

**The Corporation of the
Municipality of Mattawan**

**Independent Auditor's Report and
Financial Report**

December 31, 2025

**The Corporation of the
Municipality of Mattawan**

Financial Report

December 31, 2025

Management Report

Independent Auditor's Report

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Management's Responsibility for the Financial Statements

The accompanying financial statements of The Corporation of the Municipality of Mattawan (the "Municipality") are the responsibility of the Municipality'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 Municipality'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. Council meets 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 SNT LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.


Clerk Treasurer
April 9, 2026

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Mattawan

Opinion

We have audited the financial statements of The Corporation of the Municipality of Mattawan, which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, cash flows, and change in net debt 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 Corporation of the Municipality of Mattawan as at December 31, 2025, and its results of operations and its 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 Municipality 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.

ACCOUNTING • TAX • ADVISORY

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

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 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 Municipality's internal control.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Municipality'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 Municipality 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.

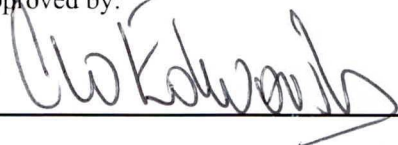
North Bay, Ontario
April 9, 2026

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Municipality of Mattawan
Statement of Financial Position
December 31, 2025

	<u>2025</u>	<u>2024</u> <small>(Restated note 3)</small>
Financial Assets		
Cash (note 4)	\$ 236,071	\$ 166,322
Taxes receivable	24,988	36,669
Accounts receivable (note 5)	<u>53,022</u>	<u>39,662</u>
	<u>314,081</u>	<u>242,653</u>
Liabilities		
Accounts payable and accrued liabilities (note 6)	35,945	42,642
Deferred revenues - other (note 7)	69,529	90,026
Deferred revenues - obligatory reserve funds (note 8)	4,373	4,864
Municipal debt (note 9)	392,096	412,336
Asset retirement obligations (note 10)	<u>109,435</u>	<u>109,204</u>
	<u>611,378</u>	<u>659,072</u>
Net Debt	<u>(297,297)</u>	<u>(416,419)</u>
Non-Financial Assets		
Tangible capital assets (note 11)	3,291,609	3,226,521
Prepaid expenses	15,490	29,343
Inventories	<u>24,053</u>	<u>11,585</u>
	<u>3,331,152</u>	<u>3,267,449</u>
Accumulated Surplus (note 12)	<u>\$ 3,033,855</u>	<u>\$ 2,851,030</u>
Contingencies (note 13)		
Commitments (note 14)		

Approved by:





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

The Corporation of the Municipality of Mattawan
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2025

	<u>2025</u>		<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		(Restated note 3)
Revenues			
Net taxation	\$ 577,522	\$ 582,370	\$ 536,191
User charges	8,000	11,260	67,359
Government grants and transfers - Provincial	145,900	145,900	83,600
Other	3,120	54,581	5,500
Total revenues	<u>734,542</u>	<u>794,111</u>	<u>692,650</u>
Expenses			
General government	292,482	340,264	298,935
Protection services	54,033	55,424	51,718
Transportation services	282,605	237,093	266,268
Environmental services	74,408	66,736	75,078
Health services	7,634	7,634	7,389
Social and family services	74,315	77,348	69,569
Recreation and cultural services	1,700	865	1,730
Planning and development	7,090	2,500	2,500
Total expenses	<u>794,267</u>	<u>787,864</u>	<u>773,187</u>
Annual surplus (deficit) before other	(59,725)	6,247	(80,537)
Other			
Government grants and transfers related to capital - Provincial	-	176,443	80,228
Government grants and transfers related to capital - Federal	-	11,300	5,153
East Nipissing District Home for the Aged redevelopment commitment	-	(11,165)	(10,672)
Annual surplus (deficit)	(59,725)	182,825	(5,828)
Accumulated surplus, beginning of year, as previously stated	2,851,030	2,851,030	3,094,285
Prior period adjustment (note 3)	-	-	(237,427)
Accumulated surplus, end of year	<u>\$ 2,791,305</u>	<u>\$ 3,033,855</u>	<u>\$ 2,851,030</u>

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

The Corporation of the Municipality of Mattawan
Statement of Cash Flows
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
		(Restated note 3)
Operating transactions		
Annual surplus (deficit)	\$ 182,825	\$ (5,828)
Cash provided by (applied to)		
Non-cash items:		
East Nipissing District Home for the Aged redevelopment commitment	11,165	10,672
Amortization of tangible capital assets	120,198	111,215
Accretion expense and remeasurement adjustment	231	496
Change in non-cash working capital balances		
Decrease (increase) in taxes receivable	11,681	(28,781)
Decrease (increase) in accounts receivable	(13,360)	85,509
Decrease in accounts payable and accrued liabilities	(6,697)	(9,165)
Increase (decrease) in deferred revenues - other	(20,497)	76,993
Increase (decrease) in deferred revenues - obligatory reserve funds	(491)	4,864
Decrease (increase) in prepaid expenses	13,853	(15,927)
Increase in inventories	(12,468)	-
Cash provided by operating transactions	<u>286,440</u>	<u>230,048</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(185,286)</u>	<u>(25,701)</u>
Cash applied to capital transactions	<u>(185,286)</u>	<u>(25,701)</u>
Financing transactions		
Temporary borrowing repaid	-	(100,000)
Municipal debt repaid	<u>(31,405)</u>	<u>(29,605)</u>
Cash applied to financing transactions	<u>(31,405)</u>	<u>(129,605)</u>
Increase in cash	69,749	74,742
Cash, beginning of year	<u>166,322</u>	<u>91,580</u>
Cash, end of year	<u><u>\$ 236,071</u></u>	<u><u>\$ 166,322</u></u>

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

The Corporation of the Municipality of Mattawan
Statement of Change in Net Debt
For The Year Ended December 31, 2025

	<u>2025</u> Budget (Unaudited)	<u>2025</u> Actual	<u>2024</u> Actual (Restated note 3)
Annual surplus (deficit)	\$ (59,725)	\$ 182,825	\$ (5,828)
Amortization of tangible capital assets	120,198	120,198	111,215
Acquisition of tangible capital assets	-	(185,286)	(25,701)
Change in prepaid expenses	-	13,853	(15,927)
Change in inventories	-	(12,468)	-
Decrease in net debt	60,473	119,122	63,759
Net debt, beginning of year, as previously stated	(416,419)	(416,419)	(242,751)
Prior period adjustment (note 3)	-	-	(237,427)
Net debt, end of year	<u><u>\$ (355,946)</u></u>	<u><u>\$ (297,297)</u></u>	<u><u>\$ (416,419)</u></u>

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

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies

These financial statements of the Municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

(i) These financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and include the activities of all committees of Council.

(ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

District of Nipissing Social Services Administration Board
East Nipissing District Home for the Aged
North Bay Parry Sound District Health Unit

(iii) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these financial statements.

(b) Basis of Accounting

(i) Accrual Basis

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

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash

The Municipality's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Deferred Revenues - Obligatory Reserve Funds

The Municipality receives certain government grants, transfers and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenues. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(v) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Municipality to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(v) Asset Retirement Obligations (Continued)

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

(vi) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control and streetlights.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

The Corporation of the Municipality of Mattawan
Notes to the Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Segmented Information (continued)

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

(vii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Change in Net Debt for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset and legally or contractually required retirement activities. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	landfill capacity
Buildings	25 to 60 years
Machinery and equipment	10 years
Vehicles	15 years
Roads	45 years
Bridges and culverts	10 to 50 years
Computer hardware and software	3 years

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Non-Financial Assets (continued)

i) Tangible Capital Assets (continued)

Annual amortization is charged over the estimated life of the tangible capital asset commencing once the asset is available for productive use. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(viii) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

The Corporation of the Municipality of Mattawan
Notes to the Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Taxation and Other Revenues (continued)

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

User charges and other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

(ix) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(x) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

(xi) Financial instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities and municipal debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

2. Measurement Uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for the financial liability related to the East Nipissing District Home for the Aged redevelopment commitment are based on management's estimate of the Municipality's share of future obligations and are subject to uncertainty due to ongoing project cost overruns and the absence of finalized cost information. Actual results may differ as additional information becomes available.
- The amounts recorded for asset retirement obligations are based on the estimated amount required to ultimately remediate the liability and depend on estimates of usage, remaining life, inflation rates and discount rates.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

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.

3. Prior Period Adjustment

During the year, the Municipality identified that a financial liability related to the East Nipissing District Home for the Aged redevelopment commitment should have been recognized in prior periods. As the obligation existed in prior periods, the financial statements have been retrospectively restated, with a corresponding adjustment to accumulated surplus.

	<u>As previously stated</u>	<u>2024 Adjustments</u>	<u>Restated</u>
Statement of Financial Position			
Municipal debt	\$ 164,237	\$ 248,099	\$ 412,336
Accumulated surplus	3,099,129	(248,099)	2,851,030
Statement of Operations and Accumulated Surplus			
East Nipissing District Home for the Aged redevelopment commitment	-	(10,672)	(10,672)
Adjustments related to adoption of new accounting standards	-	(237,427)	(237,427)

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

3. Prior Period Adjustment (Continued)

	<u>2024</u>		
	<u>As previously stated</u>	<u>Adjustments</u>	<u>Restated</u>
Statement of Cash Flows			
Annual surplus	4,844	(10,672)	(5,828)
East Nipissing District Home for the Aged redevelopment commitment	-	10,672	10,672
Statement of Change in Net Debt			
Annual surplus	4,844	(10,672)	(5,828)
Adjustments related to adoption of new accounting standards	-	(237,427)	(237,427)
Note 9 - Municipal Debt			
East Nipissing District Home for the Aged redevelopment commitment	164,237	248,099	412,336
Note 12 - Accumulated Surplus			
Municipal debt	(164,237)	(248,099)	(412,336)
Accumulated surplus	3,099,129	(248,099)	2,851,030
Note 20 - Segmented Information			
East Nipissing District Home for the Aged redevelopment commitment	-	(10,672)	(10,672)

4. Cash

The Municipality has authorized credit facilities totaling \$100,000, which is secured by a general security agreement. As at December 31, 2025, the Municipality has utilized \$0 (2024 - \$0). The interest is calculated at the bank's prime lending rate plus 2%.

5. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Federal government	\$ 47,978	\$ 39,662
School Boards	1,505	-
Other	3,539	-
	<u>\$ 53,022</u>	<u>\$ 39,662</u>

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

6. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
School Boards	\$ -	\$ 4,015
Trade payables and accrued liabilities	<u>35,945</u>	<u>38,627</u>
	<u><u>\$ 35,945</u></u>	<u><u>\$ 42,642</u></u>

7. Deferred Revenues - Other

Deferred revenues set-aside for specific purposes are comprised of the following:

	Balance as at December 31, 2024	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2025
Ontario Community Infrastructure Fund	\$ 35,259	\$ 101,427	\$ 67,157	\$ 69,529
Northern Ontario Resource Development Support Fund	<u>54,767</u>	<u>54,519</u>	<u>109,286</u>	<u>-</u>
Total Deferred Revenues - Other	<u><u>\$ 90,026</u></u>	<u><u>\$ 155,946</u></u>	<u><u>\$ 176,443</u></u>	<u><u>\$ 69,529</u></u>

8. Deferred Revenues - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	Balance as at December 31, 2024	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2025
Canada Community - Building Fund	<u>\$ 4,864</u>	<u>\$ 10,809</u>	<u>\$ 11,300</u>	<u>\$ 4,373</u>
Total Deferred Revenues - Obligatory Reserve Funds	<u><u>\$ 4,864</u></u>	<u><u>\$ 10,809</u></u>	<u><u>\$ 11,300</u></u>	<u><u>\$ 4,373</u></u>

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

9. Municipal Debt

	<u>2025</u>	<u>2024</u>
		(Restated note 3)
Term loan, repayable in monthly instalments of \$3,357, including interest at the fixed rate of 5.92%, maturing November 18, 2027, secured by a specific asset	\$ 132,832	\$ 164,237
East Nipissing District Home for the Aged redevelopment commitment (i)	<u>259,264</u>	<u>248,099</u>
	<u>\$ 392,096</u>	<u>\$ 412,336</u>

(i) The Municipality is a participating municipality of a northern joint municipal home, The Board of Management for the District of Nipissing East ("Cassellholme"), and is responsible for its share of funding in accordance with the Fixing Long-Term Care Act 2021, S.O. 2021, c. 39, Sched. 1 (the "FLTCA"). During 2022, construction for the redevelopment and expansion of the existing 240-bed long-term care facility commenced and Cassellholme entered into a Financing Agreement with Ontario Infrastructure and Lands Corporation ("OILC") for the redevelopment project. In accordance with the FLTCA, the Municipality will be responsible for its share of annual principal and interest payments incurred by Cassellholme upon completion of the project, and interest-only payments on the construction loan up to completion. Based on a municipal borrowing rate of 4.41% for a 30-year period plus anticipated construction completion in 2028, the present value of these expected payments commencing in 2026 is \$259,264.

Principal instalments required to be paid over the next two years are as follows:

2026	\$ 33,315
2027	99,517
Thereafter	<u>259,264</u>
Total	<u>\$ 392,096</u>

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

10. Asset Retirement Obligations

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 109,204	\$ 108,708
Remeasurement adjustment	(280)	-
Accretion expense	<u>511</u>	<u>496</u>
Balance, end of year	<u><u>\$ 109,435</u></u>	<u><u>\$ 109,204</u></u>

The asset retirement obligation at year-end is as follows:

	<u>2025</u>	<u>2024</u>
Landfill	\$ 7,951	\$ 7,720
Asbestos removal	85,562	85,562
Septic system	7,083	7,083
Drinking water well	<u>8,839</u>	<u>8,839</u>
Balance, end of year	<u><u>\$ 109,435</u></u>	<u><u>\$ 109,204</u></u>

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The main components of the landfill closure plan are final capping and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity study for the landfill site was performed in a report dated March 22, 2022.

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

10. Asset Retirement Obligations (Continued)

Landfill (continued)

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2025					
Mattawa	-% (- m ³)	- years	10 years	3.00%	6.87%
2024					
Mattawa	-% (- m ³)	- years	10 years	3.00%	6.87%

Under an agreement between the Municipality and The Corporation of the Town of Mattawa dated October 25, 2021, the Municipality is liable for a portion of the closure and post-closure costs for the solid waste landfill site operated by the Town of Mattawa. The Town of Mattawa has reserves set up to cover these costs. Under this agreement the reserves are to be applied against closure costs before cost sharing among the three municipalities. As per the agreement all operating expenses, closure and post closure expenses are to be shared by the Town of Mattawa, The Corporation of the Township of Papineau-Cameron and the Corporation of the Township of Mattawan of which, the Township of Mattawan is responsible for 5.1%.

Asbestos removal

The Municipality owns a building which contains asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of this asset. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

Septic system and drinking water well

The Municipality owns a septic system and a drinking water well which represents an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

The Corporation of the Municipality of Mattawan
Notes to the Financial Statements
December 31, 2025

11. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value			
	Balance, beginning of year	Additions	Transfers / Disposals	Balance, end of year	Balance, beginning of year	Amortization	Disposals	Balance, end of year	December 31, 2025	December 31 2024
Land	\$ 30,612	\$ 4,044	\$ -	\$ 34,656	\$ -	\$ -	\$ -	\$ -	\$ 34,656	\$ 30,612
Land improvements	6,325	-	-	6,325	6,325	-	-	6,325	-	-
Buildings	411,299	-	-	411,299	123,603	12,732	-	136,335	274,964	287,696
Machinery and equipment	9,357	-	-	9,357	9,357	-	-	9,357	-	-
Vehicles	234,124	-	-	234,124	46,824	15,609	-	62,433	171,691	187,300
Roads	899,355	103,594	-	1,002,949	283,818	22,287	-	306,105	696,844	615,537
Bridges and culverts	2,506,433	77,648	-	2,584,081	419,710	50,917	-	470,627	2,113,454	2,086,723
Computer hardware and software	27,980	-	-	27,980	9,327	18,653	-	27,980	-	18,653
	<u>\$ 4,125,485</u>	<u>\$ 185,286</u>	<u>\$ -</u>	<u>\$ 4,310,771</u>	<u>\$ 898,964</u>	<u>\$ 120,198</u>	<u>\$ -</u>	<u>\$ 1,019,162</u>	<u>\$ 3,291,609</u>	<u>\$ 3,226,521</u>

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

12. Accumulated Surplus

	<u>2025</u>	<u>2024</u>
Surplus		(Restated note 3)
Invested in tangible capital assets	\$ 3,291,609	\$ 3,226,521
Unfunded liabilities		
Municipal debt	(392,096)	(412,336)
Asset retirement obligations	<u>(109,435)</u>	<u>(109,204)</u>
Total surplus	<u>2,790,078</u>	<u>2,704,981</u>
Reserves		
Special purpose reserves		
Working capital	220,665	122,937
Computer equipment	2,000	2,000
Landfill closure	9,000	9,000
Roads and bridges	<u>12,112</u>	<u>12,112</u>
Total reserves	<u>243,777</u>	<u>146,049</u>
Accumulated Surplus	<u>\$ 3,033,855</u>	<u>\$ 2,851,030</u>

(a) General Surplus:

The general surplus of \$- (2024 - \$-) at the end of the year is comprised of the following:

	<u>2025</u>	<u>2024</u>
Opening balance	\$ -	\$ -
Annual surplus (deficit)	182,825	(5,828)
Transfer (to) from reserves	(97,728)	(61,249)
Net change in tangible capital assets	(65,088)	85,514
Increase in amounts to be recovered	<u>(20,009)</u>	<u>(18,437)</u>
Closing balance	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

13. Contingencies

Legal Matters

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's financial position.

Guarantees

In March 2022, the Municipality passed a by-law authorizing the signing of a Guarantee and Postponement of Claims Agreement with Ontario Infrastructure and Lands Corporation for the redevelopment of Cassellholme (East Nipissing District Home for the Aged). Should the debtor, The Board of Management for the District of Nipissing East fail to make payments on the debt, then the nine participating municipal guarantors will each be responsible for repayment of the debt up to their maximum guaranteed proportions per the Postponement of Claims Agreement. The Municipality's guaranteed proportion of this debt is \$178,856 (0.31%).

14. Commitments

Under the terms of existing contracts for services expiring on December 31, 2026, the Municipality is committed to make minimum payments as follows:

2026	<u>\$ 68,989</u>
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15. Operations of School Boards

Further to note 1(a)(iii), the taxation, other revenues, and expenses of the school boards are comprised of the following:

	<u>2025</u>	<u>2024</u>
Taxation and user charges	<u>\$ 54,673</u>	<u>\$ 52,583</u>
Total amounts received or receivable	54,673	52,583
Requisitions	<u>54,673</u>	<u>52,583</u>
	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

16. Contributions to Unconsolidated Joint Local Boards

Further to note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	<u>2025</u>	<u>2024</u>
District of Nipissing Social Services Administration Board	\$ 63,358	\$ 58,572
East Nipissing District Home for the Aged	13,990	10,997
North Bay Parry Sound District Health Unit	<u>5,123</u>	<u>4,878</u>
	<u>\$ 82,471</u>	<u>\$ 74,447</u>

17. Financial Instruments

Risks arising from financial instruments and risk management

The Municipality is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

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

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Municipality is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The Municipality's financial assets consisting of cash and accounts receivable are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the maximum credit risk of the Municipality at the date of the statement of financial position. The Municipality does not believe it is subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality's financial liabilities include accounts payable and accrued liabilities and municipal debt. The Municipality maintains sufficient resources to meet its obligations. The Municipality does not believe it is subject to significant liquidity risk.

The Corporation of the Municipality of Mattawan
Notes to the Financial Statements
December 31, 2025

17. Financial Instruments (Continued)

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Municipality is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Municipality's financial instruments consisting of cash, accounts receivable, accounts payable and accrued liabilities and municipal debt are subject to market risk. The Municipality does not believe it is subject to significant market risk.

18. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is based on a model used to manage departmental spending within the guidelines of the model. Given the differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting that is used to prepare the financial statements. The budget figures are unaudited.

	<u>2025</u>	<u>2024</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	-	-
Municipal debt repaid	33,315	29,604
Contributions to reserves	27,158	-
Less: Amortization of tangible capital assets	<u>(120,198)</u>	<u>(111,215)</u>
Budget deficit per statement of operations and accumulated surplus	<u>\$ (59,725)</u>	<u>\$ (81,611)</u>

19. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

The Corporation of the Municipality of Mattawan

Notes to the Financial Statements

December 31, 2025

20. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>Unallocated</u>	<u>2025 Total</u>
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	582,370	\$ 582,370
User charges	-	11,260	-	-	-	-	-	-	-	11,260
Government grants and transfers - Provincial	-	-	-	-	-	-	-	-	145,900	145,900
Other	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,581</u>	<u>54,581</u>
Total Revenues	<u>50,000</u>	<u>11,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,851</u>	<u>794,111</u>
Expenses										
Salary, wages and employee benefits	84,480	-	23,848	-	-	-	-	-	-	108,328
Interest on long-term debt	-	-	8,880	-	-	-	-	-	-	8,880
Materials, rents, and financial expenses	147,767	480	84,422	232	500	-	-	-	-	233,401
Contracted services	76,632	54,347	31,130	66,504	2,011	-	865	2,500	-	233,989
External transfers	-	597	-	-	5,123	77,348	-	-	-	83,068
Amortization of tangible capital assets	<u>31,385</u>	<u>-</u>	<u>88,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,198</u>
Total expenses	<u>340,264</u>	<u>55,424</u>	<u>237,093</u>	<u>66,736</u>	<u>7,634</u>	<u>77,348</u>	<u>865</u>	<u>2,500</u>	<u>-</u>	<u>787,864</u>
Annual surplus (deficit) before other	(290,264)	(44,164)	(237,093)	(66,736)	(7,634)	(77,348)	(865)	(2,500)	732,851	6,247
Other										
Government grants and transfers related to capital - Provincial	-	-	176,443	-	-	-	-	-	-	176,443
Government grants and transfers related to capital - Federal	-	-	11,300	-	-	-	-	-	-	11,300
East Nipissing District Home for the Aged redevelopment commitment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,165)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,165)</u>
Annual surplus (deficit)	<u>\$ (290,264)</u>	<u>\$ (44,164)</u>	<u>\$ (49,350)</u>	<u>\$ (66,736)</u>	<u>\$ (7,634)</u>	<u>\$ (88,513)</u>	<u>\$ (865)</u>	<u>\$ (2,500)</u>	<u>\$ 732,851</u>	<u>\$ 182,825</u>

The Corporation of the Municipality of Mattawan
Notes to the Financial Statements
December 31, 2025

20. Segmented Information (Continued)

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>Unallocated</u>	<u>2024 Total</u> <small>(Restated - note 3)</small>
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,191	\$ 536,191
User charges	-	63,784	-	-	-	-	-	3,575	-	67,359
Government grants and transfers - Provincial	-	-	-	-	-	-	-	-	83,600	83,600
Other	-	-	-	-	-	-	-	-	5,500	5,500
Total Revenues	<u>-</u>	<u>63,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,575</u>	<u>-</u>	<u>692,650</u>
Expenses										
Salary, wages and employee benefits	82,078	-	17,991	-	-	-	-	-	-	100,069
Interest on long-term debt	-	-	10,681	-	-	-	-	-	-	10,681
Materials, rents, and financial expenses	94,633	1,010	127,044	496	500	-	-	-	-	223,683
Contracted services	98,751	50,111	24,391	73,001	2,011	-	1,730	2,500	-	252,495
External transfers	-	597	-	-	4,878	69,569	-	-	-	75,044
Amortization of tangible capital assets	23,473	-	86,161	1,581	-	-	-	-	-	111,215
Total expenses	<u>298,935</u>	<u>51,718</u>	<u>266,268</u>	<u>75,078</u>	<u>7,389</u>	<u>69,569</u>	<u>1,730</u>	<u>2,500</u>	<u>-</u>	<u>773,187</u>
Annual surplus (deficit) before other	<u>(298,935)</u>	<u>12,066</u>	<u>(266,268)</u>	<u>(75,078)</u>	<u>(7,389)</u>	<u>(69,569)</u>	<u>(1,730)</u>	<u>1,075</u>	<u>-</u>	<u>(80,537)</u>
Other										
Government grants and transfers related to capital - Provincial	-	-	80,228	-	-	-	-	-	-	80,228
Government grants and transfers related to capital - Federal	-	-	5,153	-	-	-	-	-	-	5,153
East Nipissing District Home for the Aged redevelopment commitment	-	-	-	-	-	(10,672)	-	-	-	(10,672)
Annual surplus (deficit)	<u><u>\$ (298,935)</u></u>	<u><u>\$ 12,066</u></u>	<u><u>\$ (180,887)</u></u>	<u><u>\$ (75,078)</u></u>	<u><u>\$ (7,389)</u></u>	<u><u>\$ (80,241)</u></u>	<u><u>\$ (1,730)</u></u>	<u><u>\$ 1,075</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,828)</u></u>