,061,282	\$ 3,123,230
Conference	1,435,236	1,341,959
Member services	1,052,950	1,176,887
Administration - <i>Note 4</i>	190,849	203,065
Skill Development Grant - <i>Note 12</i>	<u>-</u>	<u>706,643</u>
Total revenue	<u>5,740,317</u>	<u>6,551,784</u>
EXPENSES - <i>Note 10</i>		
Education	2,516,484	2,187,743
Administration	1,216,876	1,055,995
Conference	1,137,523	1,136,191
Member services	879,656	824,113
Advocacy	433,773	390,738
Skill Development Grant - <i>Note 12</i>	<u>-</u>	<u>711,609</u>
Total expenses	<u>6,184,312</u>	<u>6,306,389</u>
Excess (deficiency) of revenue over expenses before income taxes	(443,995)	245,395
Income tax recovery - <i>Note 8</i>	<u>7,442</u>	<u>10,972</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (436,553)</u>	<u>\$ 256,367</u>

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH INFLOWS (OUTFLOWS)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (436,553)	\$ 256,367
Non-cash items		
Amortization of capital and intangible assets	96,967	42,852
Net change in non-cash working capital items (below)	<u>(438,139)</u>	<u>375,727</u>
Cash provided from (used in) operations	<u>(777,725)</u>	<u>674,946</u>
INVESTING ACTIVITIES		
Purchase of capital and intangible assets	(5,610)	(169,962)
Net decrease (increase) in investments	<u>278,698</u>	<u>(358,885)</u>
Cash provided from (used in) investing activities	<u>273,088</u>	<u>(528,847)</u>
NET CASH ACTIVITY FOR THE YEAR	(504,637)	146,099
CASH, BEGINNING OF YEAR	<u>1,281,743</u>	<u>1,135,644</u>
CASH, END OF YEAR	<u>\$ 777,106</u>	<u>\$ 1,281,743</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 44,723	\$ (68,727)
Inventories	(21,847)	8,080
Prepaid expenses	(39,681)	(82,582)
Accounts payable and accrued liabilities	(55,291)	(237,697)
Income taxes recoverable	(2,232)	(6,587)
Government remittances payable	(47,834)	153,834
Deferred revenue	<u>(315,977)</u>	<u>609,406</u>
	<u>\$ (438,139)</u>	<u>\$ 375,727</u>

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

The Ontario Good Roads Association (the "Organization") is one of Canada's largest municipal associations. The mandate of the Organization is to represent the infrastructure interests of municipalities through advocacy, consultation, training and the delivery of identified services. It represents the transportation and public works-related concerns of 444 municipalities and many First Nation communities of Ontario. Since 1984, the Organization has aided municipalities in their efforts to provide efficient and effective transportation systems.

The Organization is incorporated as a not-for-profit organization in Ontario, and is exempt from income tax in Canada under Section 149(1)(f) of the Income Tax Act (Canada).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the financial statements of Ontario Good Roads Association and those of its wholly-owned for-profit subsidiary, Ontario 1894 Inc. Ontario 1894 Inc. was incorporated in 2017 under the Ontario Business Corporations Act and was formed to develop and provide software and related tools that assist municipalities and other organizations in simplifying complex processes and improving operational efficiency. The subsidiary offers cost-effective solutions intended to support municipal activities across North America. All significant intercompany transactions and balances have been eliminated on consolidation.

Basis of Accounting

These consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and liabilities at amortized cost, except for investments in 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. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Prepaid Expenses

Prepaid expenses are recorded for goods and services being received in the next fiscal year but paid for in the current fiscal year. The balance at year end represents prepaid insurance and deposits for future events.

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Capital and Intangible Assets

Capital and intangible assets are stated at cost less accumulated amortization. Amortization is provided at the following rates:

Building	- 40 years straight-line basis
Furniture	- 5 years straight-line basis
Computer software - intangible asset	- 5 years straight-line basis

Cloud Computing Arrangements

The Organization has elected to apply the simplification approach for accounting for cloud computing arrangements. Under this method, implementation and configuration costs are expensed as incurred, consistent with the accounting treatment of the related service fees. Payments made in advance are recorded as prepaid expenses and recognized in operations over the term of the arrangement. See Note 6.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions, such as government grants received for special projects, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference and education revenue is recognized when the related conference or course occurs. Membership revenue is recognized on a straight-line basis over the membership period, and the portion of membership fees received in advance relating to future periods is recorded as deferred revenue.

Advertising revenue is recognized in the year when the advertisement is published. Non-refundable web application subscription revenue is recognized over the term of the subscription as the related services are provided.

Investment income, including interest, dividends, and realized and unrealized gains and losses, is recognized in the statement of operations as it is earned.

Contributions restricted for the purchase or development of capital or intangible assets are deferred and recognized as revenue on the same basis as the related assets.

Inventory

Inventory consists of supplies that are consumed in the delivery of the Organization's courses, workshops and operations. Inventory is recorded at the lower of cost and replacement cost.

Expense Allocation

The Organization allocates staff salaries, benefits, and overhead costs to five cost centres based on the estimated percentage of staff time spent on each program area. Such allocations are reviewed annually, updated, and applied on a prospective basis. Allocations are detailed in Note 10.

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Estimates are used when accounting for certain items such as the allocation of expenses to different programs and accrued liabilities.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Employee Future Benefits

The Organization contributes to a multi-employer pension plan, with the expense for this plan equal to the Organization's required contributions for the year.

The pension plan is a defined benefit plan to employees as retirement benefits are based on the employee's contributory service; however, the plan is considered to be a defined contribution plan to the Organization since contributions are limited to amounts contractually agreed upon, and the Organization is not required to fund actuarially determined funding deficiencies that may occur.

Contributed Services

Volunteers contribute many hours per year and other service providers contribute services at no charge to assist the Organization in carrying out its objectives. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Sponsors also provide services at no charge to the Organization. The value of these contributions is not recognized in the financial statements.

Income Taxes

The Organization's for-profit subsidiary, Ontario 1894 Inc., accounts for income taxes using the taxes payable method, under which only current income tax assets and liabilities are recognized. Current income taxes payable or recoverable are recorded as a liability or asset, based on amounts owing or refundable. Any benefit related to a current-year loss that is expected to be carried back to recover taxes paid in prior years is recognized as a current asset.

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure.

Liquidity Risk

Liquidity risk is the risk the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk arising from meeting its payments to creditors including accounts payables and accrued liabilities, government remittances payable, and commitments. The Organization expects to meet obligations as they come due primarily from cash flow from operations.

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 has exposure to the credit risk arising from accounts receivable.

Periodically, the Organization assesses the collectibility of its accounts receivable and provides an allowance for doubtful accounts as appropriate. At December 31, 2025, the allowance for doubtful accounts was \$nil (\$nil in 2024). The Organization's losses due to credit have historically been minimal.

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 arising from the possibility that changes in interest rates will affect the value of fixed income savings investments.

Other Price Risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in the market. The Organization is exposed to other price risk through its investments.

3. CASH

Cash is comprised of amounts on deposit with a Canadian bank.

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. INVESTMENTS

Investments are composed of the following:

	<u>2025</u>	<u>2024</u>
Fixed income (short-term)	\$ 306,908	\$ 619,907
Fixed income (long-term)	2,128,603	2,124,297
Mutual funds (short-term)	24,697	-
Preferred shares (long-term)	<u>46,769</u>	<u>41,471</u>
	<u>\$ 2,506,977</u>	<u>\$ 2,785,675</u>

Investment income is composed of:

	<u>2025</u>	<u>2024</u>
Interest	\$ 80,719	\$ 136,303
Dividends	1,820	-
Realized and unrealized investment gains	<u>32,977</u>	<u>-</u>
	<u>\$ 115,516</u>	<u>\$ 136,303</u>

Fixed income investments consist of guaranteed investment certificates and bonds yielding interest between 2.20% to 4.43% (2.90% to 4.95% in 2024) with maturity dates ranging from March 2026 to June 2031 (February 2025 to February 2029 in 2024). Investments designated as short-term are anticipated to mature or be sold within the next 12 months.

5. CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2025 Net</u>	<u>2024 Net</u>
Land	\$ 360,000	\$ -	\$ 360,000	\$ 360,000
Building	1,361,758	486,365	875,393	909,062
Computer software - intangible asset	<u>507,069</u>	<u>253,378</u>	<u>253,691</u>	<u>311,379</u>
	<u>\$ 2,228,827</u>	<u>\$ 739,743</u>	<u>\$ 1,489,084</u>	<u>\$ 1,580,441</u>

6. CLOUD COMPUTING ARRANGEMENTS

During 2025, the Organization expensed cloud computing implementation and subscription costs of \$338,020 (\$nil in 2024). These costs were allocated among the five programs based on the approved allocation rate (Note 10).

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

7. DEFERRED REVENUE

Deferred revenue represents amounts received prior to year end for which the related events or services have not yet been provided, and accordingly are recognized as revenue in the period in which they are earned. Most of this deferred revenue will be recognized as revenue in the next fiscal year. The balances as at year end consist of the following:

	<u>2025</u>	<u>2024</u>
Annual conference	\$ 448,020	\$ 686,848
Memberships	367,883	313,975
Educational programs	339,323	509,140
MMS litigation fund	113,300	113,300
Other deferred revenue	<u>38,760</u>	<u>-</u>
	<u>\$ 1,307,286</u>	<u>\$ 1,623,263</u>

The continuity of the deferred revenue is as follows:

Deferred revenue, beginning of year	\$ 1,623,263	\$ 1,013,857
Revenue received or receivable in the year	5,424,340	7,161,190
Less operating revenue recognized in the year	<u>(5,740,317)</u>	<u>(6,551,784)</u>
Deferred revenue, end of year	<u>\$ 1,307,286</u>	<u>\$ 1,623,263</u>

8. RECONCILIATION OF INCOME TAX PROVISION

The impact of the difference between the Organization's reported income tax expense and the expense that would otherwise result from the application of statutory rates is as follows:

	<u>2025</u>	<u>2024</u>
Income tax recovery (provision) at statutory rates on financial statement income at 12.20% (12.20% in 2024)	\$ 54,167	(29,938)
Income tax exempt under Section 149(1)(f)	(49,529)	11,931
Capital cost allowance in excess of amortization	25,446	-
Non-capital losses available for carryforward to future years	(39,441)	-
Other adjustments	<u>16,799</u>	<u>28,979</u>
Effective income tax recovery	<u>\$ 7,442</u>	<u>\$ 10,972</u>

The Organization has losses, for income tax purposes, of \$323,287 that are available to reduce future taxable income. These losses expire on December 31, 2045.

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. COMMITMENTS

As at December 31, 2025, the Organization was committed under operating leases for the use of various equipment and under service contracts for cloud computing arrangements.

The minimum annual payments for the next five years and thereafter are as follows:

	<u>Total</u>
Year ended December 31, 2026	\$ 103,081
2027	106,026
2028	11,392
2029	11,392
2030 and thereafter	<u>8,544</u>
	<u>\$ 240,435</u>

10. ALLOCATION OF EXPENSES

The Organization engages in various programs. The expenses that are directly related to each program, such as catering costs for the courses or conference, are allocated to the particular program. The Organization also incurs a number of general overhead expenses that are common to the administration of the Organization and each of its programs.

The Organization allocates the staff salaries, benefits and other overhead costs to the program areas based on the estimated percentage of staff time spent in each area, as determined during the Organization's budgeting process. The percentages applied are as follows:

	<u>2025</u>	<u>2024</u>
Education	41%	41%
Member services	16%	16%
Administration	19%	19%
Conference	14%	14%
Advocacy	<u>10%</u>	<u>10%</u>
	<u>100%</u>	<u>100%</u>

11. BOARD-DESIGNATED FUNDS

Board-designated funds are internally-restricted reserves for special projects, as approved by the Board of Directors. During 2025, the Board approved net appropriations to these funds of \$120,358 (\$nil in 2024). The appropriations from the internally-restricted reserve funds to the unrestricted fund represent expenditures that have been funded by amounts previously set aside in the funds. The appropriations from the unrestricted fund to the internally-restricted funds represent amounts that have been set aside for future projects.

see accompanying notes

ONTARIO GOOD ROADS ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

12. SKILL DEVELOPMENT GRANT

In 2023, the Organization was approved for funding of \$1,850,728 from Ontario's Skills Development Fund program. The program was completed in 2024. Accordingly, in 2024 the Organization incurred program costs of \$711,609 and recognized related revenue of \$706,643. No program costs were incurred and no revenue was recognized in 2025.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's financial statement presentation.

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