Ontario Northland Transportation Commission

Consolidated Financial Statements

For the year ended March 31, 2026

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Contents

Management's Responsibility for Financial Information

The Ontario Northland Transportation Commission's management is responsible for the integrity and fair presentation of the consolidated financial statements and other information included in the annual report. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The preparation of consolidated financial statements necessarily involves the use of management's judgment and best estimates, particularly when transactions affecting the current accounting period cannot be determined with certainty until future periods. All financial information in the annual report is consistent with the consolidated financial statements.

Management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the financial records are relevant, reliable and accurate, and that assets are properly accounted for and safeguarded. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Commission is responsible for ensuring that management fulfils its responsibilities for internal control and financial reporting. The Commission reviews and approves the consolidated financial statements. The Commission is also responsible for assessing internal controls and advising the management on auditing and financial reporting matters.

The Office of the Auditor General of Ontario, appointed by the Commission, has audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards, as stated in their Independent Auditor’s Report. The Office of the Auditor General of Ontario has full and unrestricted access to the Commission to discuss their audit and related findings

Chad Evans
Chief Executive Officer

Sean Conroy
Chief Administrative Officer

North Bay, Ontario
June 23, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Ontario Northland Transportation Commission

Opinion

I have audited the consolidated financial statements of the Ontario Northland Transportation Commission (Commission), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Commission as at March 31, 2026 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these 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 Commission'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 the Commission either intends to cease operations, or has no realistic alternative but to do so.

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

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Commission'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 Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission 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.

I 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 I identify during my audit.

Jeremy Blair

Toronto, Ontario
June 23, 2026

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

Ontario Northland Transportation Commission
Consolidated Statement of Financial Position

For the year ended (Thousands of dollars)		March 31 2026		March 31 2025
Assets				
Current assets				
Cash and cash equivalents	$	**91,861**	$	13,995
Accounts receivable (note 19)		**41,264**		42,521
Materials and supplies (note 4)		**46,393**		49,892
Prepaid expenses		**2,785**		2,286
Total current assets		**182,303**		108,694
Restricted cash (note 3)		**-**		2,000
Capital assets (note 5)		**1,138,128**		847,996
Total assets	$	**1,320,431**	$	958,690
Liabilities and net assets				
Current liabilities				
Payable and accrued liabilities	$	**63,290**	$	54,202
Unearned revenue (note 6)		**69,640**		16,738
Current portion of long-term debt (note 8)		**129**		123
Total current liabilities		**133,059**		71,063
Deferred contributions (note 3)		**-**		2,000
Deferred capital contributions (note 7)		**1,080,183**		785,946
Long-term debt (note 8)		**557**		686
Post-retirement and post-employment benefits (note 9)		**81,782**		81,843
Asset retirement obligation (note 10)		**3,901**		2,973
Liability for contaminated sites (note 11)		**4,653**		3,799
Total liabilities		**1,304,135**		948,310
Net assets				
Unrestricted		**16,296**		10,380
Total liabilities and net assets	$	**1,320,431**	$	958,690

The accompanying notes are an integral part of these consolidated financial statements.

Alan Spacek Chair

Vice-Chair

Ontario Northland Transportation Commission
Consolidated Statement of Operations and Changes in Net Assets

For the year ended (Thousands of dollars)	March 31 2026	March 31 2025
Revenues (note 13)		
Operating revenues	$ 152,510	$ 127,769
Government contributions (note 12)	133,638	89,250
Amortization of deferred capital contributions (note 7)	31,226	27,178
Total revenues	317,374	244,197
Expenses (note 13)		
Labour and fringe benefits (note 9)	120,684	99,540
Materials and parts	58,491	43,953
Amortization of capital assets	34,860	30,871
Infrastructure improvements	32,000	2,500
Services	30,237	23,957
Administration and other (note 14)	11,563	15,198
Technology costs	10,990	8,468
Supplies and equipment	7,169	6,677
Employee future benefits (note 9)	5,116	4,160
Loss on sale of capital assets	156	-
Accretion expense (note 10)	155	86
Interest on long-term debt (note 8)	37	43
Total expenses	311,458	235,453
Excess of revenues over expenses for the year	$ 5,916	$ 8,744
Net assets, beginning of year	10,380	1,636
Excess of revenues over expenses for the year	5,916	8,744
Balance, end of year	$ 16,296	$ 10,380

The accompanying notes are an integral part of these consolidated financial statements.

Ontario Northland Transportation Commission
Consolidated Statement of Cash Flows

For the year ended (Thousands of dollars)	March 31 2026	March 31 2025
Cash flows from operating activities		
Excess of revenue over expenses for the year	**$ 5,916**	$ 8,744
Adjustments for non-cash items:		
Amortization of capital assets	**34,860**	30,871
Amortization of deferred capital contributions	**(31,226)**	(27,178)
Accretion expense (note 10)	**155**	86
Net change in asset retirement obligations (note 10)	**705**	(40)
Net change in liability for contaminated sites	**855**	(272)
Loss on disposal of capital assets	**156**	-
Employee future benefits (note 9)	**5,116**	4,160
Non-pension benefits paid	**(5,177)**	(4,609)
	11,360	11,762
Changes in working capital items:		
(Increase)/decrease in accounts receivable	**1,257**	(8,830)
(Increase)/decrease in materials and supplies	**3,499**	(10,375)
(Increase)/decrease in prepaid expenses	**(499)**	(223)
Increase/(decrease) in payables and accrued liabilities	**9,088**	8,982
Increase/(decrease) in deferred contributions (note 3)	**(2,000)**	-
Increase/(decrease) in unearned revenues	**52,902**	(16,838)
Net cash flows from (used in) operating activities	**75,607**	(15,522)
Cash flows from capital activities		
Acquisition of capital assets	**(327,015)**	(190,478)
Proceeds from sale of capital assets	**1,028**	807
Net cash flows used in capital activities	**(325,987)**	(189,671)
Cash flows from financing activities		
Principal repayment of long-term debt	**(123)**	(117)
Deferred capital contributions	**326,369**	190,478
Net cash flows used in financing activities	**326,246**	190,361
Increase (decrease) in cash and cash equivalents	**75,866**	(14,832)
Cash, beginning of year	**15,995**	30,827
Cash, end of year	**$ 91,861**	$ 15,995
Cash is comprised of:		
Cash	**91,861**	13,995
Restricted cash (note 3)	**-**	2,000
	$ 91,861	$ 15,995

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations

The Ontario Northland Transportation Commission (the “Commission”) is a Crown agency, reporting to the Minister of Transportation. The Commission was created by the Ontario government in 1902 to provide transportation services in Northern Ontario and operates under the *Ontario Northland Transportation Commission Act*. The Commission delivers a variety of services, including rail freight, passenger rail, motor coach, and remanufacturing and repair in Northern Ontario.

The Commission generates revenues from the provision of transportation and remanufacturing services. The Commission also receives annual operational and capital contributions from the Province of Ontario. The ability of the Commission to continue to offer its services and fulfill its mandate is dependent on the ongoing government contributions it receives from the Province.

The consolidated financial statements include the activities of the wholly owned subsidiary, Nipissing Central Railway Company, that leases all of its assets to the Commission.

As a not-for-profit Crown agency of the Province, the Commission is exempt from income taxes. This exemption extends to its wholly owned subsidiary, and accordingly no tax provision is recorded in these financial statements.

2. Significant accounting policies

a) Basis of accounting

These consolidated financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, which sets out generally accepted accounting principles for government not for-profit organizations in Canada. The Commission has elected to use the standards for not-for-profit organizations that include PS 4200 to PS 4270. The consolidated financial statements include the following significant accounting policies:

b) Basis of consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the organizations controlled by the Commission, which includes the Nipissing Central Railway Company, its wholly owned subsidiary. Transactions and balances between the entities have been eliminated in arriving at the consolidated financial statements.

c) Materials and supplies

Materials and supplies are valued at the lower of cost and net realizable value for remanufacturing materials and supplies and lower of cost and replacement cost for inventories held for consumption by using the weighted-average costing methodology. The Commission uses the same cost formulas for all inventories having a similar nature and use to the Commission. The Commission periodically reviews the value of items in materials and supplies and records write downs based on its assessment of slow moving or obsolete materials and supplies. When net realizable value is less than carrying cost, materials and supplies is written down accordingly.

2. Significant Accounting Policies (continued)

d) Prepaid expenses

Insurance, municipal taxes and annual technology costs are included as prepaid expenses and stated at cost and are charged to expense over the periods the Commission expects to benefit from them.

e) Capital assets

Capital assets are recorded at cost, less accumulated amortization and write downs, if any. The historical cost of tangible capital assets includes the cost directly related to the acquisition, design, construction, development, improvement or betterment, as well as the estimated cost to settle liabilities for asset retirement obligations.

Amortization begins when capital assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). No amortization is provided on assets under construction until they are placed in use.

Capital assets are amortized on a straight-line basis over the estimated useful lives as follows:

Land	No amortization
Transportation infrastructure	20 to 100 years
Buildings	20 to 50 years
Rolling stock	10 to 40 years
Equipment	3 to 40 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The write downs are accounted for as expenses in the consolidated statement of operations.

Capital assets subject to amortization are reviewed for write downs whenever events or changes in circumstances indicate that the capital asset may not contribute to the Commission's ability to deliver services.

f) Revenue recognition

Summary of revenue recognition by revenue stream

i) **Rail services revenue** consists of the following revenue streams:

a. **Freight services** include revenues from the movement of customer freight over rail infrastructure and revenues are recognized over time as freight moves from origin to destination.

2. Significant Accounting Policies (continued)

2 f) ***Revenue recognition*** (continued)

Freight services are diversified across multiple commodity groups, reflecting the nature of customer operations and regional economic activity:

i. **Metals and minerals**: Includes the transportation of minerals, metals, iron ore copper and zinc concentrates, and industrial chemicals. This category largely serves mining and industrial customers and includes the movement of bulk and liquid commodities such as sulfuric acid, which represents a significant portion of volumes within this stream.
ii. **Grain and fertilizers**: Includes the transportation of agricultural products such as grain, potash phosphate rock, and other fertilizers. These movements support agricultural supply chains and are typically seasonal in nature, aligned with production and export cycles.
iii. **Forest products**: Includes the movement of lumber, pulp, paper, and related forest products. Freight volumes in this category are driven by forestry and manufacturing activity.
iv. **Intermodal/Transloading:** Includes revenues derived from intermodal transportation services, combining rail and trucking to facilitate door-to-door freight movement. These services provide customers with flexible logistics solutions and access to broader markets beyond the rail network.

b. **Rental income** is where the Commission enters into lease agreements as a lessor in relation to locomotives, freight cars, land & buildings. This income comes from operating leases where revenue is recognized on a monthly basis over the lease term as the customer receives and consumes the benefits of the rental service.

ii) **Polar Bear services revenue** consists of the following:

a. **Passenger sales** are made up of ticket sales, baggage fees, interline settlement, and charter services. The revenue is recorded as unearned revenue until the transportation service has been provided. The performance obligation is satisfied when the train trip has occurred.

a. **Freight services** include revenues from the above noted freight services under rail as well as; auto-carrier services, primarily related to the transportation of vehicles.

b. **On-board sales** of food, beverages and sundries revenues are recognized when control of the goods has transferred, being at the point the customer purchases the goods.

c. **Hotel revenue** consists of room, laundry service, sundry and promotional item sales revenue. Room revenue is recorded as deferred revenue until the hotel stay occurs at which point the performance obligation is satisfied and classified as earned revenue. All other hotel revenue is recognized as revenues when the customer purchases the goods and service, where control of the goods has transferred.

2. Significant Accounting Policies (continued)

2 f) ***Revenue recognition*** (continued)

iii) **Motor coach services revenue** consists of the following:

a. **Passenger sales** are made up of ticket sales, baggage fees, interline settlement, charter services and bus parcel. The revenue is recorded as unearned revenue until the transportation service has been provided. The performance obligation is satisfied when the motor coach trip has occurred.

b. **Other passenger revenue** sources including transaction fees, ATM fees, locker rentals and vending machine sales, are recognized in the period when the customer purchases the goods and control is transferred.

iv) **Remanufacturing and repair revenues** consist of repair and remanufacturing services performed on customers’ locomotives and rail cars. Revenue is recognized as the services are performed, to the extent that the related consideration is measurable and collection is reasonably assured. For contracts that span more than one reporting period, revenue is recognized based on the stage of completion, generally determined by comparing actual costs incurred to date with total estimated costs to complete the contract. Amounts billed or received in advance of work performed are recorded as unearned revenue and recognized as revenue as the related services are provided.

Where warranties are provided, the Commission accrues an estimate of warranty costs as an expense when the related work is performed unless the warranty represents a separately identifiable service, in which case the related revenue is recognized over the period the warranty service is provided.

v) **Corporate services revenues** consist of the following:

a. **Advertising sales** are revenues earned from selling advertising space on Commission owned assets and platforms, such as motor coaches, stations, terminals, printed materials, or digital channels. Advertising revenue is recognized at the point in time or over the period when the advertising service is provided, depending on the terms of the advertising agreement, as the customer receives and consumes the benefits of the service.

b. **Merchandise sales** are revenues generated from the sale of branded or promotional clothing items. These revenues are recognized at the point in time when control of the goods transfers to the customer, typically at the time of sale

c. **Interest** revenue consists of interest earned on cash balances held in deposit accounts with financial institutions. This includes interest on operating cash and other eligible deposits. Interest income is recognized as it is earned, using the effective interest method, based on the account balances and applicable interest rates during the reporting period.

2. **Significant Accounting Policies** (continued)

2 f) ***Revenue recognition*** (continued)

vi) **Contributions**

The Commission follows the deferral method of accounting for contributions as follows:

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions related to operating expenditures are recognized as revenue when the related expenditures are incurred.

Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

g) Employee future benefits

Pension Plans

The Commission is a participating employer in the Public Service Pension Plan (PSPP) and the Retirement Compensation Arrangement (RCA), which are multi-employer defined benefit plans that are solely sponsored by the Province of Ontario. When benefits are provided to employees through a multi-employer defined benefit plan, each entity participating in the plan, other than the sponsoring entity, is required to follow the standards for defined contribution plans. As a result, the Commission recognizes an expense equal to the amount of required contributions provided for employees' services rendered during the period. Any outstanding contributions are recognized as a liability in the statement of financial position.

Post-retirement and post-employment benefit plans

The Commission offers non-pension post retirement benefits such as group life, health care and long-term disability to employees through defined benefit plans. The costs associated with these future benefits are actuarially determined using the accrued benefit method prorated on service and best estimate assumptions. In addition, as a Schedule 2 employer under the Workplace Safety and Insurance Board (WSIB), the Commission recognizes workers compensation benefits on an accrual basis using actuarially determined costs.

Expenses consist of current service costs, interest and adjustments arising from plan amendments, changes in assumptions and net actuarial gains or losses. These expenses are recorded in the year in which employees render services to the Commission.

2. Significant Accounting Policies (continued)

h) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars.

At the transaction date, each asset, liability, revenue and expense in other currencies are translated into Canadian dollars using the closing exchange rate at that date. At the financial reporting date, monetary assets and liabilities, and non-monetary items that are included in the fair value category of financial instruments are translated to Canadian dollars by using the closing exchange rate at that date.

The Commission made an irrevocable election to recognize any unrealized exchange gains and losses arising from all financial assets or liabilities directly in the consolidated statement of operations and changes in net asset.

i) Measurement uncertainty

The preparation of the consolidated 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 the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the useful lives of capital assets, allowance for doubtful accounts for accounts receivable and materials and supplies, liability for contaminated sites, contractual obligations, asset retirement obligations and obligations for non-pension post-employment benefits. By their nature, these estimates are subject to measurement uncertainty.

j) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

All financial instruments are assigned to one of the two measurement categories at initial recognition: fair value, or cost/amortized cost.

All of the Commission’s financial assets and financial liabilities are measured at amortized cost, including cash and cash equivalents, restricted cash, accounts receivable, payables and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently measured at amortized cost using the effective interest rate method, less any allowance for doubtful accounts on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write down being recognized in the consolidated statement of operations and changes in net asset.

2. **Significant Accounting Policies** (continued)

j) Financial instruments (continued)

The Commission derecognizes a financial asset when the contractual rights to the cash flows from the asset expire. The Commission derecognizes a financial liability or part of a financial liability when the obligation specified in the contract is discharged or cancelled or expires.

k) Asset retirement obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

The liability is initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets. When the cash flows required to settle the asset retirement obligation are expected to occur over extended future periods, a present value technique is used to estimate the liability. The best estimate of the liability includes all costs directly attributable to asset retirement activities based on information available at year end.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset.

At each financial reporting date, the Commission reviews the carrying amount of the liability and recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to timing, amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Commission continues to recognize the liability until settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

l) Liabilities for contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Commission is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

(Thousands of dollars)

3. Restricted cash and deferred contributions

Deferred contributions are restricted funds received from the Province to be used only on specified future expenditures. The prior year balance represented funds from the Ministry of Transportation (MTO) to be used as a self-insurance reserve based on approval by MTO in the event of a future derailment. As of March 31, 2026, the Commission no longer holds a self-insurance reserve.

	2026	2025
Ministry of Transportation	**$ -**	$ 2,000

4. Materials and supplies

	2026	2025
Materials and supplies for remanufacturing and repair services	**$ 23,690**	$ 26,431
Materials and supplies for consumption	**22,703**	23,461
	$ 46,393	$ 49,892

(Thousands of dollars)

5. Capital assets

	Cost	Accumulated amortization	**2026** Net book value	2025 Net book value
Rail services				
Land	**$ 20,886**	**$ -**	**$ 20,886**	$ 2,437
Transportation infrastructure	**917,554**	**227,440**	**690,114**	507,204
Buildings	**141,606**	**43,360**	**98,246**	73,940
Equipment	**58,601**	**29,229**	**29,372**	26,184
Rolling stock	**113,427**	**65,934**	**47,493**	48,985
Under construction (i)	**226,873**	**-**	**226,873**	163,544
Motor coach services			**-**	
Land	**160**	**-**	**160**	160
Buildings	**12,447**	**1,934**	**10,513**	10,761
Equipment	**27,440**	**17,702**	**9,738**	11,032
Rolling stock	**1,290**	**575**	**715**	311
Under construction (ii)	**4,018**	**-**	**4,018**	3,438
	$1,524,302	**$ 386,174**	**$1,138,128**	**$ 847,996**

(i) **Rail services** – under construction costs include:
  a. Transportation infrastructure upgrades at $40,110 which are roughly 67% complete.
  b. Betterments at $21,771 which are 49% complete by year-end.
  c. Equipment $67,929 which is roughly 22% complete at year-end.
  d. Rolling stock, which includes the build of a new trainset for the Northlander, is at $97,063 which is roughly 66% at year-end.

(ii) **Motor coach services** – under construction costs include:
  a. Motor coach purchases of $3,393 which are 98% complete by year-end.
  b. Betterments of $625 that are 50% complete by year-end.

6. Unearned revenues

Unearned revenues represent funds received prior to the provision of services. Advance ticket sales and advance payments for remanufacturing projects constitute liabilities, as they relate to payments collected before service delivery. Contract liabilities are recognized as revenue during the period in which the associated services are performed.

	2026	2025
Advance ticket sales	**$ 397**	$ 287
Advance on remanufacturing work	**69,243**	16,451
	$ 69,640	$ 16,738

(Thousands of dollars)

7. Deferred capital contributions

Deferred capital contributions represent the unamortized capital contributions received from the Government to fund the acquisition of capital assets. The amortization of deferred capital contributions is recognized as revenue in the consolidated statement of operations and changes in net asset using rates that are the same as those used to amortize the related assets acquired.

The changes in the unamortized deferred capital contributions balance are as follows:

		2026		2025
Deferred capital contributions, beginning of year	**$**	**785,946**	$	626,002
Contributions from the Province (note 12)		**326,307**		189,062
Contributions from Transportation Canada (note 12)		**-**		912
Contributions from insurance proceeds		**62**		504
Amortization of deferred capital contributions		**(31,226)**		(27,178)
Retirements, transfers and adjustments		**(906)**		(3,356)
Deferred capital contributions, end of year	**$**	**1,080,183**	$	785,946

8. Long-term debt

		2026		2025
Loan from Ontario Financing Authority	**$**	**686**	$	809
Less: current portion		**129**		123
	$	**557**	**$**	**686**

The loan is bearing interest at 4.90% per annum, repayable in blended monthly payments of $13 for 25 years beginning February 1, 2006.

Interest on long-term debt of $37 (2025 - $43) is reported as interest expense on the consolidated statement of operations and changes in net assets (deficit).

Principal payments required in the next five years are as follows:

2026-2027	$	129
2027-2028		135
2028-2029		142
2029-2030		149
2030-2031		131
	$	**686**

9. Employee future benefits

Pension plans

The PSPP and RCA are contributory defined benefit plans. PSPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB). The portion of these contributions that exceeds *Income Tax Act* (Canada) limits is transferred to the RCA.

The Commission's full-time employees participate in the PSPP which is a defined benefit pension plans for employees of the Province and many provincial agencies. The Commission's annual payments are $9,305 (2025 - $7,198) and have been included in labour and fringe benefit expenses in the consolidated statement of operations and changes in net assets (deficit).

Non-Pension Benefits Plans

The Commission provides three non-pension benefit plans to its employees where all benefit obligations and expenses are determined by independent actuaries, in accordance with accepted actuarial practices and Canadian public sector accounting standards, using management's best estimates. The discount rates used to determine the accrued benefit obligations were determined based on the Ontario provincial bond yields matched against the duration of the benefits.

The Commission conducts an actuarial valuation of the post-employment benefits, such as group life and health care, triennially. The last valuation was completed for the year ended March 31, 2026.

The Commission conducts an actuarial valuation of the post-employment benefits, Long Term Disability and continuation of benefits, annually with results as of March 31, 2026.

The Commission conducts an actuarial valuation of the workers compensation benefits triennially, which is administered by the Workplace Safety and Insurance Board (WSIB). The last valuation was completed for the year ended March 31, 2026.

Information about the Commission's non-pension benefit plans is presented in the following tables.

(Thousands of dollars)

9. Employee future benefits (continued):

Reconciliation of accrued benefit obligation to accrued benefit liability

March 31, 2026

	WSIB	Non-Pension	Long-term Disability	Total
Accrued benefit obligation	**13,601**	**28,736**	**8,896**	**51,233**
Unamortized net actuarial gain	**-**	**30,549**	**-**	**30,549**
Accrued benefit liability	**13,601**	**59,285**	**8,896**	**81,782**

	WSIB	Non-Pension	Long-term Disability	Total
Accrued benefit liability, beginning of year	**13,603**	**59,714**	**8,526**	**81,843**
Benefit expense	**1,657**	**1,134**	**2,325**	**5,116**
Benefits paid	**(1,659)**	**(1,563)**	**(1,955)**	**(5,177)**
Accrued benefit liability, end of year	**13,601**	**59,285**	**8,896**	**81,782**

March 31, 2025

	WSIB	Non-Pension	Long-term Disability	Total
Accrued benefit obligation	13,603	37,785	8,526	59,914
Unamortized net actuarial gain	-	21,929	-	21,929
Accrued benefit liability	13,603	59,714	8,526	81,843

	WSIB	Non-Pension	Long-term Disability	Total
Accrued benefit liability, beginning of year	13,685	60,343	8,265	82,292
Benefit expense	1,204	976	1,980	4,160
Benefits paid	(1,286)	(1,605)	(1,719)	(4,609)
Accrued benefit liability, end of year	13,603	59,714	8,526	81,843

(Thousands of dollars)

9. Employee future benefits (continued):

Components of net periodic non-pension benefit expense

	2026	2025
Current service cost	**$ 2,337**	$ 2,021
Interest on accrued benefit obligation	**2,312**	2,436
Amortization and immediate recognition of net actuarial gains	**467**	(297)
	$ 5,116	$ 4,160

Weighted average assumptions

	2026	2025
Discount rate – post-retirement benefits	**4.50%**	4.00%
Discount rate – post-employment benefits	**4.00%**	3.60%
Discount rate - WSIB	**4.30%**	3.80%
Rate of compensation increase	**2.50%**	2.00%
Medical cost increases	**6.58%**	5.60%
Dental cost increases	**3.30%**	5.00%
Vision care cost increases	**0.00%**	0.00%
Expected average remaining service life	**16.1 years**	16.8 years

10. Asset retirement obligation

The Commission's financial statements include an asset retirement obligation for owned and leased buildings, fuel tanks, and a waste disposal site. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 3.9% for ten year and 4.6% for twenty year (2025 – 3.0%). The estimated total undiscounted future expenditures are $5,105 (2025 - $2,627), which are to be incurred over a period of 10 years. A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2026	2025
Asset retirement obligation, beginning of year	**$ 2,973**	$ 2,890
Increase due to accretion expense	**155**	86
Change in estimate	**705**	(40)
Change in obligation	**68**	37
	$ 3,901	$ 2,973

The Commission owns several legacy properties and right of ways in Cobalt that are subject to various environmental and regulatory obligations, including the requirements of the Mining Act (Ontario) and the Mine Rehabilitation Code of Ontario. These obligations necessitate the progressive rehabilitation and ultimate closure of the site, including the identification, assessment, and mitigation of risks associated with historic mining activities.

(Thousands of dollars)

10. **Asset retirement obligation** (continued):

A Stage I Mining Hazard Assessment has identified known physical mine hazards associated with ONTC's mining rights holdings and supports the development of a risk-based mitigation strategy. As of March 31, 2026, a reasonable estimate of the total liability for the Cobalt Site cannot yet be determined and therefore no asset retirement obligation has been accrued. This is due to ongoing work, including the advancement of a Stage II Mining Hazard Assessment, which includes further engineering investigations, and the refinement of a progressive rehabilitation plan. These activities are required to better define the scope, timing, and costs of mitigation measures, in consultation and agreement with Ministry of Energy and Mines (MEM) regulatory oversight.

Upon completion of the Stage II assessment and supporting engineering analyses, a liability for the Asset Retirement Obligation (ARO) will be recognized in the period in which a reasonable and supportable estimate of costs can be established.

11. **Liability for contaminated sites**

The liability for contaminated sites is comprised of costs expected to be incurred on a former transloading property and former telecommunications sites, identified in the prior years. The estimated costs have been determined by management with the assistance of consulting engineering firms and historical experience with remediation activities. The former telecommunication sites liability includes all costs anticipated to be incurred on these properties and there are no anticipated recoveries expected. The undiscounted liability is $900 and has been estimated using a net present value technique with a discount rate of 4.6% for 2026 (2025 – 3.6%).

Based on information received throughout the year from consulting reports, estimates for the former transloading property have been updated to consider when remediation work may begin, which is scheduled in late 2028 with annual monitoring subsequently. The undiscounted liability is $3,500 and has been estimated using a net present value technique with a discount rate of 3.9% for 2026 (2025 – 3.6%).

The Commission owns several legacy properties and right of ways in Cobalt where potential contamination exists. Phase 1 Environmental Site Assessment (ESA) has been completed, mapping out potential contaminated areas. Phase 2 ESA is required to determine nature, extent and severity of contamination impacts as well as recommended rehabilitation and monitoring requirements. The liability has been set up for annual monitoring for twenty years. The undiscounted liability is $1,215 and has been estimated using a net present value technique with a discount rate of 4.6% for 2026 (2025 – n/a).

	2026	2025
Former transloading property	**$ 3,192**	$ 3,207
Former telecommunications sites	**699**	592
Former legacy properties and right of ways	**762**	-
Total contaminated sites liability	**$ 4,653**	$ 3,799

(Thousands of dollars)

12. Government contributions

Under the terms of a Memorandum of Understanding with the Minister of Transportation, the Commission receives both operational and capital funding from the Province of Ontario.

Details of government contributions received during the year are as follows:

	2026	2025
Government contributions by source:		
Ministry of Transportation:		
Operational contributions	**$ 132,916**	$ 89,161
Capital contributions	**326,307**	189,062
Total Ministry of Transportation contributions	**$ 459,223**	$ 278,223
Natural Resources of Canada		
Department of Natural Resources - operating	**$ 15**	$ -
Transport Canada		
Operational contributions	**707**	89
Capital contributions	**-**	912
Total government contributions	**$ 459,945**	$ 279,224
Government contributions by type:		
Operational contributions	**$ 133,638**	$ 89,250
Capital contributions (note 7)	**326,307**	189,974
	$ 459,945	$ 279,224

13. Segmented disclosures

The Commission is a diversified Crown agency of the Province of Ontario that provides a wide range of services to its customers in Northern Ontario such as rail freight and passenger services, motor coach services, and remanufacturing and repair 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:

Rail services

Rail services relate to providing logistics and transportation solutions and the shipment of large quantities of products to and from Northern Ontario.

Polar Bear services

Polar Bear Services relates to providing passenger transportation and shipping solutions between Cochrane and Moosonee.

Motor coach services

Motor coach services provides shipping solutions and passenger transportation to connect communities throughout Northern Ontario and into Manitoba.

Remanufacturing and repair services

The Remanufacturing and Repair team is responsible for the repair and rehabilitation of railway rolling stock from customers spanning North America.

Northlander

This relates to operational costs incurred for the planning and design of the future Northlander passenger train service from Timmins to Toronto.

Corporate services

Corporate services delivers centralized corporate and administrative support to the divisions, and associated costs are allocated based on established cost drivers. It also includes some rental of properties to external customers in order to reduce overall costs. These costs are allocated out based on what is directly attributed to the other divisions first and then through an allocation model that assigns different drivers to each activity (note 15).

(Thousands of dollars)

13. **Segmented disclosures** (continued)

	Rail services	Polar Bear services	Northlander	Motor coach services	Remanufacturing and repair services	Corporate services (note 15)	2026 Total
Operating revenues	63,061	9,223	-	17,876	60,276	2,074	**152,510**
Government operating contributions (note 15)	31,987	36,800	44,194	20,657	-	-	**133,638**
Amortization of deferred capital contributions	17,962	10,112	-	3,152	-	-	**31,226**
Corporate services revenues allocation (note 15)	103	33	11	39	1,888	(2,074)	**-**
	113,113	56,168	44,205	41,724	62,164	-	**317,374**
Expenses							
Labour and fringe benefits	34,208	22,195	4,407	13,758	20,320	25,796	**120,684**
Materials and parts	14,250	5,551	39	5,500	31,821	1,330	**58,491**
Services	13,383	3,790	4,472	4,311	501	3,780	**30,237**
Supplies and equipment	3,013	1,906	13	828	935	474	**7,169**
Administration and other (note i)	(1,612)	1,797	1,141	3,181	2,065	3,560	**10,132**
Corporate services allocation	17,522	5,756	1,869	6,578	3,215	(34,940)	-
	80,764	40,995	11,941	34,156	58,857	-	**226,713**
Excess revenues over expenses before items below:	32,349	15,173	32,264	7,568	3,307	-	**90,661**
Amortization of capital assets	21,098	10,444	-	3,318	-	-	**34,860**
Derailments (note i)	(121)	-	-	-	-	-	**(121)**
Material and parts write down (note i)	343	-	-	-	-	-	**343**
Information technology development costs (note 15)	6,099	1,811	-	2,069	1,011	-	**10,990**
Interest on long-term debt	-	-	-	37	-	-	**37**
Loss on sale of capital assets	156	-	-	-	-	-	**156**
Foreign exchange gain (note i)	(351)	-	-	-	-	-	**(351)**
Asset retirement obligation accretion	155	-	-	-	-	-	**155**
Asset retirement obligation change in estimate (note i)	705	-	-	-	-	-	**705**
Infrastructure improvements	-	-	32,000	-	-	-	**32,000**
Contaminated sites adjustment (note i)	855	-	-	-	-	-	**855**
Employee future benefits	1,981	1,094	264	872	905	-	**5,116**
Excess of revenues over expenses	1,429	1,824	-	1,272	1,391	-	**5,916**

Notes
i) Expenses have been grouped with Administration and other expenses on consolidated statement of operations and changes in net assets (note 14).

(Thousands of dollars)

13. Segmented disclosures (continued)

	Rail services	Polar Bear services	Northlander	Motor coach services	Remanufacturing and repair services	Corporate services (note 15)	2025 total
Operating revenues	63,345	9,380	-	17,673	35,835	1,536	127,769
Government operating contributions (note 15)	37,753	28,502	7,634	15,361	-	-	89,250
Amortization of deferred capital contributions	13,659	9,996	31	2,705	-	787	27,178
Corporate services revenues allocation (note 15)	680	185	-	151	1,307	(2,323)	-
	115,437	48,063	7,665	35,890	37,142	-	244,197
Expenses							
Labour and fringe benefits	33,148	17,880	1,655	12,949	15,614	18,294	99,540
Materials and parts	16,594	5,300	-	5,566	15,501	992	43,953
Services	12,412	3,598	508	4,068	757	2614	23,957
Administration and other (note i)	4,344	832	53	3,486	1,563	2,712	12,990
Supplies and equipment	2,763	1,829	-	781	956	348	6,677
Corporate services allocation	12,664	4,211	2,774	3,440	1,871	(24,960)	-
	81,925	33,650	4,990	30,290	36,262	-	187,117
Excess revenues over expenses before items below:	33,512	14,413	2,675	5,600	880	-	57,080
Amortization of capital assets	17,209	10,562	131	2,902	67	-	30,871
Derailments (note i)	2,929	-	-	-	-	-	2,929
Material and parts write down (note i)	2	-	-	-	-	-	2
Information technology development costs (note 15)	5,237	1,429	-	1,167	635	-	8,468
Interest on long-term debt	-	-	-	43	-	-	43
Loss/(gain) on sale of capital assets	86	-	-	(86)	-	-	-
Foreign exchange gain (note i)	(451)	-	-	-	-	-	(451)
Asset retirement obligation accretion	86	-	-	-	-	-	86
Infrastructure improvements	-	-	2,500	-	-	-	2,500
Contaminated sites adjustment (note i)	(272)	-	-	-	-	-	(272)
Employee future benefits	2,012	907	44	629	568	-	4,160
Excess (deficiency) of revenues over expenses	6,674	1,515	-	945	(390)	-	8,744

Notes
i) Expenses have been grouped with Administration and other expenses on consolidated statement of operations and changes in net assets (note 14).

(Thousands of dollars)

14. Administration and other expenses

		2026		2025
Insurance, property taxes and bank charges	$	**4,099**	$	3,550
Marketing, software and licensing		**4,415**		2,989
Travel, training and other expenses		**3,049**		8,659
Administration and other expenses	$	**11,563**	$	15,198

Other expenses include recovery of derailment expense ($121) (expense 2025 – $2,929), contaminated sites liability adjustment $855 (2025 – ($272)), inventory write-off $343 (2025 - $2) and bad debt expense recovery ($2,859) (expense 2025 - $2,955).

15. Allocations

The Commission allocates government operating contributions and corporate services expenses to divisional areas. Expenses that are directly attributable to a specific division or function are charged directly to that division or function. Shared expenses that are not directly attributable are allocated on a systematic basis using cost drivers that best reflect the underlying activity benefiting from the expense, such as time, headcount, square footage, or other relevant operational measures.

The expenses subject to allocation include salaries and benefits, materials and supplies, services, administration and other, supplies and equipment costs and information technology development costs, as applicable.

During the year, $133,638 (2025 - $89,250) of government operation contributions, $2,074 (2025 – $2,323) of administrative revenues, $34,940 (2025 - $24,960) of general administration support expenses and $10,990 (2025 - $8,468) of information technology development costs were allocated out to the respective divisions.

16. Contingent liabilities

In the normal course of its operations, various statements of claim have been issued against the Commission claiming damages for personal injury, property damages, environmental actions and employment-related issues. Damages, that have not already been accrued, cannot be estimated at this time and in any event the Commission is of the opinion that these claims are unfounded or covered by insurance after application of a $2,000 deductible. Should any loss result, it would be charged to the consolidated statement of operations and changes in net asset when the amount is ascertained.

(Thousands of dollars)

17. Contractual obligations

i) The Commission is also obligated to certain job guarantee agreements with a significant number of its unionized employees. To the extent of any actual claims under these agreements, the Commission would maintain provisions for such items. Due to the nature of these agreements, the exposure for future payments may be material. However, such exposure would be based on certain actions of the Commission that have not occurred and as such no provision has been made as at the year-end date.

ii) The Commission has entered into various long-term lease agreement for office space and employee lodging. The term of the lease agreements ranges from month-to-month to 5 years. The Commission does not receive substantially all of the benefits of ownership, and therefore the office and lodging spaces meet the classification of an operating lease. The Commission recognizes these lease expenses straight-lined over the lease term. The minimum operating lease payments for property in each of the next five years and thereafter are as follows:

2027	$713
2028	$625
2029	$514
2030	$360
2031	$288

iii) The Commission has committed to various fixed and variable commitments to purchase rail, engineering services, rail ties, rail grinding, equipment, licenses and software and construction services with a total estimated cost of $208 million over the next six years.

18. Related party transactions (See note 11)

The Commission receives government funding from the Province of Ontario to support its investment in capital infrastructure to be used in the delivery of current and future transportation services and an annual operating subsidy to further support delivery of transportation services (note 12).

All related-party transactions were measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

During the normal course of operations, the Commission provides passenger car remanufacturing services to Metrolinx, an agency of the Province of Ontario. The consolidated statement of financial position includes an accounts receivable of $6,865 (2025 - $1,671) and a deferred revenue of $69,243 (2025 - $16,399). The consolidated statement of operations and changes in net asset includes revenue of $55,884 (2025- $30,804), all related to the Metrolinx contract.

The Commission has entered into the following major agreements with remanufacturing revenues:

- Metrolinx bi-level II cab remanufacturing contract, estimated contract completion of February 21, 2027, with a contract value of $115,127.
- Metrolinx F59 locomotive overhaul contract, estimated contract completion of December 31, 2026, with a contract value of $18,935.
- Metrolinx Bi-level III and IV series passenger car remanufacturing program contract, estimated contract completion of January 4, 2032, with a contract value of $342,966.

19. Financial instrument risk management

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 Commission is exposed to this risk relating to its cash and accounts receivable. The Commission holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash accounts are insured up to $100 per insured category (2025 - $100).

Accounts receivable is measured at amortized cost and shown net of allowance for doubtful accounts.

Accounts receivable are due from customers and government, which includes The Province of Ontario and any agency of the Province. Credit risk is mitigated by financial approval processes before a customer is granted credit. The Commission measures its exposure to credit risk based on how long the amounts have been outstanding. An allowance for doubtful accounts is set up based on the Commission's historical experience regarding collections. The amounts outstanding at year end were as follows:

(Thousands of dollars)

19. Financial instrument risk management (continued)

March 31, 2026

				Past due	
	Total	**Current**	**1-30 days**	**31-60 days**	**over 61 days**
Government receivables	**$ 23,470**	**$ 23,470**	**$ -**	**$ -**	**$ -**
Customer receivables	**17,801**	**14,022**	**1,541**	**817**	**1,421**
Gross receivables	**41,271**	**37,492**	**1,541**	**817**	**1,421**
Less: allowance for doubtful accounts	**(7)**	**-**	**-**	**-**	**(7)**
Net receivables	**$ 41,264**	**$ 37,492**	**$ 1,541**	**$ 817**	**$ 1,414**

March 31, 2025

				Past due	
	Total	Current	1-30 days	31-60 days	over 61 days
Government receivables	$ 23,096	$ 23,096	$ -	$ -	$ -
Customer receivables	22,379	11,994	3,394	1,234	5,757
Gross receivables	45,475	35,090	3,394	1,234	5,757
Less: allowance for doubtful accounts	(2,954)	-	-	-	(2,954)
Net receivables	$ 42,521	$ 35,090	$ 3,394	$ 1,234	$ 2,803

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and price risk. The Commission is exposed to currency risk.

Currency risk

Currency risk relates to the Commission operating in different currencies and converting non-Canadian earnings at different points in time when adverse changes in foreign currency rates occur. The Commission maintains a USD bank account to receive USD from customers and to pay USD to suppliers and other carriers. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(Thousands of dollars)

19. Financial instrument risk management (continued)

As at March 31, 2026 the Commission's financial instruments denominated in USD, converted to Canadian dollars ($CAD) at the average daily rate for March 31, are as follows:

	2026 ($CAD)	2025 ($CAD)
Cash and cash equivalents	**$ 5,003**	$ 5,281
Accounts receivable	**2,994**	4,249
Accounts payable and accrued liabilities	**(6,022)**	(5,390)
Net exposure	**$ 1,975**	$ 4,140

Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. The Commission mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and regular reports to the Province of Ontario.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

2026	**Within 6 months**	**6 months to 1 year**	**1-5 years**	**> 5 years**
Accounts payable and accrued liabilities	**$ 63,289**	**$ -**	**$ -**	**$ -**
Long-term debt	**64**	**65**	**557**	**-**
Total	**$ 63,353**	**$ 65**	**$ 557**	**$ -**

2025	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable and accrued liabilities	$ 54,202	$ -	$ -	$ -
Long-term debt	61	62	686	-
Total	$ 54,263	$ 62	$ 686	$ -

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

20. Economic dependence

i. Customers:
The Rail services division derives 75% (2025 – 74%) of its revenue from five major customers.

ii. Province:
The Commission generates revenues from rail and motor coach services as well as remanufacturing and repair services. In addition, the Commission receives operating and capital grants from the provincial government. The ability to continue to offer and grow its services and meet its obligations are dependent on the ongoing grants it receives from the Province of Ontario.

21. Comparative Figures

Prior year's figures have been reclassified where necessary to conform to the current year's financial statement presentation.

i) Consolidated statement of operations and changes in net assets, changes were made to:
- separate out infrastructure improvements from services to align with the segmented statement of operations,
- third party construction costs were renamed to infrastructure improvements.

ii) Note 9 – Employee future benefits reconciliation of accrued benefit obligation to accrued benefit liability has been broken out to show the liability for WSIB, non-pension and long-term disability for better clarity.

iii) Note 13 - Segmented disclosures for 2025 has been restated in order to allocate government operating contributions and corporate services costs at a divisional level.