
SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
INDEX TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	CONTENTS
Management's Responsibility for the Financial Statements	1
Independent Auditor's Report	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flow	7
Notes to the Financial Statements	8 -13

**SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The accompanying financial statements of the Southwestern Integrated Fibre Technology Inc. (the "Organization") are the responsibility of the Organization's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the 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 Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded (in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada), and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. The Board of Directors meet with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Baker Tilly SGB LLP, independent external auditor appointed by the Organization. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.



Executive Director
May 8, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Southwestern Integrated Fibre Technology Inc.:

Opinion

We have audited the financial statements of the Southwestern Integrated Fibre Technology Inc. ("the Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly SGB LLP

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Collingwood, Ontario
May 8, 2026

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025 ACTUAL \$	2024 ACTUAL \$
FINANCIAL ASSETS		
Cash in Bank	6,338,680	5,199,178
Accounts Receivable	570,648	439,777
HST Recoverable	36,193	729,266
HST Receivable - ISP	585,760	0
Government Grants Receivable (Note 4)	2,427,975	1,987,122
TOTAL FINANCIAL ASSETS	9,959,256	8,355,343
LIABILITIES		
Accounts Payable and Accruals (Note 8)	3,315,733	2,908,859
Deferred Revenue (Note 4 and 10)	1,300,657	842,556
Holdbacks	0	251
Long Term Debt - Loan (Note 7)	1,885,192	2,745,425
Total Liabilities	6,501,582	6,497,091
NET FINANCIAL ASSETS	3,457,674	1,858,252
NON-FINANCIAL ASSETS		
Prepaid Expenses	76,659	49,035
TOTAL NON-FINANCIAL ASSETS	76,659	49,035
Accumulated Surplus (Note 3)	3,534,333	1,907,287

Approved Gary McNamara Chair
May 8, 2026 Date

The accompanying notes and schedules are an integral part of this financial statement.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC. STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025			
	2025 BUDGET \$	2025 ACTUAL \$	2024 ACTUAL \$
	(Note 5)		
REVENUE			
Government Grants (Note 4)	16,369,954	22,763,450	12,637,172
Broadband Development Fund	1,136,628	1,193,133	1,208,944
Interest	180,000	259,327	337,199
	17,686,582	24,215,910	14,183,315
EXPENSES			
Small Communities Fund Eligible			
Consulting	0	0	154,687
Salaries and Wages	0	0	488,059
Travel	0	0	708
Construction	0	0	1,057,082
Small Communities Fund Subtotal	0	0	1,700,536
SWIFT 2.0 Eligible			
Consulting	247,000	303,447	124,385
Insurance	45,000	46,187	0
Miscellaneous	0	11,595	1,402
Office Expense	38,143	30,495	16,388
Salaries and Wages	1,032,149	1,061,250	491,684
Travel	6,000	7,390	4,262
Inspection	400,000	0	44,396
Construction	15,256,399	20,905,108	10,737,699
SWIFT 2.0 Eligible Total	17,024,691	22,365,472	11,420,216
Non-SCF			
Consulting	0	0	47,073
Insurance	0	0	0
Marketing	0	0	4,509
Loan Interest	0	0	0
Accretion Expense	0	139,767	146,872
Miscellaneous	0	0	0
Office Expense	0	0	16,941
Professional Fees	0	0	0
Salaries and Wages	0	0	49,311
Travel	0	0	6,853
Monitoring Program	0	0	0
Construction	0	0	186,915
Non-SCF Fund Subtotal	0	139,767	458,474
SWIFT 2.0 Ineligible			
Salaries and Wages	91,598	70,508	28,124
Travel	10,800	4,953	0
Miscellaneous	0	2,244	0
Office Expense	250	5,920	223
SWIFT 2.0 Ineligible Subtotal	102,648	83,625	28,347
	17,127,339	22,588,864	13,607,573
ANNUAL SURPLUS	559,243	1,627,046	575,742
ACCUMULATED SURPLUS, beginning of the year	1,907,287	1,907,287	1,331,545
ACCUMULATED SURPLUS, end of the year (Note 3)	2,466,530	3,534,333	1,907,287

The accompanying notes and schedules are an integral part of this financial statement.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2025			
	2025 BUDGET \$	2025 ACTUAL \$	2024 ACTUAL \$
	(Note 5)		
ANNUAL SURPLUS	559,243	1,627,046	575,742
Change in Prepaid Expenses	0	(27,624)	(49,035)
INCREASE IN NET FINANCIAL ASSETS	559,243	1,599,422	526,707
NET FINANCIAL ASSETS, beginning of the year	1,858,252	1,858,252	1,331,545
NET FINANCIAL ASSETS, end of the year	2,417,495	3,457,674	1,858,252

The accompanying notes and schedules are an integral part of this financial statement.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC. STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2025		
	2025 ACTUAL \$	2024 ACTUAL \$
Cash flows from (for):		
OPERATING TRANSACTIONS		
Annual Surplus	1,627,046	575,742
Non-cash items:		
Accretion Expense	139,767	146,872
Changes in:		
Accounts Receivable	(130,871)	961,304
Prepaid Expenses	(27,624)	(49,035)
HST Recoverable	693,073	850,782
HST Receivable - ISP	(585,760)	0
Government Grants Receivable	(440,853)	15,107,753
Accounts Payable and Accruals	406,874	(6,750,492)
Deferred Revenue	458,101	728,231
Holdbacks	(251)	(11,308,918)
Net change in cash from operations	2,139,502	262,239
FINANCING TRANSACTIONS		
Long Term Debt - Loan	(1,000,000)	(600,000)
Net change in cash from Financing	(1,000,000)	(600,000)
Net Change in Cash Position	1,139,502	(337,761)
CASH, beginning of the year	5,199,178	5,536,939
CASH, end of the year	6,338,680	5,199,178

The accompanying notes and schedules are an integral part of this financial statement.

**SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Nature of Operations

Southwestern Integrated Fibre Technology Inc. ("the Organization") is a government not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act on October 19, 2015. The Organization was formed by the Western Ontario Wardens' Caucus (WOWC) on behalf of WOWC, Region of Waterloo, Region of Niagara, Town of Caledon, City of London, and City of Windsor. The purpose of the Organization is to bring high speed broadband internet to the South Western Ontario Region. Southwestern Integrated Fibre Technology is a non-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of Southwestern Integrated Fibre Technology Inc.

(b) Recognition of revenue and expenses

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

Contributions from members are recorded as revenue at the time invoices are issued and contributions become collectible.

Government grants are recognized in the financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Conditional government grants are recognized when monies are receivable. Grants are recorded as deferred revenue when grant stipulations give rise to a liability. Grant revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Membership revenue, interest income and broadband development fund are recorded as revenue as earned.

(c) Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and short-term, highly liquid financial instruments with a maturity of three months or less from the date of acquisition.

(d) Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include the accrual of construction expenses for activity that occurred prior to year end but not invoiced until a subsequent period.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. Summary of Significant Accounting Policies (continued)

(e) Tangible capital assets

Network Infrastructure

The Organization retains ownership of 51% of the funded network assets of the SWIFT 1.0 network construction project; however, all repairs and maintenance and upgrade costs are the responsibility of the service providers contracted to provide the network infrastructure. Since the Organization does not retain operational control over the network infrastructure, they have not been recorded as tangible capital assets but have been reported as an expense on the Statement of Operations.

(f) Pension Plan

The Organization offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System (OMERS). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Organization accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

(g) Financial Instruments

The financial instruments of the Organization consist of cash and cash equivalents, accounts receivable, government grants receivable, accounts payable, holdbacks, and long-term debt. All financial instruments are recognized at cost, amortized cost, or fair value.

Cash and cash equivalents are recognized at cost. Accounts receivable, government grants receivable, accounts payable, holdbacks and long-term debt (excluding derivative financial instruments) are recognized at amortized cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Future recoveries of impaired assets are recorded in the statement of operations when received.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

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 significant to the fair value of the assets and liabilities.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. Contingencies

The year following delivery of broadband services to users and generating positive net revenues, a portion of those revenues for each fiscal year will be allocated to repay the refundable portion of the contributions made by members. Refundable portions are defined in member agreements and range from 49% to 71% of the amount contributed. \$17,644,491 had been originally pledged by members. Of the \$17,629,738 (2024 - \$17,629,738) actually invoiced and received, \$1,150,915 (2024 - \$1,150,915) is refundable when positive net revenues are earned. Repayment of the refundable portion will be made to members based on their proportion of all member contributions. Members have the option to waive repayment at the time it becomes eligible and to require the Organization to reinvest the funds into the high speed broadband internet network infrastructure. At this time 11 of the 14 members eligible have exercised their option to waive repayment.

3. Accumulated Surplus

Accumulated surplus consists of unrestricted operating surpluses that will be used to fund future operating expenses of the Organization.

4. Government Grants

The Governments of Canada and Ontario each committed to providing up to \$63,694,444 under Phases 1, 2 and 3 of the multi-year high speed internet project. As of December 31, 2025 \$123,508,861 (2024 - \$123,508,861) has been earned based on eligible expenses incurred. As of December 31, 2025 \$0 (2024 - \$1,398,240) is included in government grants receivable related to this project.

The Government of Ontario has agreed to provide up to \$77,914,713 under the Very Last Premise Strategy (VLPS) Last-Mile Solutions: SWIFT 2.0. The agreement includes management of and seeing 17 projects through to completion. As of December 31, 2025 a total of \$33,764,666 (2024 - \$11,001,215) has been earned based on eligible expenses incurred. Included in government grants receivable is \$2,427,975 (2024 - \$896,776) of grants earned for milestones reached but funds not yet received from the government. An additional \$1,134,816 (2024 - \$429,520) has been received but not earned, and has been included in deferred revenue as a result.

5. Budget Amounts

The operating budget approved by the Board of Directors for 2025 is reflected on the Statement of Operations and the Statement of Change in Net Financial Assets. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

6. Pension Agreements

The Organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 6 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the plan assets and administration of the benefits. OMERS provides pension services to over 600,000 active and retired members and approximately 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, 2025. The results of the valuation disclosed total actuarial liabilities of \$151,365 million(2024- \$142,489 million) in respect of benefits accrued for service with actuarial assets at that date of \$150,043 million(2024 - \$139,576 million) indicating an actuarial deficit of \$1,322 million (2024 - \$2,913 million).

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Organization does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2025 was \$97,484 (2024 - \$92,332) for current service and is included as an expenditure on the Statement of Operations. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2025 (2024 - 9.0% to 14.6% depending on income level).

The Organization makes no contributions under the past services provisions of the OMERS Agreement.

7. Long Term Debt

In 2020 the Organization obtained a loan with an available limit of \$3,600,000. The loan can be drawn upon at three \$1,200,000 draws when required for cash flow. The lender is The Corporation of The Municipality of Chatham-Kent. SWIFT took their 1st draw of \$1,200,000 in 2021 and took the 2nd and 3rd Draw of \$1,200,000 in 2022. Repayment of the loan started in 2024 utilizing SWIFT Broadband Development Fund revenue. As of December 31, 2025 \$1,600,000 has been repaid. The Interest will only be charged if the loan is not repaid by December 31, 2027, at which time it will bear interest at 3%.

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

8. Accounts Payable And Accruals

At year end the Organization had an Accounts Payable and Accrual balance of \$3,269,938 which is comprised of

Construction	\$	3,186,529
Professional Services	\$	31,017
Wages and Other	\$	98,187
Total	\$	3,315,733

In 2024 the Organization had an Accounts Payable and Accrual balance of \$2,908,859 which is comprised of

Construction	\$	2,830,043
Professional Services	\$	16,602
Wages and Other	\$	62,213
Total	\$	2,908,859

9. Statement of remeasurement gains and losses

A statement of remeasurement gains and losses has not been provided because there were no remeasurement gains or losses during the year.

10. Deferred revenue

Included in deferred revenue are BDF revenues, which are earned over the seven year monitoring period after services have been installed. Billing occurs over a period of 1 to 7 years. As a result, SWIFT has collected \$165,841(2024 - \$185,894) that will be earned in a future year based on the monitoring period.

Also included in deferred revenue is government grants received for SWIFT 2.0 and 2.1 but not earned of \$1,134,816 (2024 - \$656,662)

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

11. Financial risk management

The Organization has exposure to the following risks from its use of financial instruments: credit risk, market risk (including interest rate, foreign currency, other price risks) and liquidity risk. The Board of Directors ensures that the Organization has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to the Organization if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Organization consisting of accounts receivable. The Organization assesses these financial assets on a continuous basis for any amounts that are not collectible or realizable.

(b) Market risk:

Market risk is the risk that changes in market prices, including interest rates, will affect the Organization's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The Organization manages market risk by obtaining favourable interest on debt (including interest free loans), not engaging in the use of foreign currency, and holding financial assets and liabilities that respond inversely to changes in the market.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

(c) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. The Organization manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation. Additionally, the contribution agreement allows the Organization to submit claims for funding in advance of paying the related financial obligations.