

**The Corporation of the
Town of Mattawa**

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

December 31, 2025

The Corporation of the Town of Mattawa

Financial Report

December 31, 2025

Management Report

Independent Auditor's Report

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Mattawa (the "Town") are the responsibility of the Town'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 consolidated financial statements.

The preparation of consolidated 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 Town'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 consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



CAO/Treasurer
April 27, 2026

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Mattawa

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Mattawa, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, cash flows, and change in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Mattawa as at December 31, 2025, and its consolidated results of operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Independent Auditor's Report (continued)

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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated 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 Town'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly SNT LLP

North Bay, Ontario
April 27, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Town of Mattawa
Consolidated Statement of Financial Position
December 31, 2025

	<u>2025</u>	<u>2024</u> (Restated note 3)
Financial Assets		
Cash (note 4)	\$ 122,119	\$ 355,659
Taxes receivable	1,919,759	1,496,311
Accounts receivable (note 5)	<u>734,915</u>	<u>3,628,289</u>
	<u>2,776,793</u>	<u>5,480,259</u>
Liabilities		
Temporary borrowing (note 4)	499,470	499,470
Accounts payable and accrued liabilities (note 6)	956,334	2,483,160
Deferred revenues - other (note 7)	691,279	1,120,742
Deferred revenues - obligatory reserve funds (note 8)	1,253	84,613
Municipal debt (note 9)	7,465,107	7,599,481
Employee future benefits payable (note 10)	119,825	132,373
Asset retirement obligations (note 11)	<u>265,524</u>	<u>259,285</u>
	<u>9,998,792</u>	<u>12,179,124</u>
Net Debt	<u>(7,221,999)</u>	<u>(6,698,865)</u>
Non-Financial Assets		
Tangible capital assets (note 12)	26,470,272	24,880,036
Prepaid expenses	132,605	204,010
Inventories	<u>39,198</u>	<u>20,542</u>
	<u>26,642,075</u>	<u>25,104,588</u>
Accumulated Surplus (note 13)	<u>\$ 19,420,076</u>	<u>\$ 18,405,723</u>
Contingencies (note 14)		
Commitments (note 15)		

Approved by:





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

The Corporation of the Town of Mattawa
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2025

	2025		2024
	Budget	Actual	Actual
	(unaudited)		(Restated note 3)
Revenues			
Net taxation	\$ 2,561,157	\$ 2,597,376	\$ 2,496,192
User charges	1,302,899	1,341,031	1,267,715
Government grants and transfers - Provincial	1,576,587	1,561,124	1,448,579
Government grants and transfers - Federal	116,000	-	48,023
Government grants and transfers - Municipal	204,438	110,055	197,153
Other	886,583	1,004,837	861,596
Total revenues	6,647,664	6,614,423	6,319,258
Expenses			
General government	1,135,332	1,360,920	1,588,884
Protection services	1,149,190	1,086,179	925,511
Transportation services	1,333,492	1,155,774	1,272,361
Environmental services	1,416,050	1,700,151	1,585,755
Health services	79,633	82,926	79,633
Social and family services	305,611	305,728	299,857
Recreation and cultural services	978,669	953,748	905,595
Planning and development	972,318	1,058,334	962,081
Total expenses	7,370,295	7,703,760	7,619,677
Annual deficit before other	(722,631)	(1,089,337)	(1,300,419)
Other			
Government grants and transfers related to capital - Provincial	1,265,105	1,341,948	2,250,676
Government grants and transfers related to capital - Federal	959,124	807,471	2,250,479
East Nipissing District Home for the Aged redevelopment commitment	-	(45,729)	(43,711)
Annual surplus	1,501,598	1,014,353	3,157,025
Accumulated surplus, beginning of year, as previously stated	18,405,723	18,405,723	16,221,146
Prior period adjustment (note 3)	-	-	(972,448)
Accumulated surplus, end of year	\$ 19,907,321	\$ 19,420,076	\$ 18,405,723

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

The Corporation of the Town of Mattawa
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
		(Restated note 3)
Operating transactions		
Annual surplus	\$ 1,014,353	\$ 3,157,025
Cash provided by (applied to)		
Non-cash items:		
East Nipissing District Home for the Aged redevelopment commitment	45,729	43,711
Accretion expense and remeasurement adjustment	6,239	6,329
Amortization of tangible capital assets	966,974	940,039
Loss on disposal of tangible capital assets	11,740	-
Change in non-cash working capital balances		
Increase in taxes receivable	(423,448)	(599,283)
Decrease (increase) in accounts receivable	2,893,374	(2,009,377)
Increase (decrease) in accounts payable and accrued liabilities	(1,526,826)	1,517,572
Increase (decrease) in deferred revenues - other	(429,463)	615,104
Decrease in deferred revenues - obligatory reserve funds	(83,360)	(436,067)
Decrease (increase) in prepaid expenses	71,405	(143,779)
Increase in inventories	(18,656)	(2,114)
Decrease in employee future benefits payable	(12,548)	(11,007)
Cash provided by operating transactions	<u>2,515,513</u>	<u>3,078,153</u>
Capital transactions		
Acquisition of tangible capital assets	(2,568,950)	(4,348,618)
Cash applied to capital transactions	<u>(2,568,950)</u>	<u>(4,348,618)</u>
Financing transactions		
Increase in temporary borrowing	-	499,470
Municipal debt issued	60,636	56,611
Municipal debt repaid	(240,739)	(192,959)
Cash provided by (applied to) financing transactions	<u>(180,103)</u>	<u>363,122</u>
Decrease in cash	(233,540)	(907,343)
Cash, beginning of year	<u>355,659</u>	<u>1,263,002</u>
Cash, end of year	<u><u>\$ 122,119</u></u>	<u><u>\$ 355,659</u></u>

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

The Corporation of the Town of Mattawa
Consolidated Statement of Change in Net Debt
For The Year Ended December 31, 2025

	<u>2025</u> <u>Budget</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u> (Restated note 3)
Annual surplus	\$ 1,501,598	\$ 1,014,353	\$ 3,157,025
Amortization of tangible capital assets	966,974	966,974	940,039
Loss on disposal of tangible capital assets	-	11,740	-
Acquisition of tangible capital assets	(2,339,603)	(2,568,950)	(4,348,618)
Change in prepaid expenses	-	71,405	(143,779)
Change in inventories	-	(18,656)	(2,114)
Decrease (increase) in net debt	128,969	(523,134)	(397,447)
Net financial debt, beginning of year, as previously stated	(6,698,865)	(6,698,865)	(5,328,970)
Prior period adjustment (note 3)	-	-	(972,448)
Net debt, end of year	<u>\$ (6,569,896)</u>	<u>\$ (7,221,999)</u>	<u>\$ (6,698,865)</u>

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

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies

These consolidated financial statements of the Town 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 consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

- (i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Town and include the activities of all committees of Council and of the John Dixon Public Library.

All inter-fund assets and liabilities and revenues and expenses have been eliminated.

- (ii) **Non-Consolidated Entities**

The following joint local boards are not consolidated:

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

- (iii) **Accounting for School Board Transactions**

The Town is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Town 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 consolidated 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 Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash

The Town'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 Town 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) Employee Future Benefits

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefits costs. The liabilities are discounted using current interest rates on long-term bonds.

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) 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 consolidated 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 Town 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.

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 Town 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 consolidated statement of operations and accumulated surplus.

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information

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

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 water supply and distribution, wastewater treatment, waste and recycling services.

Health Services

Health services include public health services.

Social and Family Services

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

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 Town's economic development programs.

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) 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 Consolidated 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	20 years and landfill capacity
Buildings	25 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	8 to 20 years
Roads and bridges	10 to 100 years
Water and sewer	50 years
Computer hardware and software	5 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

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.

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets (Continued)

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.

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Town 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 Town 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 Town 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 Town 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 are recognized in the period in which the revenue relates.

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(x) Government Grants and Transfers

Government grants and transfers are recognized in the consolidated 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 consolidated statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

(xi) Estimates

The preparation of consolidated 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.

(xii) Financial Instruments

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

Financial instruments classified at amortized cost include cash, accounts receivable, temporary borrowing, 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 Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

2. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Town'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 Town'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 consolidated financial statements of changes in such estimates in future periods could be significant.

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

3. Prior Period Adjustment

During the year, the Town 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>
Consolidated Statement of Financial Position			
Municipal debt	6,583,322	1,016,159	7,599,481
Accumulated surplus	19,421,882	(1,016,159)	18,405,723
Consolidated Statement of Operations and Accumulated Surplus			
East Nipissing District Home for the Aged redevelopment commitment	-	(43,711)	(43,711)
Adjustments related to adoption of new accounting standards	-	(972,448)	(972,448)
Consolidated Statement of Cash Flows			
Annual surplus	3,200,736	(43,711)	3,157,025
East Nipissing District Home for the Aged redevelopment commitment	-	43,711	43,711
Consolidated Statement of Change in Net Debt			
Annual surplus	3,200,736	(43,711)	3,157,025
Adjustments related to adoption of new accounting standards	-	(972,448)	(972,448)
Note 9 - Municipal debt			
East Nipissing District Home for the Aged redevelopment commitment	6,583,322	1,016,159	7,599,481
Note 13 - Accumulated Surplus			
Municipal debt	(6,583,322)	(1,016,159)	(7,599,481)
Accumulated surplus	19,421,882	(1,016,159)	18,405,723
Note 23 - Segmented Information			
East Nipissing District Home for the Aged redevelopment commitment	-	(43,711)	(43,711)

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

4. Cash and Temporary Borrowing

The Town has authorized credit facilities totaling \$500,000, which is unsecured. As at December 31, 2025, the Town has utilized \$499,470 (2024 - \$499,470). The interest is calculated at the bank's prime lending rate.

In addition, the Town has an authorized revolving term loan for equipment purchases totaling \$250,000. As at December 31, 2025, the Town has utilized \$0 (2024 - \$0).

5. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Federal Government	\$ 221,021	\$ 1,742,948
Province of Ontario	415,340	1,768,408
School boards	-	657
User charges	8,641	10,025
Other	89,913	106,251
	<u>\$ 734,915</u>	<u>\$ 3,628,289</u>

6. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
Federal Government	\$ 25,276	\$ 20,211
Province of Ontario	31,406	47,810
School Boards	65,638	-
Trade payables	830,722	2,409,319
Accrued interest	3,292	5,820
	<u>\$ 956,334</u>	<u>\$ 2,483,160</u>

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

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
Northern Ontario Resource Development Support Fund	\$ 356,456	\$ 83,368	\$ 439,824	\$ -
Ontario Community Infrastructure Fund	14,730	168,157	182,008	879
Fisheries and Oceans Canada	690,400	-	-	690,400
Voyageur Days	59,156	-	59,156	-
Total Deferred Revenues - Other	\$ 1,120,742	\$ 251,525	\$ 680,988	\$ 691,279

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 balance in the obligatory reserve funds of the Town 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	\$ 84,613	\$ 123,389	\$ 206,749	\$ 1,253
Total Deferred Revenues - Obligatory Reserve Funds	\$ 84,613	\$ 123,389	\$ 206,749	\$ 1,253

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

9. Municipal Debt

	<u>2025</u>	<u>2024</u>
Term loan, repayable in interest-only instalments of \$15,938 at the fixed rate of 3.39% until June 30, 2025 followed by monthly instalments of \$22,316, including interest at the fixed rate of 3.39%, maturing June 30, 2027	\$ 5,604,116	\$ 5,641,906
Debenture, repayable in semi-annual instalments of \$50,742, including interest at the fixed rate of 3.24%, maturing July 3, 2027	195,037	287,933
Term loan, repayable in monthly instalments of \$453, including interest at 2.99% maturing September 29, 2027	20,242	31,254
Term loan, repayable in monthly instalments of \$5,857, including interest at the fixed rate of 7.1%, maturing December 15, 2028	189,415	244,127
Term loan, repayable in monthly instalments of \$1,144, including interest at the fixed rate of 4.99%, maturing December 22, 2029	50,619	-
Term loan, repayable in monthly instalments of \$1,068, including interest at the fixed rate of 4.99%, maturing December 29, 2029	45,516	55,783
Term loan, repayable in monthly instalments of \$1,578, including interest at the fixed rate of 3.88%, maturing February 1, 2033	118,274	132,319
Promissory note, non-interest bearing, repayable in annual instalments of \$10,000, maturing December 19, 2043	180,000	190,000
East Nipissing District Home for the Aged redevelopment commitment (i)	<u>1,061,888</u>	<u>1,016,159</u>
	<u>\$ 7,465,107</u>	<u>\$ 7,599,481</u>

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

9. Municipal Debt (Continued)

- (i) The Town 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 Town 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 \$1,061,888.

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

2026	\$ 291,960
2027	5,743,951
2028	118,068
2029	51,224
2030	27,046
Thereafter	<u>1,232,858</u>
Total	<u>\$ 7,465,107</u>

10. Employee Future Benefits Payable

The Town provides certain employee benefits which will require funding in future periods, as follows:

	<u>2025</u>	<u>2024</u>
Accumulated sick leave entitlements	\$ 34,033	\$ 35,374
Vacation pay	<u>85,792</u>	<u>96,999</u>
	<u>\$ 119,825</u>	<u>\$ 132,373</u>

11. Asset Retirement Obligations

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 259,285	\$ 252,956
Remeasurement adjustment	(503)	-
Accretion expense	<u>6,742</u>	<u>6,329</u>
Balance, end of year	<u>\$ 265,524</u>	<u>\$ 259,285</u>

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

11. Asset Retirement Obligations (Continued)

The asset retirement obligation is as follows:

	<u>2025</u>	<u>2024</u>
Landfill	\$ 180,524	\$ 174,285
Asbestos removal	<u>85,000</u>	<u>85,000</u>
	<u>\$ 265,524</u>	<u>\$ 259,285</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 using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance 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.

A cost-sharing agreement is in place with two neighbouring municipalities, the Township of Mattawan and the Township of Papineau-Cameron. All operating expenditures, closure and post-closure expenditures are to be split based on the following breakdown: Mattawa 68.0%, Papineau-Cameron 26.5% and Mattawan 5.5%.

The Town has established an independent landfill reserve of \$684,027 (2024 - 979,969) that could be used to mitigate the future impact of these obligations.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2025	-% (- m ³)	- years	10 years	3.58%	3.88%
2024	-% (- m ³)	- years	10 years	3.58%	3.88%

Asbestos removal

The Town owns buildings which contain asbestos, and therefore, the Town is legally required to perform abatement activities upon renovation or demolition of these assets. 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.

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

12. 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	\$ 478,585	\$ -	\$ -	\$ 478,585	\$ -	\$ -	\$ -	\$ -	\$ 478,585	\$ 478,585
Land improvements	3,472,600	27,591	-	3,500,191	2,489,692	121,883	-	2,611,575	888,616	982,908
Buildings	9,737,104	45,003	-	9,782,107	2,529,907	193,421	-	2,723,328	7,058,779	7,207,197
Machinery and equipment	4,067,343	45,562	(21,130)	4,091,775	3,120,907	143,888	(13,935)	3,250,860	840,915	946,436
Vehicles	1,922,420	91,534	-	2,013,954	1,044,392	136,913	-	1,181,305	832,649	878,028
Roads and bridges	11,021,691	-	5,018,937	16,040,628	7,378,053	187,209	-	7,565,262	8,475,366	3,643,638
Water and sewer	10,707,997	67,793	-	10,775,790	4,992,561	177,172	-	5,169,733	5,606,057	5,715,436
Computer hardware and software	207,772	-	(9,792)	197,980	179,205	6,488	(5,247)	180,446	17,534	28,567
Assets under construction	4,999,241	2,291,467	(5,018,937)	2,271,771	-	-	-	-	2,271,771	4,999,241
	<u>\$ 46,614,753</u>	<u>\$ 2,568,950</u>	<u>\$ (30,922)</u>	<u>\$ 49,152,781</u>	<u>\$ 21,734,717</u>	<u>\$ 966,974</u>	<u>\$ (19,182)</u>	<u>\$ 22,682,509</u>	<u>\$ 26,470,272</u>	<u>\$ 24,880,036</u>

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

13. Accumulated Surplus

	<u>2025</u>	<u>2024</u>
		(Restated - note 3)
Surplus		
Invested in tangible capital assets	\$ 26,470,272	\$ 24,880,036
General (see note (a) below)	(130,537)	284,826
John Dixon Public Library	-	(84)
Unfunded Liabilities		
Municipal debt	(7,465,107)	(7,599,481)
Asset retirement obligation	(265,524)	(259,285)
Employee future benefits payable	(119,825)	(132,373)
Total surplus	<u>18,489,279</u>	<u>17,173,639</u>
Reserves		
Special purpose reserves		
Fire protection	57,034	52,379
Long-term care	180,000	190,000
Landfill closure	684,027	979,969
Cemetery	9,736	9,736
Total reserves	<u>930,797</u>	<u>1,232,084</u>
Accumulated Surplus	<u>\$ 19,420,076</u>	<u>\$ 18,405,723</u>

(a) General Deficit:

The general surplus (deficit) of \$(130,537) (2024 - \$284,826) at the end of the year is comprised of the following:

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 284,826	\$ (1,209,522)
Annual surplus	1,014,353	3,157,025
Transfer from reserves	301,287	1,843,217
Net change in tangible capital assets	(1,590,236)	(3,408,579)
Decrease in unfunded liabilities	(140,683)	(97,315)
John Dixon Public Library surplus (deficit)	(84)	-
Closing balance	<u>\$ (130,537)</u>	<u>\$ 284,826</u>

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

14. Contingencies

Legal Matters

The Town 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 Town's consolidated financial position.

15. Commitments

Under the terms of existing contracts for services expiring between December 31, 2026 and December 31, 2029, the Town is committed to make minimum payments as follows:

2026	\$ 1,258,466
2027	292,892
2028	298,750
2029	<u>304,725</u>
	<u>\$ 2,154,833</u>

16. Guarantee

In February 2022, the Town 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). Under the agreement the total construction cost of \$57,695,599 will be financed by the creditor, Ontario Infrastructure and Lands Corporation. 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 Town's guaranteed proportion of this debt is \$801,969 (1.39%).

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

17. 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>\$ 262,465</u>	<u>\$ 262,570</u>
Total amounts received or receivable	262,465	262,570
Requisitions	<u>262,465</u>	<u>262,570</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

18. Contributions to Unconsolidated Joint Local Boards

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

	<u>2025</u>	<u>2024</u>
North Bay Parry Sound District Health Unit	<u>\$ 69,156</u>	<u>\$ 65,863</u>
District of Nipissing Social Services Administration Board	251,571	245,815
East Nipissing District Home for the Aged	<u>44,557</u>	<u>45,042</u>
	<u><u>\$ 365,284</u></u>	<u><u>\$ 356,720</u></u>

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

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19. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 665,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ('the Plan') by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2025, the estimated accrued pension obligation for all members of the Plan was \$149,575 million (2024 - \$140,766 million). The Plan had an actuarial value of net assets at that date of \$148,253 million (2024 - \$137,853 million) indicating an actuarial deficit of \$1,322 million (2024 - \$2,913 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Town to OMERS for 2025 was \$119,739 (2024 - \$116,663) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2025 the yearly maximum pension earnings increased to \$71,300 from \$68,500 in 2024. The contributions are calculated at a rate of 9.0% (2024 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2024 - 14.6%) for amounts above the yearly maximum pension earnings.

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

20. Financial Instruments

Risks arising from financial instruments and risk management

The Town 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 Town is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The Town's financial assets consisting of cash, accounts receivable are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Town at the date of the consolidated statement of financial position. The Town does not believe it is subject to significant credit risk.

Liquidity risk

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

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Town 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 Town's financial instruments consisting of cash, accounts receivable, temporary borrowing, accounts payable and accrued liabilities, and municipal debt are subject to market risk. The Town does not believe it is subject to significant market risk.

The Corporation of the Town of Mattawa

Notes to the Consolidated Financial Statements

December 31, 2025

21. 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 the basis of accounting that is used to prepare the consolidated 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	2,339,603	4,033,501
Municipal debt repaid	130,000	10,000
Contributions to reserves	51,830	43,105
Less: Amortization of tangible capital assets	(966,974)	(940,039)
Contributions from reserves	<u>(52,861)</u>	<u>(710,964)</u>
 Budget surplus per consolidated statement of operations and accumulated surplus	 <u><u>\$ 1,501,598</u></u>	 <u><u>\$ 2,435,603</u></u>

22. 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 Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

23. Segmented Information

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated	2025 Total
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,597,376	\$ 2,597,376
User charges	7,222	4,113	-	1,199,435	-	-	126,341	3,920	-	1,341,031
Government grants and transfers - Provincial	10,000	-	-	44,136	1,425	-	12,196	87,367	1,406,000	1,561,124
Government grants and transfers - Federal	-	-	-	-	-	-	-	-	-	-
Government grants and transfers - Municipal	-	-	-	91,767	-	-	18,288	-	-	110,055
Other	269,845	98,625	400	26,965	3,888	-	30,731	574,383	-	1,004,837
Total revenues	<u>287,067</u>	<u>102,738</u>	<u>400</u>	<u>1,362,303</u>	<u>5,313</u>	<u>-</u>	<u>187,556</u>	<u>665,670</u>	<u>4,003,376</u>	<u>6,614,423</u>
Expenses										
Salary, wages and employee benefits	729,375	283,312	541,969	3,733	-	-	471,085	95,318	-	2,124,792
Materials, contracted services, rents, and financial expenses	611,910	744,887	208,576	1,410,847	82,926	305,728	360,368	659,257	-	4,384,499
Municipal debt charge (interest)	-	5,165	18,424	12,099	-	-	775	191,032	-	227,495
Amortization of tangible capital assets	19,635	52,815	386,805	273,472	-	-	121,520	112,727	-	966,974
Total expenses	<u>1,360,920</u>	<u>1,086,179</u>	<u>1,155,774</u>	<u>1,700,151</u>	<u>82,926</u>	<u>305,728</u>	<u>953,748</u>	<u>1,058,334</u>	<u>-</u>	<u>7,703,760</u>
Annual surplus (deficit) before other	(1,073,853)	(983,441)	(1,155,374)	(337,848)	(77,613)	(305,728)	(766,192)	(392,664)	4,003,376	(1,089,337)
Other										
Government grants and transfers related to capital - Provincial	30,694	-	503,068	-	-	-	32,390	775,796	-	1,341,948
Government grants and transfers related to capital - Federal	-	-	206,566	-	-	-	-	600,905	-	807,471
East Nipissing District Home for the Aged redevelopment commitment	-	-	-	-	-	(45,729)	-	-	-	(45,729)
Annual surplus (deficit)	<u>(1,043,159)</u>	<u>(983,441)</u>	<u>(445,740)</u>	<u>(337,848)</u>	<u>(77,613)</u>	<u>(351,457)</u>	<u>(733,802)</u>	<u>984,037</u>	<u>4,003,376</u>	<u>1,014,353</u>

The Corporation of the Town of Mattawa
Notes to the Consolidated Financial Statements
December 31, 2025

23. Segmented Information (Continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated	2024 Total (Restated - note 3)
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,496,192	\$ 2,496,192
User charges	9,902	310	-	1,157,364	-	-	96,189	3,950	-	1,267,715
Government grants and transfers - Provincial	-	8,230	-	16,191	1,425	-	3,816	103,317	1,315,600	1,448,579
Government grants and transfers - Federal	32,257	-	-	-	-	-	15,766	-	-	48,023
Government grants and transfers - Municipal	-	-	-	178,000	-	-	19,153	-	-	197,153
Other	235,047	34,120	16,000	19,425	9,174	-	13,298	534,532	-	861,596
Total revenues	<u>277,206</u>	<u>42,660</u>	<u>16,000</u>	<u>1,370,980</u>	<u>10,599</u>	<u>-</u>	<u>148,222</u>	<u>641,799</u>	<u>3,811,792</u>	<u>6,319,258</u>
Expenses										
Salary, wages and employee benefits	940,390	191,840	574,073	4,505	-	-	399,209	126,172	-	2,236,189
Materials, contracted services, rents, and financial expenses	626,086	692,663	314,917	1,289,726	79,633	299,857	381,584	531,919	-	4,216,385
Municipal debt charge (interest)	-	240	25,928	8,549	-	-	1,084	191,263	-	227,064
Amortization of tangible capital assets	22,408	40,768	357,443	282,975	-	-	123,718	112,727	-	940,039
Total expenses	<u>1,588,884</u>	<u>925,511</u>	<u>1,272,361</u>	<u>1,585,755</u>	<u>79,633</u>	<u>299,857</u>	<u>905,595</u>	<u>962,081</u>	<u>-</u>	<u>7,619,677</u>
Annual surplus (deficit) before other	(1,311,678)	(882,851)	(1,256,361)	(214,775)	(69,034)	(299,857)	(757,373)	(320,282)	3,811,792	(1,300,419)
Other										
Government grants and transfers related to capital - Provincial	749,265	-	565,251	-	-	-	-	936,160	-	2,250,676
Government grants and transfers related to capital - Federal	-	-	565,283	-	-	-	-	1,685,196	-	2,250,479
East Nipissing District Home for the Aged redevelopment commitment	-	-	-	-	-	(43,711)	-	-	-	(43,711)
Annual surplus (deficit)	<u><u>\$ (562,413)</u></u>	<u><u>\$ (882,851)</u></u>	<u><u>\$ (125,827)</u></u>	<u><u>\$ (214,775)</u></u>	<u><u>\$ (69,034)</u></u>	<u><u>\$ (343,568)</u></u>	<u><u>\$ (757,373)</u></u>	<u><u>\$ 2,301,074</u></u>	<u><u>\$ 3,811,792</u></u>	<u><u>\$ 3,157,025</u></u>