

**The Corporation of the Town
of Englehart**

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

December 31, 2025

The Corporation of the Town of Englehart

Financial Report

December 31, 2025

Management Report

Independent Auditor's Report

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Independent Auditor's Report

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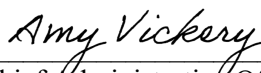
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Englehart (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.



Chief Administrative Officer/Treasurer

May 27, 2026

Baker Tilly SNT LLP / s.r.l.

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Englehart, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, cash flows, change in net financial assets (net debt) and remeasurement gains and losses 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 Englehart 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.

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 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.

Independent Auditor's Report (continued)

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

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.

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
May 27, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

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

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash (note 3)	\$ 1,078,650	\$ 678,781
Other investments (note 4)	610,657	586,303
Portfolio investments (note 5)	1,164,691	1,135,348
Taxes receivable	329,932	240,610
Accounts receivable (note 6)	<u>1,167,741</u>	<u>1,559,129</u>
	<u>4,351,671</u>	<u>4,200,171</u>
Liabilities		
Temporary borrowing (note 3)	985,000	559,075
Accounts payable and accrued liabilities (note 7)	1,479,665	886,701
Deferred revenues - other (note 8)	-	82,682
Deferred revenues - obligatory reserve funds (note 9)	94,854	93,020
Investment in Englehart Solar Inc. (note 10)	102,901	97,783
Asset retirement obligations (note 11)	<u>2,298,123</u>	<u>2,248,471</u>
	<u>4,960,543</u>	<u>3,967,732</u>
Net Financial Assets (Net Debt)	<u>(608,872)</u>	<u>232,439</u>
Non-Financial Assets		
Tangible capital assets (note 12)	23,611,275	22,180,090
Inventories	<u>19,750</u>	<u>19,750</u>
	<u>23,631,025</u>	<u>22,199,840</u>
Accumulated Surplus (note 13)	<u>\$ 23,022,153</u>	<u>\$ 22,432,279</u>
Accumulated surplus is comprised of:		
Accumulated surplus	23,095,246	22,505,643
Accumulated remeasurement losses	<u>(73,093)</u>	<u>(73,364)</u>
	<u>\$ 23,022,153</u>	<u>\$ 22,432,279</u>
Contingencies (note 14)		
Commitments (note 15)		

Approved by:

Amy Vickery

May 27, 2026

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

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

	2025		2024
	Budget	Actual	Actual
	(Unaudited)		
Revenues			
Net taxation	\$ 2,040,389	\$ 2,097,096	\$ 2,028,616
User charges	1,141,327	1,132,372	1,139,422
Government grants and transfers - Provincial	923,659	893,870	882,649
Government grants and transfers - Federal	12,032	11,964	15,370
Other municipalities	29,542	18,530	22,131
Other	198,730	228,711	252,349
Total revenues	<u>4,345,679</u>	<u>4,382,543</u>	<u>4,340,537</u>
Expenses			
General government	729,183	784,558	822,649
Protection services	457,516	438,997	419,517
Transportation services	974,988	867,710	915,740
Environmental services	1,469,100	1,391,659	1,209,129
Health services	298,214	290,807	284,748
Social and family services	157,850	157,844	112,972
Recreation and cultural services	1,063,610	1,029,294	978,369
Planning and development	41,593	17,324	28,735
Total expenses	<u>5,192,054</u>	<u>4,978,193</u>	<u>4,771,859</u>
Annual deficit before other	<u>(846,375)</u>	<u>(595,650)</u>	<u>(431,322)</u>
Other			
Government grants and transfers related to capital - Provincial	758,925	945,045	913,177
Government grants and transfers related to capital - Federal	376,977	240,208	729,706
	<u>1,135,902</u>	<u>1,185,253</u>	<u>1,642,883</u>
Annual surplus	<u>289,527</u>	<u>589,603</u>	<u>1,211,561</u>
Accumulated surplus, beginning of year	<u>22,505,643</u>	<u>22,505,643</u>	<u>21,294,082</u>
Accumulated surplus, end of year	<u><u>\$ 22,795,170</u></u>	<u><u>\$ 23,095,246</u></u>	<u><u>\$ 22,505,643</u></u>

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

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

	<u>2025</u>	<u>2024</u>
Operating transactions		
Annual surplus	\$ 589,603	\$ 1,211,561
Cash provided by (applied to)		
Non-cash items:		
Loss from investment in Englehart Solar Inc.	5,118	13,869
Accretion expense	49,652	48,566
Amortization of tangible capital assets	1,160,627	839,535
Change in non-cash working capital balances		
Decrease (increase) in taxes receivable	(89,322)	92,985
(Increase) decrease in accounts receivable	391,388	(481,558)
Increase in accounts payable and accrued liabilities	592,964	614,348
Increase (decrease) in deferred revenues - other	(82,682)	82,682
Increase in deferred revenues - obligatory reserve funds	1,834	93,020
Cash provided by operating transactions	<u>2,619,182</u>	<u>2,515,008</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(2,591,812)</u>	<u>(2,601,462)</u>
Cash applied to capital transactions	<u>(2,591,812)</u>	<u>(2,601,462)</u>
Investing transactions		
Acquisition of other investments	(24,354)	(23,223)
Acquisition of portfolio investments	<u>(29,072)</u>	<u>(27,543)</u>
Cash applied to investing transactions	<u>(53,426)</u>	<u>(50,766)</u>
Financing transactions		
Temporary borrowing issued	985,000	559,075
Temporary borrowing repaid	<u>(559,075)</u>	<u>(18,000)</u>
Cash provided by financing transactions	<u>425,925</u>	<u>541,075</u>
Increase in cash	399,869	403,855
Cash, beginning of year	<u>678,781</u>	<u>274,926</u>
Cash, end of year	<u><u>\$ 1,078,650</u></u>	<u><u>\$ 678,781</u></u>

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

The Corporation of the Town of Englehart
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For The Year Ended December 31, 2025

	2025		2024
	Budget	Actual	Actual
	(Unaudited)		
Annual surplus	\$ 289,527	\$ 589,603	\$ 1,211,561
Amortization of tangible capital assets	1,160,627	1,160,627	839,535
Acquisition of tangible capital assets	(2,710,197)	(2,591,812)	(2,601,462)
Net remeasurement gains	-	271	15,390
Decrease in net financial assets	(1,260,043)	(841,311)	(534,976)
Net financial assets, beginning of year,	232,439	232,439	767,415
Net financial assets (net debt), end of year	\$ (1,027,604)	\$ (608,872)	\$ 232,439

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

The Corporation of the Town of Englehart
Consolidated Statement of Remeasurement Gains and Losses
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Accumulated remeasurement losses, beginning of year	<u>\$ (73,364)</u>	<u>\$ (88,754)</u>
Unrealized gains attributable to:		
Portfolio investments	<u>271</u>	<u>15,390</u>
Net remeasurement gains for the year	<u>271</u>	<u>15,390</u>
Accumulated remeasurement losses, end of year	<u><u>\$ (73,093)</u></u>	<u><u>\$ (73,364)</u></u>

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

The Corporation of the Town of Englehart

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) Consolidated Entities

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 the Englehart and Area Public Library Board.

All interfund assets and liabilities and revenues and expenses have been eliminated.

(ii) Joint Local Boards

Activities in joint local boards are accounted for using the proportionate consolidation method. Under this method, the Town's proportionate share of joint local board revenues, expenses, assets and liabilities are included in the accounts. The following joint local boards are proportionately consolidated:

The Englehart & Area Fire Department

The Town's proportionate share of The Englehart & Area Fire Department was 46.00% for 2025 (46.00% for 2024).

All interfund assets and liabilities and revenues and expenses have been eliminated.

(iii) Modified Equity Accounting

Government business enterprises are accounted for by the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform with those of the Town and interorganizational transactions and balances (if any) are not eliminated. The following government business enterprise is included in these consolidated financial statements:

Englehart Solar Inc.

The Corporation of the Town of Englehart

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(a) Basis of Consolidation (continued)

(iv) Non-Consolidated Entities

The following joint local boards are not consolidated:

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

(v) Temiskaming Municipal Services Association

The Temiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Town does not have control. Building permit revenues are transferred to this organization.

(vi) Central Timiskaming Planning Board

This joint local board provides planning services to the municipalities of Englehart, Evanturel, Chamberlain and Charlton and Dack. This joint local board is not proportionally consolidated as the overall impact would not be considered significant to the statements. The yearly requisition as well as the planning fee revenues are transferred to this organization and are expensed by the Town in its consolidated financial statements.

(vii) 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.

(viii) Trust Funds

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

The Corporation of the Town of Englehart

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

(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.

(ii) Cash and Cash Equivalents

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 Corporation of the Town of Englehart
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 Englehart
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, 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, land ambulance and cemetery services.

Social and Family Services

Social and family services include social assistance, 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 Englehart

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 Financial Assets (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	25 years and landfill capacity
Buildings	25 to 50 years
Machinery and equipment	3 to 10 years
Vehicles	5 to 10 years
Roads and culverts	7 to 30 years
Underground networks	50 years

A full year of amortization is charged in the year of acquisition, and no amortization is charged 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.

ii) Inventories

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

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(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 and revenues from other municipalities are recognized in the period in which the revenues relates.

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

(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.

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(xi) Use of 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.

Fair Value

Financial instruments classified at fair value include portfolio investments. They are initially recorded at their cost and subsequently carried at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations and accumulated surplus.

When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Any reversals of previously recognized impairment losses are recognized in the consolidated statement of operations and accumulated surplus in the year the reversal occurs to the extent that the reversal of the impairment loss does not exceed the original carrying value of the asset.

Amortized Cost

Financial instruments classified at amortized cost include other cash, other investments, accounts receivable, temporary borrowing accounts, and payable and accrued liabilities. 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 Englehart
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 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.

3. Cash / Temporary Borrowing

The Town has authorized credit facilities totaling \$150,000, which is unsecured. As at December 31, 2025, the Town has utilized \$0 (2024 - \$0). The interest is calculated at the bank's prime lending rate plus 1%.

The Town has revolving convertible facilities totaling \$2,765,600, which is unsecured. As at December 31, 2025, the Town has utilized \$985,000 (2024 - \$559,075). The interest is calculated at the bank's prime lending rate.

4. Other Investments

	<u>2025</u>	<u>2024</u>
Guaranteed income certificates (GICs) - Northern Credit Union (i)	<u>\$ 610,657</u>	<u>\$ 586,303</u>

- i) The GICs bear interest at a rate of 5.25%, maturing September 2026.

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

5. Portfolio Investments

	<u>2025</u>	<u>2024</u>
Investments held through CIBC Asset Management		
Imperial Money Market Pool	\$ 109,644	\$ 111,779
Imperial Short-term Bond Pool	411,361	398,514
Imperial Canadian Bond Pool	584,770	546,692
Imperial International Bond Pool	<u>58,916</u>	<u>78,363</u>
	<u><u>\$ 1,164,691</u></u>	<u><u>\$ 1,135,348</u></u>

6. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Federal government	\$ 303,642	\$ 649,796
Province of Ontario	602,588	603,443
School Boards	-	3,757
User charges	179,219	179,371
Other	<u>82,292</u>	<u>122,762</u>
	<u><u>\$ 1,167,741</u></u>	<u><u>\$ 1,559,129</u></u>

7. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
Federal government	\$ 8,281	\$ 8,547
Province of Ontario	46,574	46,251
School Boards	79,900	-
Trade payables and accrued liabilities	<u>1,344,910</u>	<u>831,903</u>
	<u><u>\$ 1,479,665</u></u>	<u><u>\$ 886,701</u></u>

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

8. 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	\$ 78,132	\$ 76,544	\$ 154,676	\$ -
Other	4,550	-	4,550	-
Total Deferred Revenues - Other	\$ 82,682	\$ 76,544	\$ 159,226	\$ -

9. 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 revenue. 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	\$ 93,020	\$ 96,286	\$ 94,452	\$ 94,854
Total Deferred Revenues - Obligatory Reserve Funds	\$ 93,020	\$ 96,286	\$ 94,452	\$ 94,854

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

10. Investment in Englehart Solar Inc.

Englehart Solar Inc. was incorporated under the Ontario Business Corporations Act on October 29, 2012 pursuant to section 142 of the Electricity Act (Ontario). The corporation's principal activity is the ownership, administration and management of solar power generating projects for the purpose of generating, transmitting, distributing and retailing electricity.

The Corporation of the Town of Englehart is the 50% owner of all the issued capital of the corporation Englehart Solar Inc. (Énergie Kapuskasing Energy Inc. is the other partner owing 50% of the total issued capital).

Condensed financial information in respect to Englehart Solar Inc. is provided below.

	<u>2024</u>	<u>2023</u>
Balance Sheet:		
Assets:		
Current assets	\$ 264,483	\$ 265,980
Property and equipment	606,957	666,834
Future payment in lieu of taxes	<u>28,719</u>	<u>27,748</u>
Total Assets	<u>\$ 900,159</u>	<u>\$ 960,562</u>
Liabilities:		
Current liabilities	\$ 351,646	\$ 325,025
Long-term liabilities	<u>754,314</u>	<u>831,102</u>
Total Liabilities	<u>1,105,960</u>	<u>1,156,127</u>
Capital Deficiency:		
Capital stock	100	100
Accumulated deficit	<u>(205,901)</u>	<u>(195,665)</u>
Total Deficiency	<u>(205,801)</u>	<u>(195,565)</u>
Total Liabilities and Capital Deficiency	<u>\$ 900,159</u>	<u>\$ 960,562</u>
Town's share of capital deficiency (50.00% ownership)	<u><u>\$ (102,901)</u></u>	<u><u>\$ (97,783)</u></u>
Statement of Loss		
Total Revenues	\$ 137,789	\$ 121,412
Total Expenses	<u>151,386</u>	<u>153,844</u>
Net loss before income taxes	(13,597)	(32,432)
Less: Interest on amounts due from related parties	2,390	1,080
Less: provision for payment in lieu of taxes	<u>971</u>	<u>3,615</u>
Net loss	<u>\$ (10,236)</u>	<u>\$ (27,737)</u>
Town's share of net loss, (50.00% ownership)	<u><u>\$ (5,118)</u></u>	<u><u>\$ (13,869)</u></u>

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

11. Asset Retirement Obligations

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 2,248,471	\$ 2,199,905
Accretion expense	<u>49,652</u>	48,566
Balance, end of year	<u>\$ 2,298,123</u>	<u>\$ 2,248,471</u>

The asset retirement obligation is as follows:

	<u>2025</u>	<u>2024</u>
Landfill	\$ 2,269,896	\$ 2,220,244
Drinking water well	<u>28,227</u>	28,227
Balance, end of year	<u>\$ 2,298,123</u>	<u>\$ 2,248,471</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 October 2018.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2025	39.0% (39,304 m³)	26 years	25 years	3.58%	2.24%
2024	41.0% (40,816 m³)	27 years	25 years	3.58%	2.24%

Drinking water well

The Town owns 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 Town of Englehart
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	\$ 250,246	\$ -	\$ -	\$ 250,246	\$ -	\$ -	\$ -	\$ -	\$ 250,246	\$ 250,246
Land improvements	2,222,869	-	-	2,222,869	343,489	71,699	-	415,188	1,807,681	1,879,380
Buildings	9,031,507	25,975	-	9,057,482	3,327,410	181,894	-	3,509,304	5,548,178	5,704,097
Machinery and equipment	3,219,736	1,508,273	2,017,557	6,745,566	1,957,410	523,264	-	2,480,674	4,264,892	1,262,326
Vehicles	1,479,882	-	(26,335)	1,453,547	805,030	60,497	(26,335)	839,192	614,355	674,852
Roads and culverts	2,797,807	113,486	-	2,911,293	803,402	83,331	-	886,733	2,024,560	1,994,405
Underground networks	15,163,668	-	-	15,163,668	6,766,441	239,942	-	7,006,383	8,157,285	8,397,227
Assets under construction	2,017,557	944,078	(2,017,557)	944,078	-	-	-	-	944,078	2,017,557
	<u>\$ 36,183,272</u>	<u>\$ 2,591,812</u>	<u>\$ (26,335)</u>	<u>\$ 38,748,749</u>	<u>\$ 14,003,182</u>	<u>\$ 1,160,627</u>	<u>\$ (26,335)</u>	<u>\$ 15,137,474</u>	<u>\$ 23,611,275</u>	<u>\$ 22,180,090</u>

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

13. Accumulated Surplus

	<u>2025</u>	<u>2024</u>
Surplus		
Invested in tangible capital assets	\$ 23,611,275	\$ 22,180,090
Investment in Englehart Solar Inc.	(102,901)	(97,783)
Remeasurement losses	(73,093)	(73,364)
Unfunded liabilities		
Asset retirement obligations	(2,298,123)	(2,248,471)
Total surplus	<u>21,137,158</u>	<u>19,760,472</u>
Reserves		
Special purpose reserves		
Working capital	2,162,645	1,921,176
Museum elevator	43,565	43,565
Library	76,068	76,068
Fire Department	97,712	89,313
Recreation	5,000	5,000
Fire	95,000	95,000
Office renovations	128,000	128,000
Museum operating	18,052	18,052
Roads equipment	90,000	90,000
Garbage	(34,244)	(15,632)
Sewer	327,669	280,200
Water	(1,124,472)	(58,935)
Total reserves	<u>1,884,995</u>	<u>2,671,807</u>
Accumulated Surplus	<u>\$ 23,022,153</u>	<u>\$ 22,432,279</u>

14. Contingencies

Guarantees

The Town has guaranteed 10% of the long-term debt of Englehart Solar Inc. which amounts to \$75,431 (2024 - \$83,110).

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

15. Commitments

The Town entered into contracts for road upgrades for approximately \$1,379,536 plus applicable taxes. There is a remaining contract amount of \$634,606 plus applicable taxes as of December 31, 2025.

The Town entered into a 10-year contractual agreement from January 1, 2022 to December 31, 2031 for the operation and maintenance of the Town's water and waste water facilities. The minimum commitment for these services are \$158,250 per year plus a fixed 2% annual increase annually.

16. Operations of School Boards

Further to note 1(a)(vii), 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>\$ 319,610</u>	<u>\$ 319,293</u>
Total amounts received or receivable	<u>319,610</u>	319,293
Requisitions	<u>319,610</u>	<u>319,293</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

17. Contributions to Unconsolidated Joint Local Boards

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

	<u>2025</u>	<u>2024</u>
Timiskaming District Health Unit	<u>\$ 85,951</u>	<u>\$ 80,373</u>
District of Timiskaming Social Services Administration Board	<u>332,596</u>	<u>275,793</u>
	<u><u>\$ 418,547</u></u>	<u><u>\$ 356,166</u></u>

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

18. 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 \$83,819 (2024 - \$83,603) 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.

19. Trust Funds

Trust funds administered by the Town amounting to \$209,109 (2024 - \$203,901) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

The Corporation of the Town of Englehart

Notes to the Consolidated Financial Statements

December 31, 2025

20. Financial Instruments

Classification

Financial instruments measured at fair value are classified according to a hierarchy which includes three levels. The hierarchy is as follows:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Town's portfolio investments are all considered to be level 1 financial instruments. There were no transfers between Level 1 and Level 2. There were also no transfers in or out of Level 3.

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, other investments, portfolio investments, and 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. The Town maintains sufficient resources to meet its obligations. The Town does not believe it is subject to significant liquidity risk.

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

20. Financial Instruments (Continued)

Risks arising from financial instruments and risk management (Continued)

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, other investments, portfolio investments, accounts receivable, temporary borrowing, accounts payable and accrued liabilities are subject to market risk. The Town does not believe it is subject to significant market risk.

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 developed in accordance with the provincially mandated funding model for municipalities and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments 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	2,710,197	3,818,822
Municipal debt repaid	-	-
Contributions to reserves	118,232	10,411
Less: Amortization of tangible capital assets	(1,160,627)	(839,535)
Municipal debt issued	(769,500)	(775,000)
Contributions from reserves	<u>(608,775)</u>	<u>(759,629)</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 289,527</u>	<u>\$ 1,455,069</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 Englehart

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,097,096	\$ 2,097,096
User charges	5,724	25,181	-	829,677	29,721	-	242,069	-	-	1,132,372
Government grants and transfers - Provincial	-	7,572	-	722	-	-	2,076	-	883,500	893,870
Government grants and transfers - Federal	-	-	-	-	-	-	11,964	-	-	11,964
Other municipalities	-	-	-	-	-	-	18,530	-	-	18,530
Other	105,046	851	1,629	1,125	6,893	-	74,168	2,650	36,349	228,711
Total revenues	110,770	33,604	1,629	831,524	36,614	-	348,807	2,650	3,016,945	4,382,543
Expenses										
Salary, wages and employee benefits	467,251	36,650	431,821	3,775	17,895	-	343,938	-	-	1,301,330
Materials	147,316	43,720	271,133	187,590	7,924	-	430,340	17,324	-	1,105,347
Contracted services	136,991	332,976	-	421,886	-	-	-	-	-	891,853
Rents and financial expenses	27,504	-	-	58,853	-	-	-	-	-	86,357
Transfers to other governments and the public	-	-	14,132	-	260,703	157,844	-	-	-	432,679
Amortization of tangible capital assets	5,496	25,651	150,624	719,555	4,285	-	255,016	-	-	1,160,627
Total expenses	784,558	438,997	867,710	1,391,659	290,807	157,844	1,029,294	17,324	-	4,978,193
Annual surplus (deficit) before other	(673,788)	(405,393)	(866,081)	(560,135)	(254,193)	(157,844)	(680,487)	(14,674)	3,016,945	(595,650)
Other										
Government grants and transfers related to capital - Provincial	-	-	805,625	139,420	-	-	-	-	-	945,045
Government grants and transfers related to capital - Federal	-	-	-	167,321	-	-	72,887	-	-	240,208
Annual surplus (deficit)	<u>\$ (673,788)</u>	<u>\$ (405,393)</u>	<u>\$ (60,456)</u>	<u>\$ (253,394)</u>	<u>\$ (254,193)</u>	<u>\$ (157,844)</u>	<u>\$ (607,600)</u>	<u>\$ (14,674)</u>	<u>\$ 3,016,945</u>	<u>\$ 589,603</u>

The Corporation of the Town of Englehart

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
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,028,616	\$ 2,028,616
User charges	3,792	19,132	-	873,292	67,765	-	175,441	-	-	1,139,422
Government grants and transfers - Provincial	-	-	-	62,187	-	-	6,962	-	813,500	882,649
Government grants and transfers - Federal	-	-	-	-	-	-	15,370	-	-	15,370
Other municipalities	-	-	-	-	-	-	22,131	-	-	22,131
Other	98,240	5,255	28,469	1,020	-	-	106,827	250	12,288	252,349
Total revenues	102,032	24,387	28,469	936,499	67,765	-	326,731	250	2,854,404	4,340,537
Expenses										
Salary, wages and employee benefits	450,110	33,937	436,562	8,940	21,686	-	324,789	-	-	1,276,024
Materials	197,466	37,381	326,429	267,281	15,583	-	423,680	28,735	-	1,296,555
Contracted services	131,841	325,864	-	448,840	-	-	-	-	-	906,545
Rents and financial expenses	34,336	-	-	48,566	-	-	-	-	-	82,902
Transfers to other governments and the public	-	-	14,132	-	243,194	112,972	-	-	-	370,298
Amortization of tangible capital assets	8,896	22,335	138,617	435,502	4,285	-	229,900	-	-	839,535
Total expenses	822,649	419,517	915,740	1,209,129	284,748	112,972	978,369	28,735	-	4,771,859
Annual surplus (deficit) before other	(720,617)	(395,130)	(887,271)	(272,630)	(216,983)	(112,972)	(651,638)	(28,485)	2,854,404	(431,322)
Other										
Government grants and transfers related to capital - Provincial	-	-	143,457	604,120	-	-	165,600	-	-	913,177
Government grants and transfers related to capital - Federal	-	-	-	729,706	-	-	-	-	-	729,706
Annual surplus (deficit)	<u><u>\$ (720,617)</u></u>	<u><u>\$ (395,130)</u></u>	<u><u>\$ (743,814)</u></u>	<u><u>\$ 1,061,196</u></u>	<u><u>\$ (216,983)</u></u>	<u><u>\$ (112,972)</u></u>	<u><u>\$ (486,038)</u></u>	<u><u>\$ (28,485)</u></u>	<u><u>\$ 2,854,404</u></u>	<u><u>\$ 1,211,561</u></u>

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Town of Englehart, which comprise the statement of financial position as at December 31, 2025, and the statement of continuity 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 Trust Funds of The Corporation of the Town of Englehart as at December 31, 2025, and the continuity of the Trust Funds 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 Town 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 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 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.

Independent Auditor's Report (continued)

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

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.

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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly SNT LLP

North Bay, Ontario
May 27, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Town of Englehart
Trust Funds - Statement of Continuity
For The Year Ended December 31, 2025

	<u>2025</u>				<u>2024</u>
	<u>Swimming Pool</u>	<u>Ontario Home Renewal Program</u>	<u>Cemetery Care and Maintenance Fund</u>	<u>Total</u>	<u>Total</u>
Balance at beginning of year	\$ 15,600	\$ 14,394	\$ 173,907	\$ 203,901	\$ 194,767
Capital receipts	<u>-</u> 15,600	<u>-</u> 14,394	<u>5,208</u> 179,115	<u>5,208</u> 209,109	<u>9,134</u> 203,901
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u><u>\$ 15,600</u></u>	<u><u>\$ 14,394</u></u>	<u><u>\$ 179,115</u></u>	<u><u>\$ 209,109</u></u>	<u><u>\$ 203,901</u></u>

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

The Corporation of the Town of Englehart
Trust Funds - Statement of Financial Position
December 31, 2025

	<u>2025</u>	<u>2024</u>
Financial Assets		
Investments (note 2)	\$ 202,563	\$ 179,398
Due from the Corporation of the Town Englehart	-	10,109
Loans receivable (note 3)	<u>14,394</u>	<u>14,394</u>
	216,957	203,901
Liabilities		
Due to the Corporation of the Town of Englehart	<u>7,848</u>	<u>-</u>
Net Financial Assets	209,109	203,901
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u><u>\$ 209,109</u></u>	<u><u>\$ 203,901</u></u>

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

The Corporation of the Town of Englehart

Trust Funds - Notes to the Financial Statements

December 31, 2025

1. Accounting Policies

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses and capital expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. Investments

The total investments of \$202,563 (2024 - \$179,398) are reported at cost and have a market value of \$202,563 (2024 - \$179,398) at the end of the year.

3. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. In July 1993 the program was discontinued. Collection is the only activity of the fund and funds collected are to be returned to the Province in the subsequent year, less at 5% administration fee.

Ontario Home Renewal Program loans receivable at December 31, 2025 is comprised of repayable loans of \$13,394 (2024 - \$13,394) and forgivable loans of \$1,000 (2024 - \$1,000).

Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

4. Interest

Interest earned by the Swimming Pool Trust Fund and Cemetery Care and Maintenance Trust Fund are transferred directly to the Town's operations are not reflected on this statement.