



ARNPRIOR

Town of Arnprior

Regular Meeting of Council Agenda

Date: Monday, May 11, 2026

Time: 6:30 p.m.

Location: Council Chambers – 105 Elgin Street West, Arnprior

1. Call to Order
2. Roll Call
3. Land Acknowledgement Statement
4. Adoption of Agenda (Additions / Deletions)
5. Disclosures of Pecuniary Interest
6. Question Period
7. Adoption of Minutes of Previous Meeting(s) (Except Minutes of Closed Session)
 - a) [Regular Meeting of Council – April 27, 2026](#) (Page 1-15)
8. Awards / Delegations / Presentations
 - a) [2025 Audited Financial Statements](#), KPMG Municipal Auditor (Page 16-75)
 - b) [Summer Recreation Preview](#), Program and Events Supervisor (Page 76-99)
9. Public Meetings
10. Matters Tabled / Deferred / Unfinished Business
11. Notice of Motion(s)
 - a) [Bee City Canada](#), Councillor Chris Toner (Page 100-101)
12. Staff Reports
 - a) [Multi-Year Extension Award, Recreation Software Services](#), Director of Recreation (Page 102-104)
 - b) [Budget Matters – Expenses: Ontario Regulation 284/09](#), General Manager, Client Services/ Treasurer (Page 105-108)
 - c) [Proclamation – AccessAbility Week](#), Deputy Clerk (Page 109-111)

13. Committee Reports and Minutes

- a) Mayor's Report
- b) County Councillor's Report
- c) Committee Reports and Minutes

14. Correspondence & Petitions

- a) Correspondence
 - i) Correspondence Package I-26-MAY-09

15. By-laws & Resolutions

- a) By-laws
 - i) **By-law No. 7671-26 – Award Recreation Software Services** (Page 112)
 - ii) **By-law No. 7672-26 – 2025 Audited Financial Statements** (Page 113-151)
 - iii) **By-law No. 7673-26 – 2025 Reserve Contributions for Operating Surplus & Shortfalls** (Page 152-153)
 - iv) **By-law No. 7674-26 – 2026 Tax Rates** (Page 154-156)

16. Announcements

17. Closed Session

One (1) matter pursuant to Section 239 (2)(b) of the Municipal Act 2001, as amended, personal matters about an identifiable individual, including municipal or local board employees (Commemorative Naming - Street).

18. Confirmatory By-law

By-law No. 7675-26 to confirm the proceedings of Council

19. Adjournment

Please Note: Please see the [Town's YouTube channel](#) to view the live stream. The meeting will be uploaded to YouTube for future viewing.

The agenda is made available in the Clerk's Office at the Town Hall, 105 Elgin Street West, Arnprior and on the Town's [website](#). Persons wishing to receive a print item on the agenda by email, fax, or picked up by hand may request a copy by contacting the Clerk's Office at 613-623-4231 ext. 1817. The Agenda and Agenda items will be prepared in an accessible format upon request.

Full Distribution: Council, C.A.O., Managers and Town Administrative Staff and Town Website



ARNPRIOR

Minutes of Council Meeting April 27th, 2026, 6:30 PM

Town Hall, Council Chambers – 105 Elgin St. W. Arnprior, ON.

Council and Staff Attendance

Council Members Present:

Mayor Lisa McGee
County Councillor Dan Lynch
Councillor Ted Strike
Councillor Tom Burnette
Councillor Lynn Cloutier (virtual)
Councillor Chris Toner
Councillor Chris Couper

Town Staff Present:

Robin Paquette, CAO
Kaila Zamojski, Town Clerk
Jennifer Morawiec, GM Client Services/Treasurer
Kaitlyn Wendland, Deputy Clerk
Kelly Vieira, Client Services Coordinator
John Steckly, GM Operations
Patrick Foley, Engineering Officer
Ryan Wall, Engineering Officer
Graeme Ivory, Director of Recreation

Council Members Absent:**1. Call to Order**

Mayor Lisa McGee called the Regular Council Meeting to order at 6:30 PM and welcomed those present.

2. Roll Call

The roll was called, with all Members of Council being present.

3. Land Acknowledgement

Mayor Lisa McGee asked everyone to take a moment to acknowledge and show respect for the Indigenous Peoples as traditional stewards of the land we operate on.

4. Adoption of the Agenda (Additions/Deletions)

Resolution Number 110-26
Moved by Tom Burnette
Seconded by Ted Strike

Be it Resolved That the amended agenda for the Regular Meeting of Council dated Monday, April 27th, 2026, be adopted.

Resolution Carried

5. Disclosures of Pecuniary Interest

None

6. Question Period

None

7. Adoption of Minutes of Previous Meeting(s)

Resolution Number 111-26

Moved by Chris Toner

Seconded by Dan Lynch

That the minutes of the Regular and Special Meetings of Council listed under Item 7(a) and (b) on the agenda be adopted (Regular Meeting of Council – April 13, 2026; Special Meeting of Council – April 15, 2026).

Resolution Carried

8. Awards/Delegations/Presentations

None

9. Public Meetings

None

10. Matters Tabled/Deferred/Unfinished Business

Unfinished Business

a) Council Remuneration, Jennifer Moraweic, GM Client Services/Treasurer

The General Manager, Client Services/Treasurer, provided an overview of the presentation included in the agenda package and responded to questions from members of Council. Discussion ensued among members of Council, resulting in the following motion:

Resolution Number 112-26

Moved by Dan Lynch

Seconded by Chris Couper

That Council amend By-law Number 7667-26, included on the agenda this evening, to include the following compensation model for the new Deputy Mayor position following the 2026 Municipal Election:

- The Deputy Mayor to receive a 6% increase in salary over the Councillor position; and
- The Deputy Mayor would receive 50% of the Mayor's base pay with the Mayor receiving 50% pay, in the event of an extended absence of the Mayor, being greater than 30 days.

Resolution Carried

11. Notice of Motion(s)

a) **Winter Sidewalk Maintenance Service Level Review**, Councillor Chris Couper

Resolution Number 113-26

Moved by Chris Couper

Seconded by Chris Toner

Whereas the Town of Arnprior previously conducted a comprehensive review of winter sidewalk maintenance in June 2019, which resulted in an updated priority route and a transition from contracted to internal service delivery; and

Whereas the 2019 report identified that factors such as the intensity of winters, an increased hourly rate for external equipment, and an increased number of assets contribute to rising winter control costs; and

Whereas the Town has continued to experience the addition of new infrastructure since the last review, which impacts current operational resources and service levels; and

Whereas the Town's Strategic Plan and provincial mandates emphasize finding efficiencies within municipal operations and ensuring effective service delivery; and

Whereas an updated analysis is required to evaluate sidewalk priority routes.

Therefore Be It Resolved that Council direct staff to provide a comprehensive Winter Sidewalk Maintenance Service Level Review report; and

Be It Further Resolved That this report specifically take into consideration:

- **Town Growth:** The impact of new sidewalks and subdivisions added to the municipal inventory since 2019.
- **Cost and Staffing Analysis:** A current financial comparison of labour, equipment, and supply costs associated with winter control.
- **Service Level Opportunities:** Potential adjustments to the priority sidewalk route and maintenance schedules to balance community safety with operational efficiency.

Resolution Carried

b) Bee City, Councillor Chris Toner

Councillor Chris Toner provided notice of the following motion:

Whereas the goal of Bee City Canada certification is to promote healthy, sustainable habitats and communities for native bees and other pollinators; and

Whereas managed and native bees and other pollinators around the globe have experienced dramatic declines due to a combination of habitat degradation, fragmentation and loss; climate change; use of pesticides; and, the spread of pests and diseases, with serious implications for the future health of flora and fauna; and

Whereas communities and their residents have the opportunity to support native bees and other pollinators on both public and private land; and

Whereas supporting pollinators fosters environmental awareness and sustainability, and increases interactions and engagement amongst community stewards; and

Whereas the economic benefits of pollinator-friendliness are:

- Healthy ecosystems.
- Increased vegetable and fruit crop yields due to insect pollination.
- Increased demand for pollinator friendly plant materials from local nurseries and growers.
- Increased awareness and resources for pollinator initiatives and community action groups focused on native pollinators and how to protect them; and

Whereas an ideal pollinator-friendly habitat:

- Provides diverse and abundant nectar and pollen from plants blooming in succession from early spring to late Autumn.
- Includes, where possible, designated pollinator Zones in public spaces with signage to educate the public and build Awareness.
- Provides water for drinking, cooling, nest-building and butterfly puddling.
- Is composed of mostly, if not all, native Species of annual and perennial trees, shrubs, native grasses, wildflowers, Ground cover and vines, which have co-evolved with native pollinators.
- Provides undisturbed spaces (un- Mulched areas of soil and sand, Pithy stemmed stalks, leaf and Brush piles, un-mowed fields or Field margins, fallen trees and Other dead wood) for nesting and overwintering for native pollinators.

Therefore in order to enhance understanding among municipal staff and the public about the vital role that pollinators play and what each of us can do to sustain them, the Council of the Town of Arnprior agrees to meet the following commitments required of all Bee Cities;

1. Create Pollinator Habitats
2. Engage the public with opportunities to learn and support pollinator habitats.
3. A yearly commitment to celebrate pollinators during International Pollinators Week (third week of June); and

Further in addition to these commitments, Council of the Town of Arnprior will:

1. Designate Arnprior's Environmental Engineering Officer as the Bee City Canada program "liaison;" who, along with the Environmental Advisory Committee will;
2. Develop a Municipal Pollinator Habitat Plan that will include a locally native, pollinator-friendly plant list with regional sources for such plants.
3. Annually apply for renewal of Bee City Canada designation at a cost of \$150 and submit a report of the previous year's activities.
4. Publicly acknowledge the community's commitment by agreeing to:
 - a. display Bee City Canada or appropriate signage in a prominent location; and
 - b. create and maintain information on our Town's website with links to a signed Resolution, the Bee City Canada's website, contact information for our local community's Bee City Canada liaison and reports of the pollinator friendly activities the community has accomplished the previous year(s).

This motion will be brought forward for consideration at the next Regular Meeting of Council.

12. Staff Reports

a) **Award Proposal 26014 Professional Engineering Services for Design and Tender Third Avenue Reconstruction**, Ryan Wall, Engineering Officer

Resolution Number 114-26

Moved by Lynn Cloutier

Seconded by Chris Couper

That Council award design proposal 26014 Professional Engineering Services for Design and Tender Third Avenue Reconstruction to Novatech Engineering Consultants Ltd, in the amount of \$156,070 plus HST; and

That Council passes a bylaw authorizing the CAO to execute the agreements and related documents with Novatech Engineering Consultants Ltd.

Resolution Carried

b) Award Proposal 25-1209B Meehan Street, Tierney Street N, St. Johns Way and Hugh Street N, Ryan Wall, Engineering Officer

Resolution Number 115-26

Moved by Dan Lynch

Seconded by Tom Burnette

That Council award design proposal 25-1209B Meehan Street, Tierney Street N, St. Johns Way and Hugh Street N to Jp2g Consultants Inc, in the amount of \$155,670 plus HST; and

That Council passes a bylaw authorizing the CAO to execute the agreements and related documents with Jp2g Consultants Inc.

Resolution Carried

c) Fleet Electrification, Patrick Foley, Engineering Officer

Resolution Number 116-26

Moved by Dan Lynch

Seconded by Chris Toner

That Council accept the Electric Vehicle Feasibility Report as prepared by Cascadia Partners as information, and;

That Council direct Staff to take this report into consideration for future budgeting and asset management planning, and;

That Council direct staff to procure electric vehicles for the three fleet expansion vehicles budgeted in 2026.

Resolution Carried

d) Ontario Permitting “Bring-Your-Own” Alcoholic Beverages at Outdoor Public Events, Graeme Ivory, Director of Recreation

Resolution Number 117-26

Moved by Chris Toner

Seconded by Lynn Cloutier

That Council receive report 26-04-27-04 as information; and

That Council direct staff not to proceed with permitting “bring your own” alcoholic beverages (BYOB) at outdoor public events within the Town of Arnprior at this time.

Resolution Carried

e) **Annual Statement of Development Charges – 2025**, Jennifer Moraweic, GM
Client Services/Treasurer

Resolution Number 118-26

Moved by Lynn Cloutier

Seconded by Chris Couper

That Council receive report number 24-04-27-05 as information; and

That this Annual Statement of Development Charges be made available to the public on the Town of Arnprior website or upon request.

Resolution Carried

f) **Proclamation – Museum Month (May 2026)**, Kaila Zamojski, Town Clerk

Resolution Number 119-26

Moved by Chris Toner

Seconded by Dan Lynch

That Council proclaim May 2026 as Museum Month in the Town of Arnprior.

Resolution Carried

The Town Clerk read the proclamation:

Whereas the 700+ museums, art galleries, and heritage sites, and the over 9,000 museum workers and 35,000 volunteers contribute to Ontario's \$26 billion cultural sector; and

Whereas museums, as trusted local organizations, create healthy and connected communities, and by ensuring all Ontarians have access to culture and heritage, inspire lifelong learning; and

Whereas museums promote growth and build local economies by welcoming tourists in every community across the province; and

Whereas this month provides an opportunity to raise awareness for the vital role museums, museum workers and volunteers have in their communities and celebrate their contributions to community wellbeing, tourism, education, and learning; and

Whereas May is Museum Month to highlight museums as centers of education, innovation and cultural understanding in our communities; and

Whereas The Town of Arnprior is hosting various events in the Month of May to celebrate and showcase the Arnprior & District Museum, including:

- **May 17 | 1-3 pm - Drop Spindle/Wheel Workshop** - Introduction to drop spindle and wheel spinning methods.
- **May 24 | 1-3 pm - Wheel/Drop Spindle Workshop** – Follow up workshop to develop skills and about spinning different yarns for socks, sweaters, or weaving.
- **May 31 | 1-3 pm- Fleece Prep Workshop** – Introduction workshop on learning different ways of washing and preparing wool for spinning and weaving.
- **May 30 | 11 am – 7 pm - Noche Vibes** – Explore the healing arts from a range of traditions with local practitioners: breathwork, dance and movement, sound baths, music and food.

Therefore I, Mayor Lisa McGee, do hereby proclaim May 2026 as “Museum Month” in the Town of Arnprior, and encourage all residents and tourists to visit our local Arnprior & District Museum, in May and throughout the year.

g) Proclamation – First Responders Day (May 1, 2026), Kaila Zamojski, Town Clerk

Resolution Number 120-26

Moved by Tom Burnette

Seconded by Chris Couper

That Council proclaim May 1, 2026, as First Responders Day in the Town of Arnprior.

Resolution Carried

The Town Clerk read the proclamation:

Whereas first responders are often the first to arrive at emergency scenes, providing critical assistance to protect lives, property, and the environment, while supporting public safety during times of crisis; and

Whereas first responders include a broad range of highly trained professionals and volunteers, such as paramedics, police officers, firefighters, physicians, medical evacuation pilots, emergency management personnel, road maintenance workers, and members of the Canadian Armed Forces; and

Whereas these individuals respond to emergencies with professionalism, bravery, skill, and compassion, frequently placing themselves at personal risk in service of others; and

Whereas the dedication, sacrifice, and commitment demonstrated by first responders warrant recognition and gratitude for the essential role they play in protecting and supporting our communities; and

Whereas the Ontario Legislature proclaimed May 1 of each year as “First Responders Day” to formally recognize and honour the contribution and service of these courageous individuals; and

Whereas the Town of Arnprior and the County of Renfrew have many dedicated first responders that support and provide assistance to members of our community every day.

Therefore I, Mayor Lisa McGee, do hereby proclaim May 1, 2026, as “First Responders Day” in the Town of Arnprior, and encourage all residents to take the time to recognize and thank all first responders for their bravery and unwavering service they provide to protect and serve our community every day.

h) Proclamation – Sexual Assault Awareness Month (May 2026), Kaila Zamojski, Town Clerk

Resolution Number 121-26

Moved by Lynn Cloutier

Seconded by Chris Toner

That Council proclaim May 2026 as Sexual Assault Awareness Month in the Town of Arnprior.

Resolution Carried

The Town Clerk read the proclamation:

Whereas Sexual Assault Awareness Month is intended to draw attention to the fact that sexual violence is widespread and impacts every community member; and

Whereas approximately 1 in 3 women and 1 in 6 men will experience sexual violence in their lifetime; and

Whereas most victims of sexual violence are under the age of 25, know the person who attacked them and do not report the crime to the police; and

Whereas victims of sexual violence are some of the most vulnerable and silent people in society and it is always the right time to ask questions to learn about the services for victims and their families; and

Whereas no one person, organization, agency or community can eliminate sexual violence on their own and we must work together to educate our community about sexual violence prevention, supporting survivors, and speaking out against harmful attitudes and actions; and

Whereas the Women’s Sexual Assault Centre of Renfrew County is grassroots, community-run nonprofit organization that aims to support women who have been sexually abused through active listening, information sharing and providing connections to relevant resources across our region; and

Whereas the Women’s Sexual Assault Centre of Renfrew County is planning their 8th annual “We Stand with Survivors Campaign”. This campaign is the result of research completed in Renfrew County, and as a result, they have created a “Rural Model” for female survivors of sexual violence, that is built around “Awareness”; and

Whereas the “We Stand with Survivors Campaign” banner will be displayed at the Nick Smith Centre for the month of May to bring awareness to this campaign as well as Sexual Assault Awareness Month.

Now Therefore I, Lisa McGee, Mayor of the Town of Arnprior, do hereby proclaim May 2026 as Sexual Assault Awareness Month in the Town of Arnprior and urge all residents of our community to learn more about sexual assault, abuse and violence and become active participants in eliminating these crimes.

13. Committee Reports and Minutes

a) Mayor’s Report

None

b) County Councillor’s Report

County Councillor Dan Lynch reported the following:

- Sales Activity – March

| | Sales | | Average Price | |
|--------|-------|------|---------------|-----------|
| | 2026 | 2025 | 2026 | 2025 |
| March | 12 | 10 | \$575,692 | \$489,833 |
| Yearly | 28 | 26 | \$521,250 | \$504,315 |

- As part of the ongoing asset management review, the Arnprior Telecommunications Tower has been identified as a candidate for removal from the County's asset inventory through potential sale. The County is evaluating the tower for suitability for use by wireless carriers and internet providers as a co-location site. This step is intended to better understand the asset.
- It was noted by County Staff that there are several amendments to the Planning Act, including:
 - Standardizing the structure and land use designations for official plans
 - Removing redundant requirement for municipalities to include climate change policies in the official plan
 - Remove the requirement for notices of amendment or revocations to Minister's Zoning Orders
 - Remove "sustainable design" from site plan control and restrict municipalities from requiring an owner of land to provide electric vehicle parking
 - Municipalities may not impose 'enhanced' development standards at the lot level that are not required for health, safety, or environmental performance
 - Green building/construction standards cannot be imposed by municipalities
 - Remove municipalities' authority to require sustainable elements
 - Minister may establish minimum lot size through regulation to 175 square metres.
- This Wednesday, April 29, 2026, a special meeting of the Operations Committee is being held to discuss the County's Transportation Master Plan.

c) Committee Reports and Minutes

None

14. Correspondence & Petitions

a) Correspondence

i. Correspondence Package No. I-26-APR-08

Resolution Number 122-26

Moved by Ted Strike

Seconded by Tom Burnette

That Correspondence Package Number I-26-APR-08 be received as information and filed accordingly.

Resolution Carried

County Councillor Lynch made the following comments:

- Page 13: The Ontario Government will be introducing legislation that would modernize teacher education. The proposed changes include condensing teacher education programs to 12 months over three consecutive semesters, as opposed to the current model of four semesters spread over two years.
- Page 18: The Ontario Government has proposed legislation that would increase WSIB benefits to protect insured workers. These changes, if passed, would increase WSIB Loss of Earnings benefits to 90%, up from 85%.
- Page 30: Ontario Provincial Parks will now allow adults aged 19 and older to enjoy alcohol responsibly in most areas of the park that are open and staffed. This will include picnic and beach areas.
- Page 74: Nominations for the AMO Board of Directors opened for nominations last Tuesday, April 21, 2026.

15. By-laws & Resolutions

a) By-laws

Resolution Number 123-26

Moved by Dan Lynch

Seconded by Chris Toner

That the following amended by-law, as per resolution number 112-26, be and is hereby passed:

- i. By-law No. 7667-26 – Council Remuneration

Resolution Carried

Resolution Number 124-26

Moved by Ted Strike

Seconded by Lynn Cloutier

That the following by-laws be and are hereby passed:

- ii. By-law No. 7668-26 – Award Design Proposal for Third Avenue Reconstruction Design
- iii. By-law No. 7669-26 – Award Design Proposal for Meehan Street, Tierney Street N., St Johns Way and Hugh Street N.

Resolution Carried

16. Announcements

Councillor Couper made the following announcements:

- Arnprior Minor Hockey Association's Annual General Meeting is happening on April 28th from 6:30-7:30pm at the Masonic Hall. They are looking for any comments or questions and have indicated to email them at info@arnpriorminorhockey.ca.
- The Great Arnprior Trash Hunt is happening on Saturday, May 2 from 9am to 12pm at the Arnprior and District Museum. Pick up welcome kits beginning at 9am at the Museum and then let the hunt begin. There are golden tickets hidden with great prizes from local businesses. These tickets can be found in the identified areas of need. Golden tickets can be exchanged for awesome prizes. The event ends with a BBQ at 11am and picked up garbage can be left in the trailer.
- OPP are urging residents to lock up your cars at night. Stop these crimes of opportunity by locking your cars, remove any valuables, do not leave keys in the car, and park safely. Report any suspicious activity to the OPP.
- Welcomed the 21 new summer students joining the team

County Councillor Lynch made the following announcements:

- Beginning on May 1st, ATVs and side-by-sides will be permitted on the Algonquin Trail.
- Shoutout to Councillor Cloutier and the team for Doctors' Dining Duel for a great event.

17. Closed Session

Resolution Number 125-26 (8:04 PM)

Moved by Dan Lynch

Seconded by Chris Toner

That Council move into Closed Session to discuss one (1) matter pursuant to Section 239 (2)(k) of the Municipal Act, 2001, as amended, a position, plan, procedure, criteria, or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board (Public Access to Private Lands); and one (1) matter pursuant to Section 239 (b) and (d) of the Municipal Act, 2001, as amended, personal matters about an identifiable individual, including municipal or local board employees and labour relations or employee negotiations (Organizational Review).

Resolution Carried

Resolution Number 126-26 (9:14 PM)

Moved by Dan Lynch

Seconded by Chris Toner

That Council resume to Open Session at 9:14 PM.

Resolution Carried

Resolution Number 127-26

Moved by Chris Couper

Seconded by Ted Strike

That Council direct the CAO to proceed as directed in closed session.

Resolution Carried

18. Confirmatory By-law

Resolution Number 128-26

Moved by Chris Toner

Seconded by Tom Burnette

That By-law No. 7670-26, being a By-law to confirm the proceedings of the Regular Meeting of Council held on April 27th, 2026, be and is hereby approved.

Resolution Carried

19. Adjournment

Resolution Number 125-26

Moved by Lynn Cloutier

Seconded by Dan Lynch

That this meeting of Council be adjourned at 9:14 PM.

Resolution Carried

Signatures

Lisa McGee, Mayor

Kaila Zamojski, Town Clerk



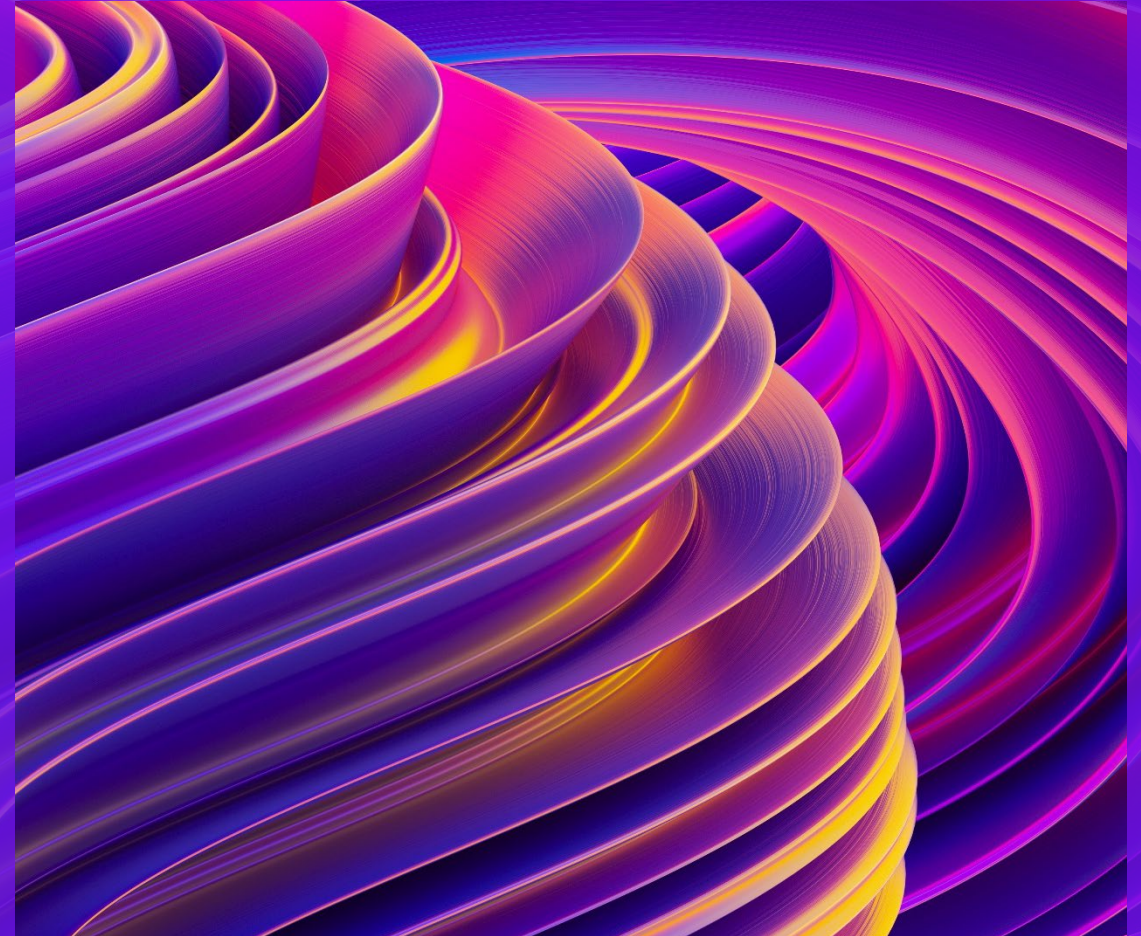
Corporation of the Town of Arnprior

Audit Findings Report for the year ended
December 31, 2025

KPMG LLP

Prepared as of May 4, 2026, for presentation to Council
on May 11, 2026

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Lori Huber, CPA, CA, LPA
Lead Audit Engagement Partner
613-541-7320
lahuber@kpmg.ca



Caitlyn Scott, CPA, CA
Audit Senior Manager
613-541-7401
caitlynscott@kpmg.ca



Isabel Thomas
Audit Senior Accountant
613-541-7384
isabelthomas@kpmg.ca

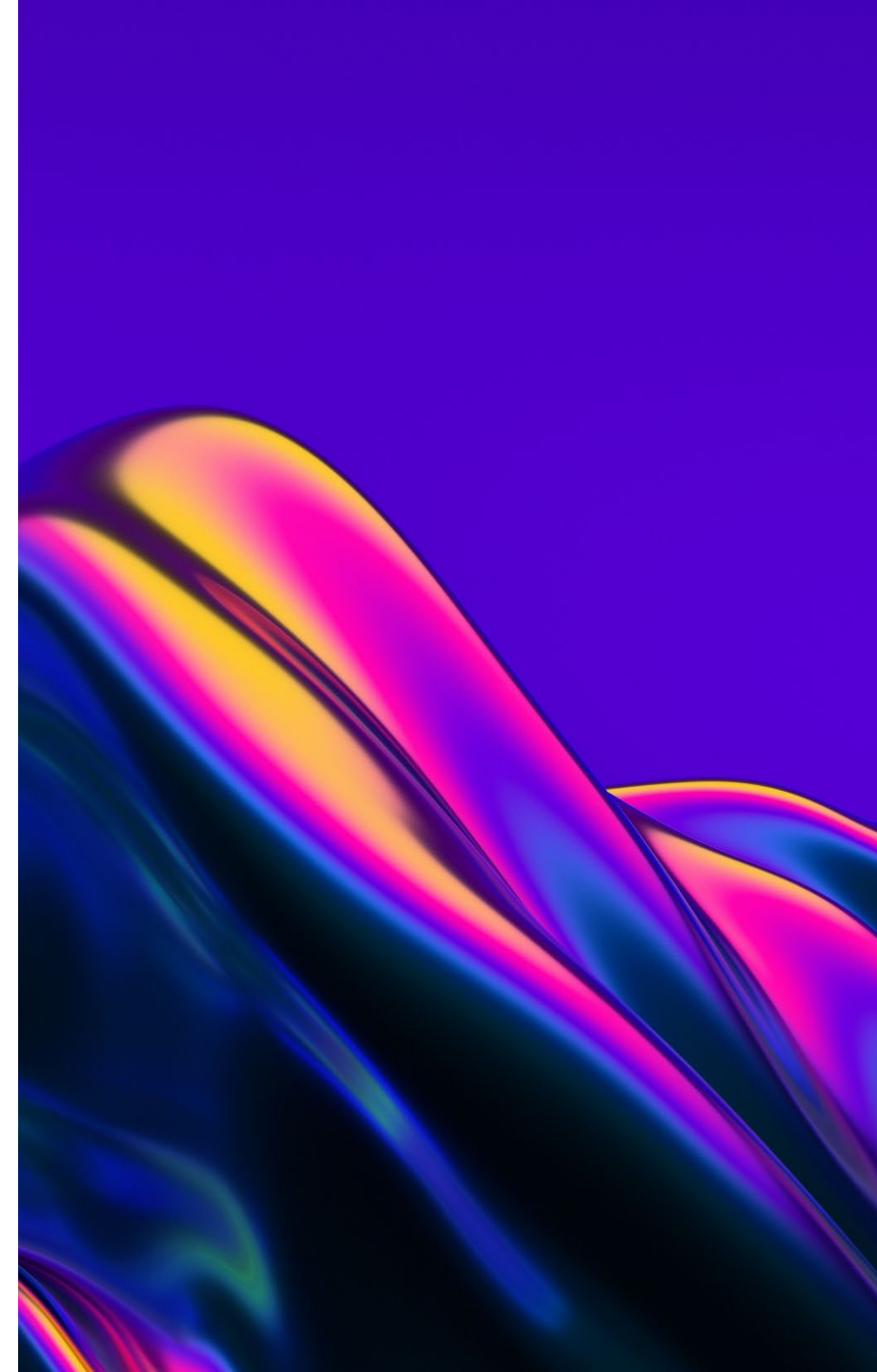


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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

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| 18 | Misstatements | 19 | Control deficiencies | 20 | Policies and practices | 22 | Specific topics |
| 23 | Independence | 24 | Appendices | | | | |

The purpose of this report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights

Status

Our audit of the Corporation of the Town of Arnprior (the “Town”) as of and for the year ended December 31, 2025 was performed in accordance with Canadian generally accepted accounting standards.

We have completed the audit of the consolidated financial statements (the “financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

[Engagement Letter](#)

Significant changes

Significant changes since our audit plan

Risks and results & Significant unusual transactions

Significant risks

- We did not identify any significant financial reporting risks other than the presumed risk of management override of controls.

Other risks of material misstatement

Going concern matters

Significant unusual transactions

Audit Quality

Learn more about how we deliver audit quality.

Independence

Annual Statement of Compliance

Misstatements

Uncorrected misstatements

Corrected misstatements

Control deficiencies

Significant deficiencies

Other observations

Policies and practices & Specific topics

Accounting policies and practices

Other financial reporting matters

Specific topics

No matters to report Matters to report – see link for details

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Status

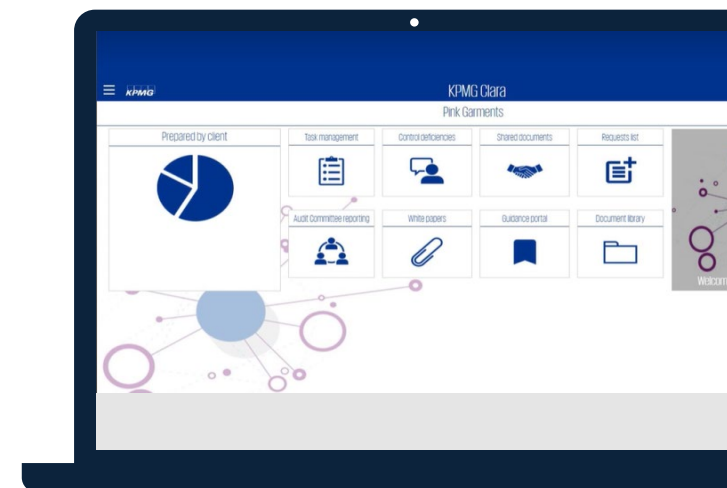
As of the date of this Audit Findings Report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt of response to our legal inquiry letter;
- Completing our discussions with Council;
- Completion of our subsequent events review procedures up to the date of our auditor's report;
- Obtaining evidence of Council's approval of the financial statements; and
- Receipt of signed management representation letter.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in [Appendix 1a: Draft Auditor's Report](#), will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)





Updates to our prior year audit plan

Other significant changes



Newly effective accounting standards



There were no newly effective accounting standards impacting the current year audit. Refer to [Appendix 3](#) for future changes in accounting standards.

Newly effective accounting standards



Newly effective auditing standards



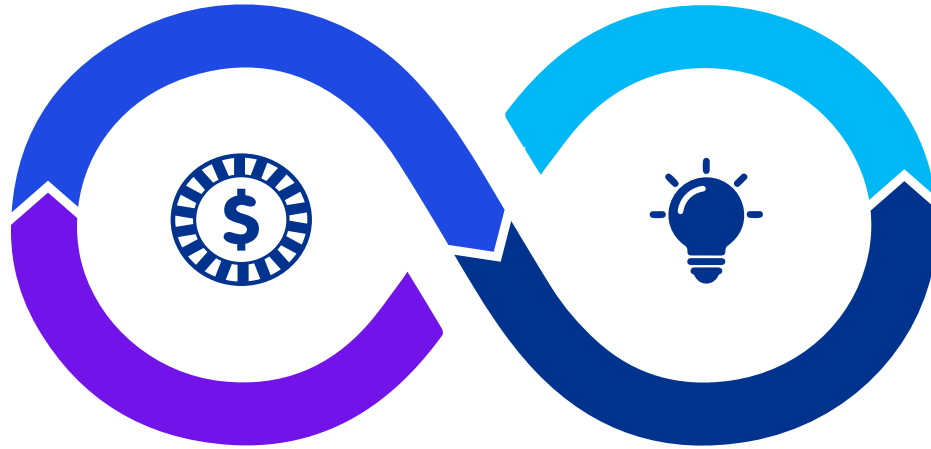
Refer to [Appendix 4](#) for new standards that impacted the fiscal 2025 audit and upcoming changes in future years.

Future changes to auditing standards





Group materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

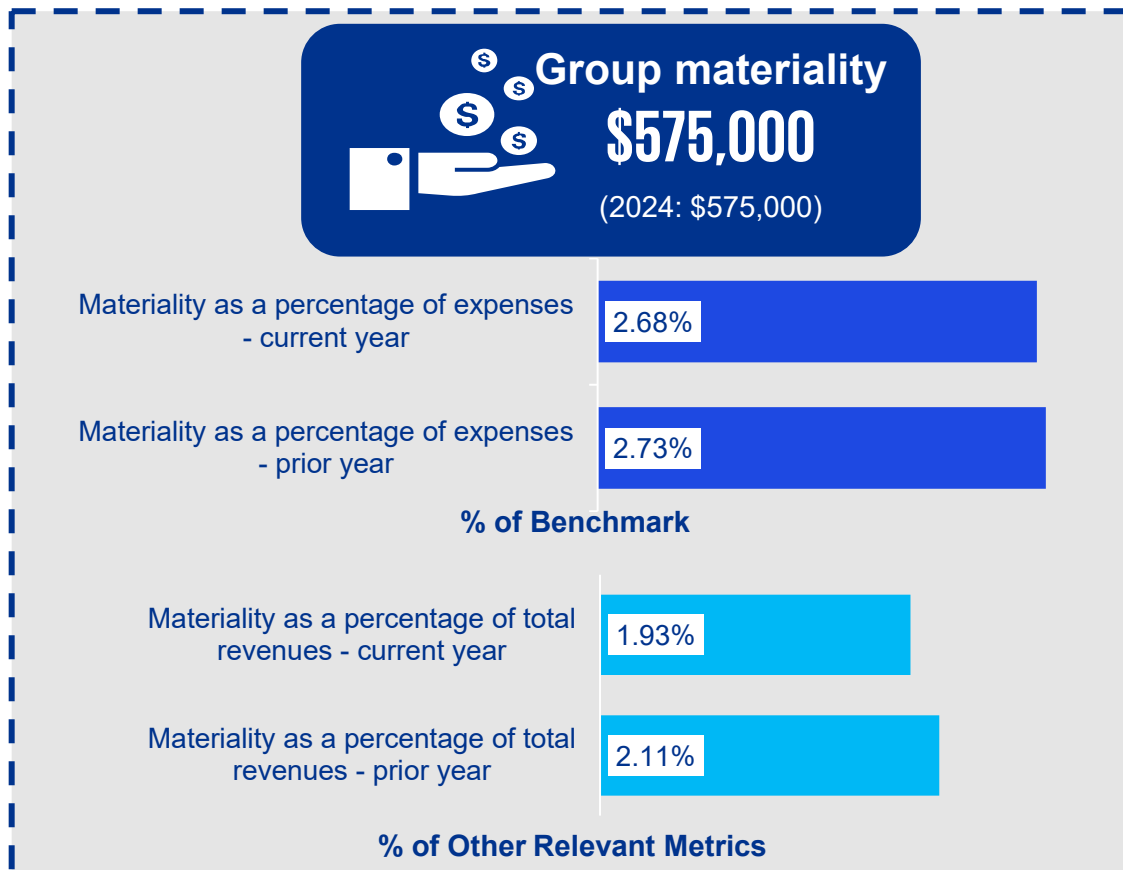
We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.






Group materiality (continued)

Group materiality has been set using the prior year audited financial statements. Performance materiality has been set at 75% of materiality or \$67,500. Our assessment of misstatements, if any, in amounts or disclosures at the completion of our audit will include the consideration of both qualitative and quantitative factors.



We will report:

-  Corrected audit misstatements
-  Uncorrected audit misstatements
-  Errors and omissions in disclosure (Corrected and uncorrected)

Prior year total expenses (fiscal 2024)

\$21,469,000
 (2023: \$21,046,000)

Prior year total revenues (fiscal 2024)

\$29,769,152 ^[1]
 (2023: \$27,227,000)

[1] Adjusted to remove the impact of non-recurring contributed tangible capital assets of \$38,091,747.

Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate. Current year expenses increased to \$22,942,893, therefore materiality represents 2.5% of the current year expenses. This falls within the acceptable range of our required benchmark of between 0.5% -3.0%. No changes to materiality were required.



Financial statement highlights

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Financial assets: | | |
| Cash | \$ 23,475,318 | \$ 24,128,086 |
| Taxes receivable | 1,529,736 | 1,507,095 |
| User charges receivable | 1,036,433 | 932,634 |
| Accounts receivable | 4,042,483 | 1,805,363 |
| Investments (note 3) | 2,998,292 | 2,983,912 |
| | <u>33,082,262</u> | <u>31,357,090</u> |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 1,772,057 | 1,710,124 |
| Asset retirement obligations (note 5) | 1,521,089 | 1,464,514 |
| Prepaid property taxes | 192,197 | 187,665 |
| Security deposits | 320,132 | 256,186 |
| Deferred revenue | 1,646,146 | 363,854 |
| Deferred revenue - obligatory reserve funds (note 4) | 4,970,166 | 6,078,518 |
| Long-term liabilities (note 6) | 9,754,247 | 8,099,985 |
| | <u>20,176,034</u> | <u>18,160,846</u> |
| Net financial assets | 12,906,228 | 13,196,244 |
| Non-financial assets: | | |
| Tangible capital assets (note 13) | 155,255,984 | 147,460,433 |
| Inventories | 160,242 | 114,592 |
| Prepaid expenses | 5,982 | - |
| | <u>155,422,208</u> | <u>147,575,025</u> |
| Contractual obligations (note 10) | | |
| Commitments (note 11) | | |
| Contingent liabilities (note 12) | | |
| Accumulated municipal equity (note 7) | \$ 168,328,436 | \$ 160,771,269 |

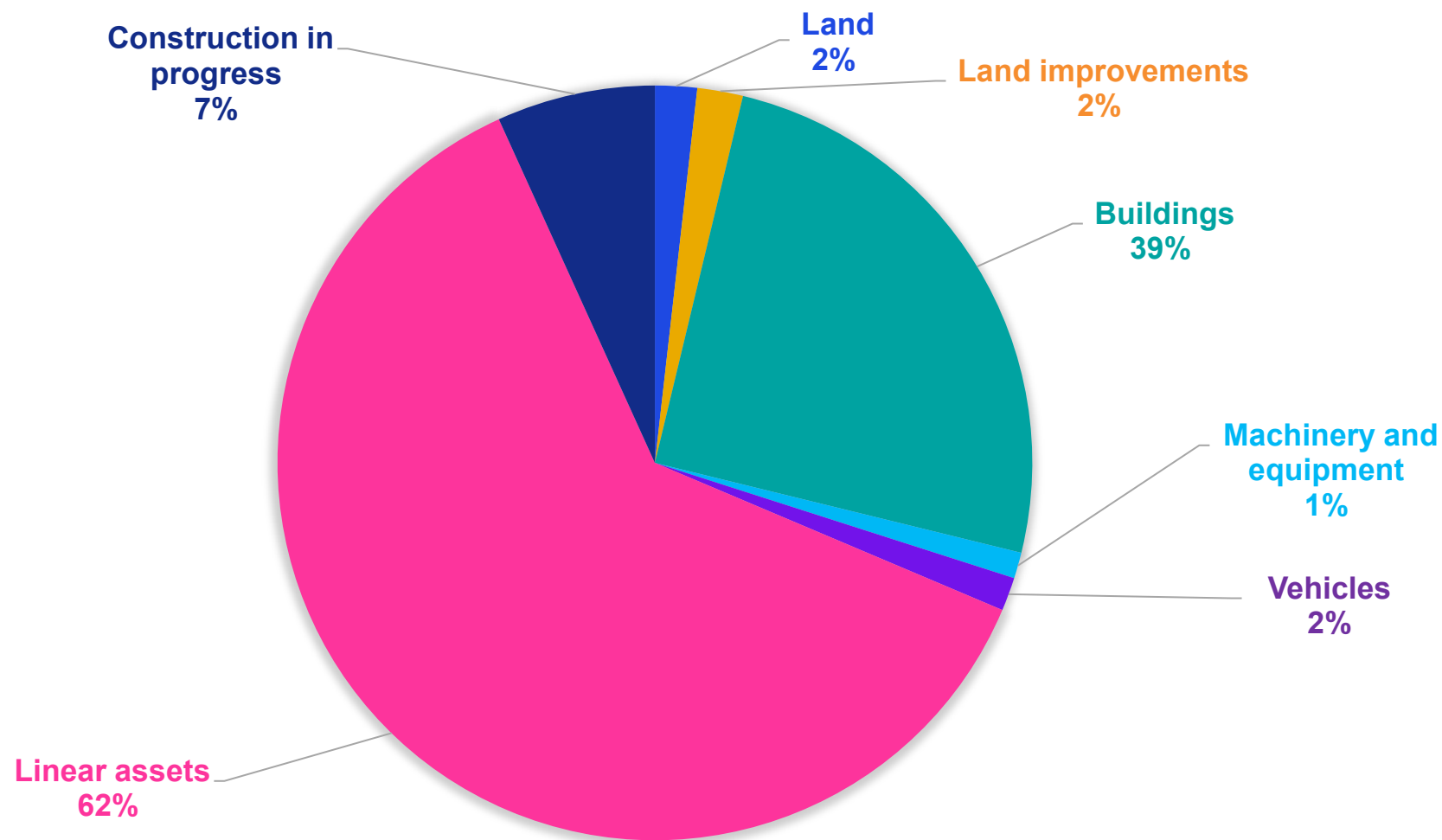
Financial Highlights:

- Financial Assets:
 - Cash position remained strong in 2025 with cash flow from operations to fund investments in tangible capital assets and debt repayment.
 - Accounts receivable has increased in the current year due to amounts owing for grant funding on capital projects, primarily the River Crossing and Nick Smith Centre Revitalization projects.
- Financial Liabilities:
 - Asset retirement obligations is re-measured annually based on current assumptions.
 - Increase in deferred revenue is attributable to cash received but not yet expended on capital projects including the Housing-Enabling Water Systems Fund.
 - Decrease in obligatory reserve funds is related to the utilization of \$1.8 million of development charges.
 - Long-term liabilities includes the receipt of new debt of \$3 million, offset by regular principal repayments made during the year.
- Non-Financial Assets:
 - The net book value of tangible capital assets has increased by \$8 million in the current year, which is largely comprised of additions of \$12.8 million, offset by regular amortization on these assets of \$4.8 million. Key project additions include:
 - Nick Smith Centre Arena Revitalization (\$5.5M)
 - Edey Street Reconstruction (\$2.5M)
 - MacDonald Street Reconstruction (900k)
 - River Crossing (Phase I) (\$860k)



Financial statement highlights (continued)

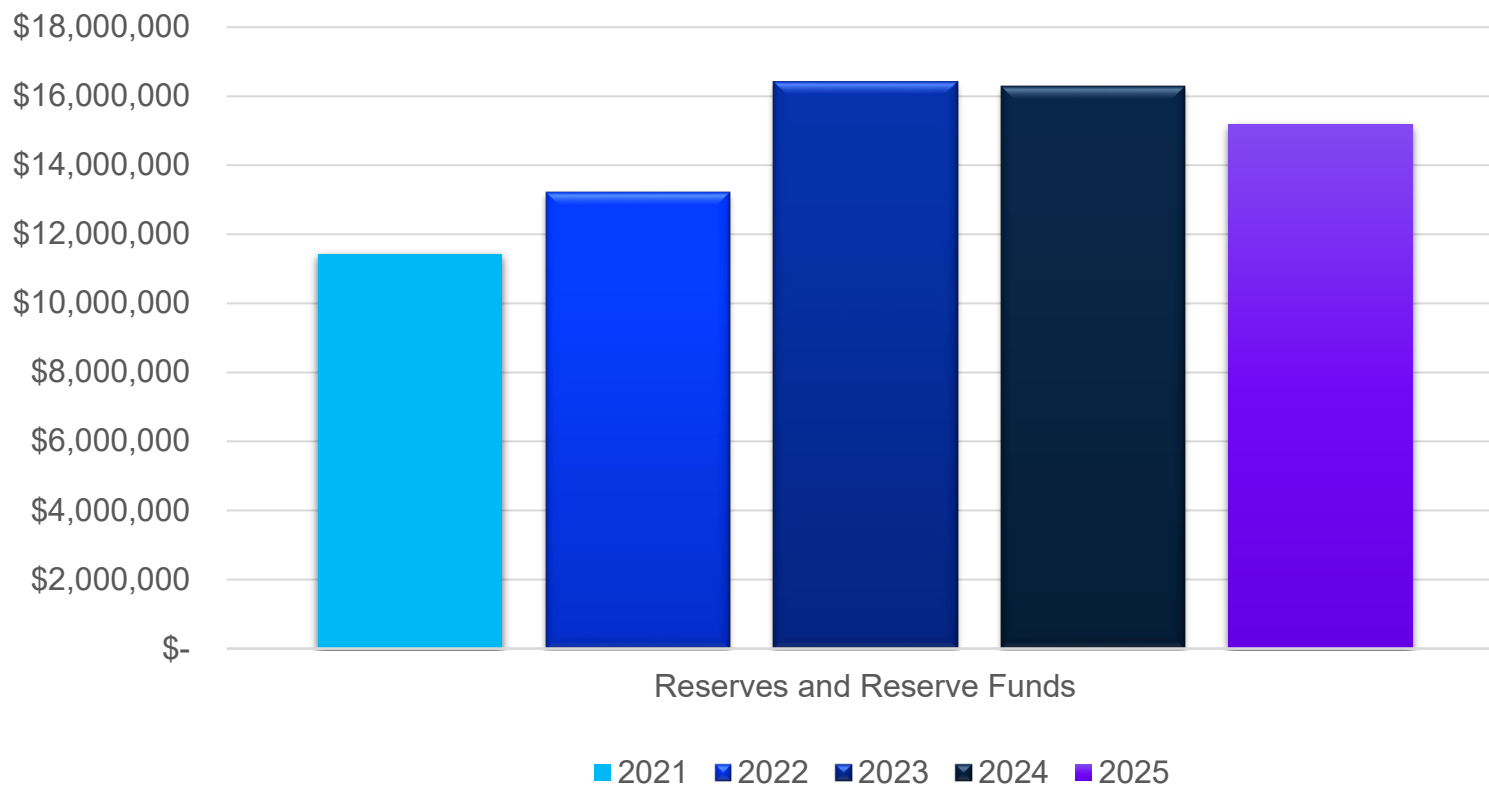
Tangible capital assets





Financial statement highlights (continued)

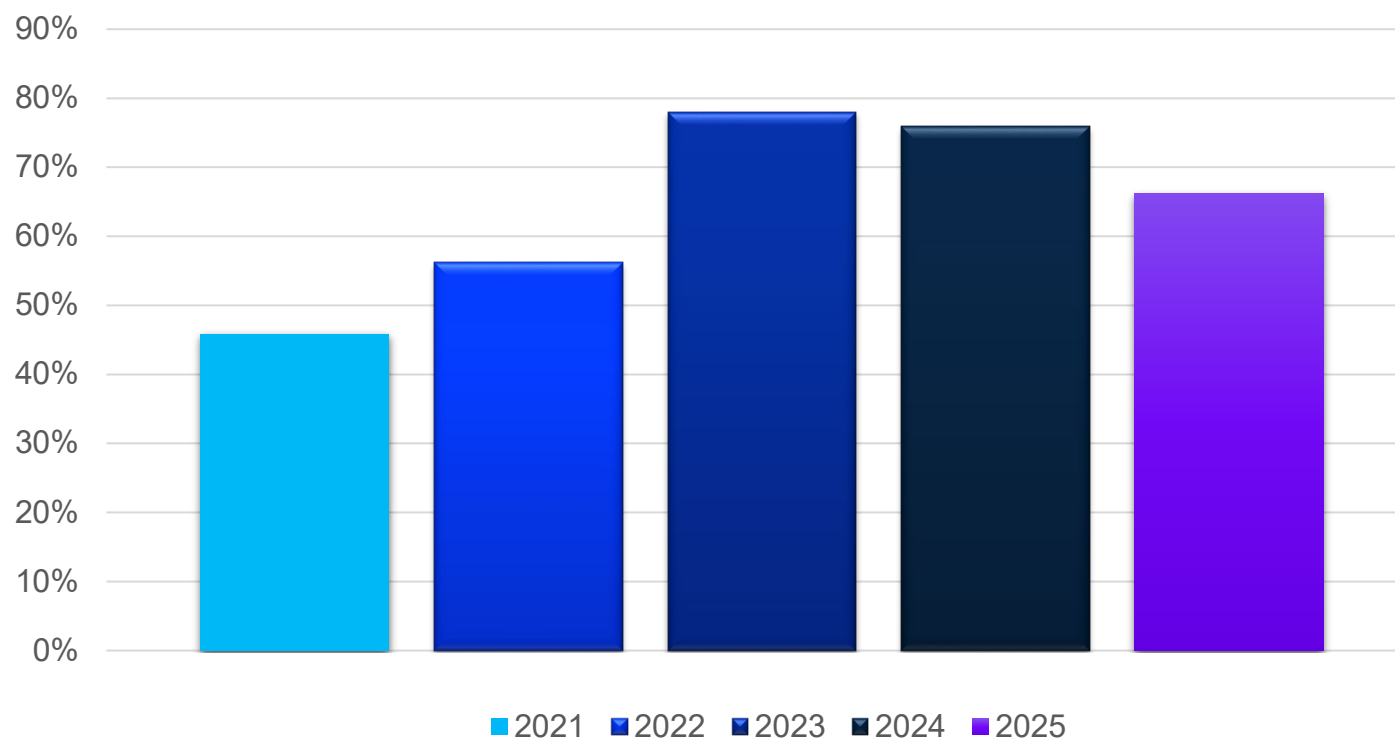
Reserves and reserve funds





Financial statement highlights (continued)

Reserves and reserve funds as a percentage of operating expenses

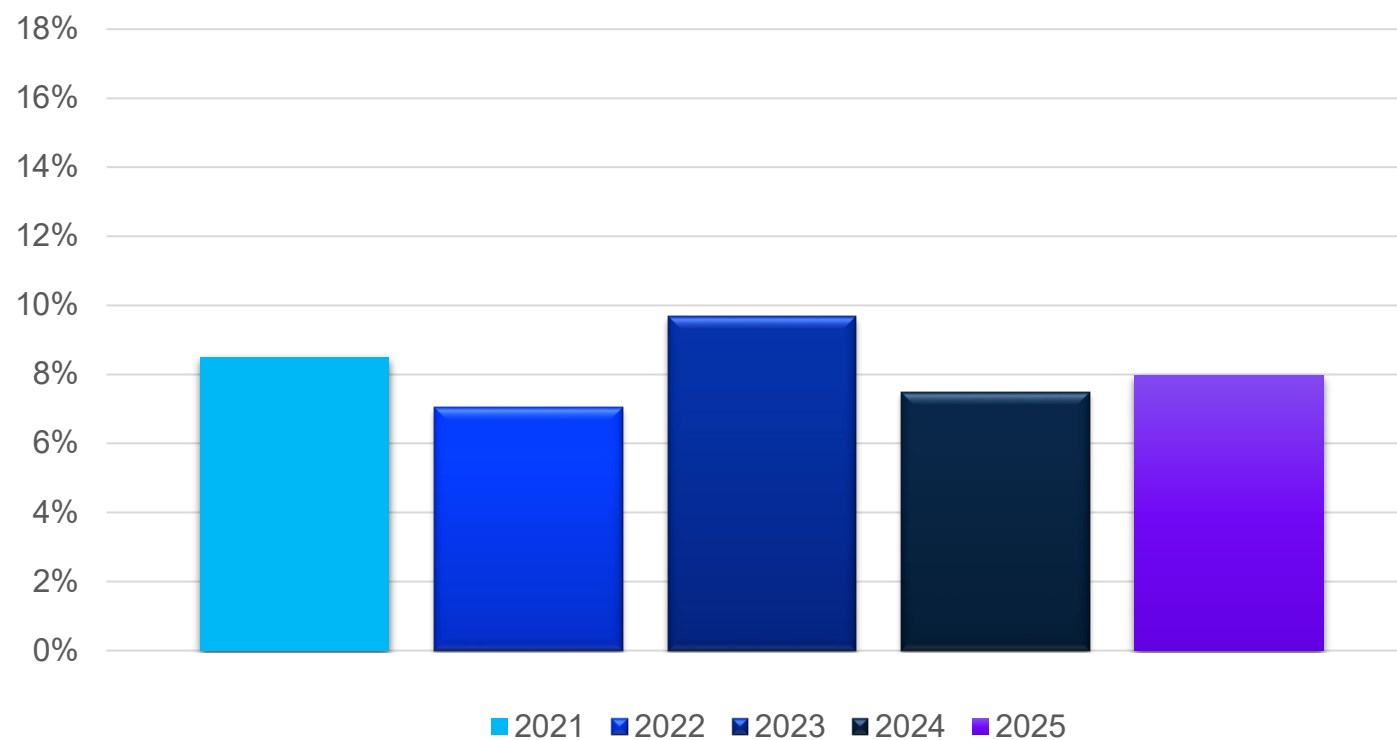


Benchmark: greater than 20%



Financial statement highlights (continued)

Taxes receivable as a percentage of current levy



Ministry benchmark: less than 10%



Financial statement highlights (continued)

| | 2025 Budget (note 15) | 2025 Actual | 2024 Actual |
|--|-----------------------------|-----------------------|-----------------------|
| Revenue: | | | |
| Property taxation | \$ 14,259,991 | \$ 14,029,574 | \$ 13,370,767 |
| User charges | 8,474,550 | 8,656,592 | 8,235,444 |
| Government transfers | 3,166,186 | 4,559,762 | 2,936,614 |
| Transfers from deferred revenue - obligatory reserve funds: | | | |
| Development charges | 845,825 | 1,794,799 | 3,234,212 |
| Recreational land | - | - | 70,835 |
| Investment income | 399,300 | 849,092 | 1,292,063 |
| Licenses and permits | 373,100 | 369,438 | 379,071 |
| Penalties and interest | 164,500 | 246,576 | 199,692 |
| Donations | 35,200 | 93,730 | 38,360 |
| Provincial offenses | - | 37,111 | 35,046 |
| Contributed capital assets | - | - | 38,091,747 |
| Loss on disposal of tangible capital assets | - | (136,614) | (22,952) |
| Total revenue | 27,718,652 | 30,500,060 | 67,860,899 |
| Expenses (note 14): | | | |
| Environmental services | 6,731,147 | 6,892,033 | 8,127,671 |
| General government | 2,498,826 | 2,666,317 | 2,481,171 |
| Health and social services | 167,300 | 220,731 | 298,006 |
| Planning and development | 366,550 | 340,300 | 406,965 |
| Protection to persons and property | 3,329,320 | 3,553,224 | 3,471,092 |
| Recreation and cultural services | 5,303,040 | 5,220,730 | 6,724,791 |
| Transportation services | 4,503,640 | 4,049,558 | (40,489) |
| Total expenses | 22,899,823 | 22,942,893 | 21,469,207 |
| Annual surplus | 4,818,829 | 7,557,167 | 46,391,692 |
| Accumulated municipal equity, beginning of year | 160,771,269 | 160,771,269 | 114,379,577 |
| Accumulated municipal equity, end of year | \$ 165,590,098 | \$ 168,328,436 | \$ 160,771,269 |

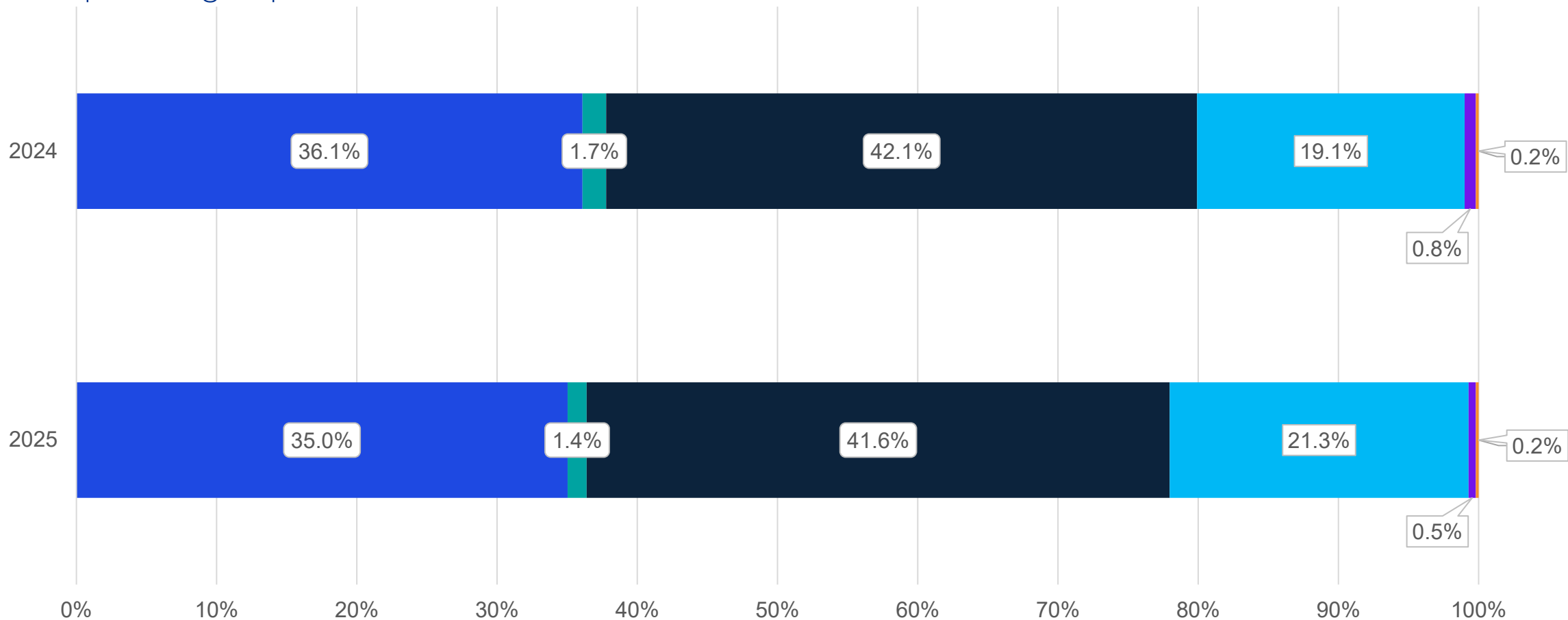
Financial Highlights:

- Revenue:
 - Property taxation has increased over the prior year and is aligned with budget.
 - The increase in user charges is related to water and wastewater, offset by a reduction in recreation fees due to the closure of the Nick Smith Centre for a portion of the year.
 - Government transfers can vary year over year depending on the capital projects undertaken that are funded by grants. The current year includes an additional \$1 million for the Nick Smith Centre Revitalization project.
 - The utilization of development charges increased over the prior year related to eligible projects (capital and operating).
 - In 2024, there were material contributions from developers on assumed assets valued at \$38 million. No such transactions occurred in 2025.
- Expenses:
 - Overall, expenses were tightly managed to budget and similar to the prior year despite inflationary pressures
- Reserves:
 - Reserves sit within accumulated municipal equity. Year over year, reserves decreased by \$1.1 million primarily related to amounts utilized to fund capital projects. Please refer to Schedule 1 for a breakdown of reserve balances.



Financial statement highlights (continued)

Operating expenses



■ Salaries, wages and employee benefits
 ■ Interest on long-term liabilities
 ■ Materials and services
 ■ Amortization
 ■ External transfers
 ■ Accretion expense



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Town and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Town's components of its system of internal control, including our business process understanding.

| | Risk of fraud | Risk of error | PY risk rating |
|---|---------------|---------------|----------------|
| ● Management Override of Controls (Presumed) | ✓ | | Significant |
| ● Cash and long-term debt | | ✓ | Base |
| ● Tangible capital assets | | ✓ | Base |
| ● Asset retirement obligations | | ✓ | Base |
| ● Obligatory reserve funds | | ✓ | Base |
| ● Government grants (including related receivables, payables and deferrals) | | ✓ | Base |
| ● Operating and payroll expenses (including related accruals) | | ✓ | Base |
| ● Financial reporting | | ✓ | Base |

● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT



Current year findings

We did not uncover any significant findings as a result of the procedures performed over the areas highlighted above.



Significant risks and results

We highlight our significant findings in respect of **significant risk**.



Management Override of Controls

RISK OF



FRAUD

Significant risk

Estimate?

Key audit matter?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

No

No

Our response

- We tested the design and implementation of controls surrounding the review of journal entries and significant unusual transactions.
- Using our KPMG software tools, we analyzed the journal entries posted during the year for completeness.
- In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings.
- We have not identified any specific additional risks of management override relating to this audit.
- There were no significant changes to management's process for making the critical accounting estimates and there were no indicators of possible management bias.

Results

We have no findings to report.



Audit misstatements

As stated earlier in our report, group materiality was set at \$575,000 (2024 - \$575,000) which translated into an audit misstatement posting threshold of \$28,700 (2024 - \$28,700). As such, all misstatements identified during the audit greater than \$28,700 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and Council that all identified adjustments or differences be corrected, if any.



Uncorrected misstatements

- We did not identify any misstatements which remain uncorrected.



Impact of corrected misstatements

- We identified certain misstatements that were communicated to management and subsequently corrected in the financial statements
- Refer to the management representation letter in [Appendix 1b](#) for details of corrected misstatements.



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Town's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

We have identified other observations related to processes in place at the Town. These have been communicated separately to the management.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance. **We have not identified a significant deficiency in internal control over financial reporting.**



Accounting policies and practices



Initial selection

No new significant accounting policies and practices were selected and applied during the period



Revised

No new or revised material or significant accounting policies and practices were selected and applied during the period.



Significant qualitative aspects

Significant accounting policies or practices are disclosed in note 1 to the financial statements.

No matters to report.



Other financial reporting matters

We also highlight the following:



Financial statement presentation - form, arrangement, and content



No matters to report.



Concerns regarding application of new accounting pronouncements



The revised Concepts Underlying Financial Performance is effective for fiscal years beginning on or after April 1, 2026. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.

The proposed section PS 1202 Financial statement presentation will replace the current section PS 1201 Financial statement presentation. PS 1202 Financial statement presentation will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report.



Specific topics

We have highlighted the following that we would like to bring to your attention:

| Matter | Finding |
|--|----------------------|
| Significant matters subject to correspondence with management | No matters to report |
| Issues with sending external confirmation requests | No matters to report |
| Concerns about the quality of a component auditor's work | No matters to report |
| Illegal acts, including noncompliance with laws and regulations, or fraud (identified or suspected) | No matters to report |
| Other information in documents containing the audited financial statements | Not applicable |
| Significant difficulties encountered during the audit | No matters to report |
| Difficult or contentious matters for which the auditor consulted | No matters to report |
| Management's consultation with other accountants | No matters to report |
| Disagreements with management | No matters to report |
| Related parties | No matters to report |
| Significant issues in connection with our appointment or retention | No matters to report |
| Other matters that are relevant matters of governance interest | No matters to report |



Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **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.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

1

Required communications

4

Newly effective and upcoming changes to auditing standards

2

Audit quality

5

Audit and assurance insights

7

Municipal comparators

3

Future changes in accounting standards

6

Technology



Appendix 1: Other required communications



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Councils and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2025 Interim Inspections Results](#)



Matters pertaining to independence and confidentiality

We are independent of the Town, and we have a robust and consistent system of quality control.

Confidentiality of our clients' information is an on-going professional and business requirement of both KPMG and our overall profession. In addition to our internal confirmation of independence of team members, we will request confirmation and acknowledgement of our policies regarding confidentiality of the Town's information.



Report

A draft report is provided in [Appendix 1a](#).



Representations of management

We will obtain from management certain representations at the completion of the audit engagement. Refer to [Appendix 1b](#).



Engagement terms

Unless you inform us otherwise, we understand that you acknowledge and agree to the terms of the engagement set out in the engagement letter as included in [Appendix 1c](#).



Appendix 1a: Draft auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Arnprior (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of operations and accumulated municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets 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 Financial Statements**” section of our auditor's report.

We are independent of the Entity 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.



Appendix 1a: Draft 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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



Appendix 1a: Draft auditor's report (continued)

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 11, 2026





Appendix 1b: Management representation letter

KPMG LLP
863 Princess Street, Suite 400
Kingston, ON K7L 5N4
Canada

May 11, 2026

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Corporation of the Town of Armprior ("the Entity") as at and for the period ended December 31, 2025.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated February 19, 2026, including for:
 - the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - providing you with unrestricted access to such relevant information.
 - providing you with complete responses to all enquiries made by you during the engagement.
 - providing you with additional information that you may request from us for the purpose of the engagement whether from group or component management.
 - providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the Entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- We have disclosed to you:
 - the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others where such fraud or suspected fraud could have a material effect on the financial statements.
 - all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- We have disclosed to you the identity of the Entity's related parties.
- We have disclosed to you all the related party relationships and transactions/balances of which we are aware.



Appendix 1b: Management representation letter (continued)

- All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

- We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Non-SEC registrants or non-reporting issuers:

- We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

CORPORATION OF THE TOWN OF ARNPRIOR

Robin Paquette, Chief Administrative Officer

Jennifer Morawiec, General Manager of Client Services/Treasurer

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



Appendix 1b: Management representation letter (continued)

Attachment II – Summary of Audit Misstatements Schedule

Corrected misstatements:

| Description | Statement of Financial Position effect ¹ | | | Statement of Operations and Accumulated Municipal Equity effect ¹ |
|--|---|--------------------|------------------------------|--|
| | Assets | Liabilities | Accumulated municipal equity | \$ |
| | \$ | \$ | \$ | \$ |
| Audit misstatements greater than \$28,700 individually | | | | |
| Dr. Accounts receivable | 1,151,699 | – | – | – |
| Cr. Deferred revenue | – | (1,151,699) | – | – |
| To adjust grant receivables and deferred revenues related to provincial funding to be recorded on a gross basis. | | | | |
| TOTAL CORRECTED AUDIT MISSTATEMENTS | 1,151,699 | (1,151,699) | – | – |

¹ Debit (Credit)



Appendix 1c: Engagement letter



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Telephone 613-549-1550
Fax 613-549-6349

Robin Paquette
Chief Administrative Officer
Corporation of the Town of Arnprior
105 Elgin Street, West
Arnprior, ON K7S 0A8

February 19, 2026

The purpose of this letter is to outline the terms of our engagement to audit the consolidated annual financial statements ("financial statements") of the Corporation of the Town of Arnprior ("the Entity") commencing for the year ended December 31, 2025, and in the future.

This letter supersedes our previous letter to the Entity dated March 3, 2025.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Assurance Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the "Engagement Letter").

Financial Reporting Framework for the Financial Statements

The financial statements will be prepared and presented in accordance with Canadian public sector accounting standards (hereinafter referred to as the "financial reporting framework").

The financial statements will include an adequate description of the financial reporting framework.

Management's Responsibilities

Group management's responsibilities are described in [Appendix A – Management's Responsibilities](#).

An audit does not relieve management or those charged with governance of their responsibilities.

Auditor's Responsibilities

We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada ("CPA Code") that are relevant to audits of financial statements; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.



Our responsibilities are described in [Appendix B – Auditor's Responsibilities](#).

If management does not fulfill the responsibilities above, we cannot complete our audit.

Additional Responsibilities regarding "Other Information"

"Other information" is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditor's report thereon) included in the "annual report". An "annual report" is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the auditor's report thereon
- an annual report's purpose is to provide owners (or similar stakeholders) with information on:
 - o operations; and/or
 - o financial results and financial position as set out in the financial statements.

Based on discussions with management, there are no documents, or combination of documents, expected to meet the definition of an "annual report" under professional standards.

Auditor's Deliverables

Unless otherwise specified, our report(s) will be in writing and the expected content of our report(s) are provided in [Appendix C – Expected Form of Report](#). However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the information we reported on after we have issued our report, but which was not known to us at the date of our report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our engagement, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our report would have been affected if the information had been known as of the date of our report; and (b) we believe that the report may have been distributed to someone who would attach importance to the information, appropriate steps will be taken by KPMG, and appropriate steps will also be taken by the Entity to advise of the newly discovered facts and the impact to the information we reported on.

Non-Audit Service – Certain Assistance Relating to Word Processing and/or Preparation of Financial Statements

Word Processing

We will assist management by providing word processing for the Entity's financial statements and related notes.





Appendix 1c: Engagement letter (continued)



Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with the financial reporting framework.

We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes. We may also provide advice and recommendations to assist management of the Entity in performing its responsibilities.

We will not assume management responsibilities on behalf of the Entity.

The Entity agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

Income Tax Compliance and Advisory Services

Our deliverables regarding income tax compliance and advisory services are described in [Appendix D – Income Tax Compliance and Advisory Services](#).

Use of KPMG Clara

The terms and conditions for use of KPMG Clara apply to the use of the collaboration tool and can be found [here](#).

Fees

[Appendix E – Fees for Professional Services](#) to this letter lists our fees for professional services to be performed under this Engagement Letter.



We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

KPMG LLP

Lori Huber, CPA, CA, Licensed Public Accountant
Partner, responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body
613-541-7320

Enclosure

The terms of the engagement set out are as agreed:

Robin Paquette

Robin Paquette, Chief Administrative Officer
(having the appropriate authority to engage the Entity)

27/02/2026

Date (DD/MM/YYYY)



Appendix 1c: Engagement letter (continued)



Appendix A – Management's Responsibilities

Management responsibilities

Group management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the financial statements in accordance with the financial reporting framework referred to above
- (b) providing us with all information of which group management is aware that is relevant to the preparation of the group financial statements ("relevant information") such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are to be included in such summaries.
- (c) providing us with unrestricted access to such relevant information.
- (d) providing us with complete responses to all enquiries made by us during the engagement.
- (e) providing us with additional information that we may request from group management for the purpose of the engagement
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence
- (g) 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. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.
- (i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the Entity, will not intervene in the work the internal auditors perform for us.
- (j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.



Appendix B – Auditor's Responsibilities

Auditor's responsibilities regarding the audit of the financial statements

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the financial statements

We will conduct the audit of the Entity's financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable "professional standards").

We will plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the financial statements 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 Entity's internal control
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity's financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or Council. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.



Appendix 1c: Engagement letter (continued)



Appendix C – Expected Form of Report

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Arnprior (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of operations and accumulated municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets 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 Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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



Appendix 1c: Engagement letter (continued)



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

(Date)



Appendix D – Income Tax Compliance and Advisory Services

This letter details the general tax advisory services to be provided to the Corporation of the Town of Arnprior ("the Entity") for the year ended December 31, 2025, and in the future. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

General tax advisory services

Our advice generally falls under one of the following situations:

- On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.
- Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entity to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Advice delivered outside the scope described in this letter will require a separate engagement letter. In addition, after providing the advice referred to herein, we will not be responsible for updating such advice to take into account any subsequent changes in law or administrative practice unless specifically provided for under the terms of this engagement.

Client's Responsibilities

With respect to KPMG's services, Client agrees it will:

- Designate a Project Sponsor, a senior member of management, who has the requisite skills, knowledge and/or experience to oversee the services;
- Evaluate the adequacy and results of services performed;
- Make management decisions and perform all management functions (including project management);
- Accept responsibility for the results of the services;
- Establish and maintain internal controls, including monitoring ongoing activities.



Appendix 1c: Engagement letter (continued)



Client also acknowledges and agrees that:

- KPMG's services may include high level advice and recommendations, but all decisions in connection with such advice and recommendations shall be the responsibility of, and made by Client management;
- KPMG will not perform management functions or make management decisions for Client. Specifically, KPMG will not be acting, temporarily or permanently, as a director, officer, or employee of Client, or be performing any decision-making, supervisory, or on-going monitoring functions or project management functions for or on behalf of Client;
- Work product prepared by KPMG will be delivered to Client in KPMG's name and/or KPMG letterhead (KPMG will not prepare documentation that is the responsibility of management);
- KPMG will not manage or assist in an employee or support role in any Client Project Management Office ("PMO") or project management activities; and
- KPMG will not perform any activities that would result in KPMG acting as an advocate in fact or appearance during the course of this engagement.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

To be of greatest assistance to the Entity, we should be advised in advance of any proposed transactions. If such matters exceed the scope of this engagement letter, we will issue additional engagement letters to confirm the particular scope and terms.

The attached Terms and Conditions for Advisory and Tax Services form an integral part of this engagement letter.



Appendix E– Fees for Professional Services

Regarding our audit of the annual financial statements as described in this letter, the Entity and KPMG agree to an estimated fee of \$33,250 for this service as outlined in our proposal dated October 3, 2023.

In response to the new accounting standards that were applicable in fiscals 2023 and 2024 related to Asset Retirement Obligations, Financial Instruments, and Revenue, there will continue to be additional fees based on the incremental time incurred related to the audit work required in response to the re-measurement of these standards at each period-end.

Costs incurred by KPMG for the receipt of bank confirmations from external service providers will be charged on a cost-recovery basis.

Our fees will be billed as the work progresses for this service.

KPMG will notify management should there be any risk that the engagement cannot be completed within the original fee quoted due to change in scope or unforeseen circumstances.

We are pleased to inform you of a new, convenient bill payment option that we have recently introduced. You can now add KPMG to your online banking platform which will allow you to pay your invoices with ease and efficiency. This method of payment is designed to streamline payment of your invoices with us, making the process of settling your invoices simpler and more convenient. Detailed instructions on how to add KPMG as a bill payment option will be included with your invoices.

Interest on overdue invoices as described in the Assurance Terms and Conditions ("Fee and Other Arrangements") shall be (1)% per month, calculated and compounded monthly (effective annual rate of (12.683)%).

Assumptions

Our proposed professional fees assume that we will receive full participation from your staff, and that all necessary information will be available and appropriate for us to deliver our professional services as agreed upon with management.

Our proposed professional fees are based on the assumption that management and employees are fully available throughout the audit period, that all necessary information is provided at the beginning of the first day of the audit work as agreed upon with management, and that this information is appropriate for us to perform our audit under Canadian Auditing Standards. Furthermore, these proposed professional fees assume the following:

- The assets, liabilities, revenues and expenses reported on the financial statements and other schedules to be audited will not change significantly from the prior year;
- There are no retroactive changes required to the prior year financial statements;
- We are not required to provide accounting assistance, preparation of correcting accounting entries or accounting advisory services;
- Your financial records are in good order, are appropriately adjusted at the start of the audit, and are prepared in accordance with the appropriate accounting framework;
- Your internal controls around financial reporting operated effectively throughout the fiscal year under audit;
- There are no changes to Accounting Standards, or Canadian Auditing Standards (CAS) requirements that significantly impact the financial statements; and



Appendix 1c: Engagement letter (continued)



- There are no impairment issues nor adjustment on any investments or capital assets. If these assumptions are not met, our professional fees will be subject to revision and will be discussed with management during the audit process.



Terms and Conditions for Assurance Engagements (Private Company Clients)

These Terms and Conditions are an integral part of the Engagement Letter. In the event of conflict between the Engagement Letter and these Terms and Conditions, these Terms and Conditions shall prevail unless specific reference to a provision of the Terms and Conditions being varied is made in the Engagement Letter.

1. Definitions.

"Agreement" means the contract formed by the Engagement Letter and any attachments thereto, including these Terms and Conditions.

"Claims" means actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses.

"Confidential Information" means any information made available, directly or indirectly, by one party to the other in connection with the Services or otherwise pursuant to this Agreement that is marked or communicated as confidential or that due to its nature a reasonable person under like circumstances would consider it confidential. Confidential Information includes, without limitation, Personal Information, business plans, proprietary software code and specifications, information about a party's products, processes, services, finances and customers, and the terms of this Agreement, except (but not as regards Personal Information) to the extent such information: (i) is or hereafter enters the public domain through no fault of the receiving party; (ii) is already or hereafter becomes known to the receiving party free of any obligation of confidence; or (iii) is developed by the receiving party independently of the disclosing party's Confidential Information.

"Engagement Letter" means the engagement letter or other document referencing these Terms and Conditions.

"Entity" has the meaning set out in the Engagement Letter.

"KPMG" means the KPMG entity that issued the Engagement Letter.

"KPMG Parties" means KPMG, other Member Firms, the legal entities comprising KPMG International (which do not provide services to clients) and their respective partners, directors, officers, employees, agents, subsidiaries, affiliates and related entities. KPMG Parties may be in or outside of Canada.

"KPMG Resources" means KPMG, other Member Firms and third-party contractors and suppliers engaged by KPMG or a Member Firm. KPMG Resources may be in or outside of Canada.

"Legal Demand" means a demand, request, subpoena or other legal process issued by a legal, regulatory, professional or government authority having jurisdiction.

"Management" means the management of Entity.

"Member Firms" means the members of the KPMG international network of independent firms and entities controlled by, or under common control with, one or more of such members.

"Personal Information" means any information supplied by or on behalf of Entity that meets the definition given to that term or analogous terms under Privacy Laws.

"Privacy Laws" means, in respect of a party, all privacy legislation and regulation applicable to such party, in each case as may be updated, amended or replaced from time to time.

"Report" means the report(s) issued by KPMG pursuant to this Agreement, as set out in the Engagement Letter.

"Services" means the services to be provided by KPMG as set out in the Engagement Letter.

"Terms and Conditions" means these Terms and Conditions for Assurance Engagements.

Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Engagement Letter.

2. Services.

a. KPMG may engage other KPMG Resources to assist KPMG in the performance of the Services, provided that KPMG remains responsible to Entity for the performance of any Services by KPMG Resources. Entity agrees that any Claim relating to the Services, the Report or this Agreement may only be made against KPMG and not against any other KPMG Resources.

b. All working papers, files, correspondence and other internal materials created or produced by KPMG in relation to the engagement, and all methodologies, know-how and technologies licensed or owned by KPMG and used or developed by KPMG in the performance of the Services, including in each case all intellectual property rights therein, are and shall remain the property of KPMG.

3. Entity Responsibilities.

a. All management responsibilities will be performed by Entity and all management decisions will be made by Entity, and not by KPMG. Entity shall provide KPMG with timely access to and use of Entity's equipment, systems, data, information, materials, personnel and facilities as necessary for KPMG to perform the Services. The Engagement Letter sets forth additional responsibilities of Entity in connection with the engagement. Entity acknowledges that Entity's failure to perform its obligations under this Agreement could adversely impact KPMG's ability to perform the Services, and/or to perform them in accordance with the fees and timelines set out in the Engagement Letter.

b. Management agrees to promptly provide KPMG with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported or will report, including without limitation any continuous disclosure filings.

c. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the Services, KPMG's Confidential Information, KPMG's advice or Report or any related document.

d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.

4. Use of Report.

a. Except as otherwise specifically agreed in the Engagement Letter, KPMG does not consent to:



Appendix 1c: Engagement letter (continued)



Terms and Conditions for Assurance Engagements (Private Company Clients)

- i. the use of the Report in connection with an offering document or other securities filing, including continuous disclosure filings; or
- ii. the use of KPMG's interim review report, unless such interim review report is in writing and contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

Where KPMG's consent is sought, KPMG will be required to perform procedures as required by applicable professional standards, and such procedures would be the subject of a separate engagement letter.

- b. KPMG does not assume any responsibility to any party other than Entity in respect of the Services or Report. Accordingly, in the event of a Claim by any third party (including any Entity affiliate) against KPMG that arises out of or relates to the Services or Report, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees. For purposes of this Section 4(b), the term KPMG shall include KPMG Parties.
 - c. Where Entity discloses the Report to third parties, it may only be disclosed in whole, unless otherwise agreed to or required by KPMG. Reports may not be modified or translated into another language.
- 5. Confidentiality.**
- a. Except with the disclosing party's prior written consent, or as otherwise expressly provided in this Agreement, each party will hold the other party's Confidential Information in confidence and use it only to perform or receive the Services, as applicable, or to exercise its rights and perform its obligations under this Agreement. The receiving party shall protect the disclosing party's Confidential Information as it protects its own Confidential Information, but in no event shall exercise less than reasonable care.
 - b. KPMG may share Confidential Information of Entity with other KPMG Resources who are assisting KPMG in the performance of the Services.
 - c. The receiving party may disclose Confidential Information of the disclosing party: (i) to the extent required by law or professional standards or otherwise pursuant to a Legal Demand; and (ii) to its professional advisors and insurers in relation to any Claim or Legal Demand concerning the Services or this Agreement, provided in each case that the receiving party will exercise commercially reasonable efforts to afford the Confidential Information available confidentiality protections.
 - d. KPMG is regulated by various professional and regulatory bodies both in Canada and abroad, such as the Canadian Public Accountability Board (CPAB), the Public Company Accounting Oversight Board, securities regulators, and provincial CPA bodies. KPMG may receive requests or orders from these bodies to access or obtain documents and information in KPMG's files, and/or the files of any foreign component auditor, related to the Services. Entity acknowledges, on its own behalf and on behalf of its subsidiaries and affiliates, that such documents and information will be disclosed by KPMG or the foreign component auditor to those bodies without further notice to Entity. If applicable, pursuant to National Instrument 52-108, Entity agrees, and will cause its subsidiaries and affiliates to agree, that a component auditor may enter into a "CPAB access agreement" if requested by CPAB.
 - e. KPMG will use reasonable efforts to withhold from disclosure under Section 5(c)(i) or 5(d) any documents which, at the time of their provision to KPMG, are marked by Entity as "privileged"
 - f. Each party may share Confidential Information of the other party (in the case of KPMG, with other KPMG Resources and KPMG Parties, and in the case of Entity, with third parties engaged by Entity), as reasonably required to facilitate the operation of its business or support its infrastructure, including for the performance of administrative, clerical and technological operations and functions, to manage its relationship with the other party and, in the case of KPMG, to comply with its professional obligations and standards (including for quality assurance and risk management purposes). Any such disclosure shall be under obligations of confidentiality to the same or similar extent as the parties have agreed to hereunder, and each party shall be responsible to the other for any failure to comply with such conditions of confidentiality.
 - g. KPMG Parties and KPMG Resources may use information obtained while performing engagements for business-related purposes including developing new or improving existing services, technologies, data sets and benchmarks, conducting analytics and training cognitive systems. Where this involves Confidential Information of Entity, it will not be disclosed to other third parties unless de-identified, anonymized and/or aggregated so as not to be attributable to Entity.
 - h. KPMG may disclose the general nature of its engagement for Entity as reasonably required in order to assess and address conflicts of interest.
- 6. Privacy.**
- a. Each party will comply with Privacy Laws in connection with the engagement. Additionally, KPMG shall process Personal Information in accordance with this Agreement and KPMG's Privacy Policy available at www.kpmg.ca. Entity will provide all notifications and obtain all consents required by Privacy Laws to permit KPMG Resources and KPMG Parties to process such Personal Information in connection with the engagement. Upon request, each party shall provide the other with information and co-operation relating to its processing of Personal Information as reasonably required in order for the other to satisfy its obligations under Privacy Laws.
 - b. KPMG will use reasonable technical and organizational measures to protect against unauthorized or unlawful processing of Personal Information and accidental loss or destruction of, or damage to, Personal Information. Subject to each party's standard internal archival and information back-up processes and except as required to comply with applicable laws or professional standards, each party will destroy Personal Information when no longer needed for the uses set out in this Agreement.
- 7. Fees.**
- a. KPMG's estimated fee is based in part on the quality of Entity's records, the agreed-upon level of preparation and assistance from Entity's personnel, and adherence by Entity to the agreed-upon timetable. KPMG's estimated fee also assumes that Entity's financial statements and/or other financial information, as applicable, are prepared in accordance with the relevant financial reporting framework or the relevant criteria, as applicable, and that there are no significant changes to the relevant financial reporting framework or the relevant criteria, as applicable; no significant new or changed accounting policies; no significant changes to internal control; and no other significant issues. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing Management about new professional standards, and any related



Terms and Conditions for Assurance Engagements (Private Company Clients)

accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee.

- b. KPMG's professional fees are subject to an additional technology and support charge which covers costs such as client service personnel computer hardware and customized KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services. CPAB participation fees, when applicable, are also charged to Entity based on the annual fees levied by CPAB. Other direct out-of-pocket costs and expenses, such as travel, will be charged separately based on actual costs. KPMG's professional fees and other charges do not include any applicable federal, provincial or other sales taxes, tariffs or duties, which shall be added to the invoice and paid by Entity.
 - c. Invoices will be rendered on a regular basis or otherwise specified in the Engagement Letter. Accounts are due when rendered. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.
 - d. KPMG may be requested by Entity or be subject to a Legal Demand to produce documents or personnel as witnesses or for interviews in a proceeding or investigation. Where KPMG is not a named party in such proceeding or investigation, KPMG may charge Entity at its standard billing rates for professional time and expenses, including reasonable legal fees, incurred in responding to such request or Legal Demand.
- 8. Limitation on Liability.**
- a. KPMG shall not be liable to Entity for any Claims in any way arising out of, or in any way relating to, the performance of the Services, including without limitation the limitation thereof, for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) and two times the fees paid by Entity to KPMG under the engagement, except to the extent finally determined to have resulted from KPMG's fraud or willful misconduct. On a multi-year engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular work that gives rise to the Claim.
 - b. KPMG shall not be liable to Entity for consequential, special, indirect, incidental, punitive or exemplary damages, or any loss of revenue or profit or other commercial or economic loss, even if advised of the possibility thereof.
 - c. Where Entity has suffered a Claim in relation to the Services and parties other than KPMG Resources are partially responsible for such Claim, then KPMG is only liable for, and Entity may only claim from KPMG, KPMG's share of the total liability based on degree of fault or negligence, subject to the limitations set out in Sections 8(a) and (b) above.
 - d. For purposes of this Section 8, the term KPMG shall include KPMG Parties. The provisions of this Section 8 shall apply regardless of the form of claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.
- 9. Termination and Survival.**
- a. KPMG may terminate this Agreement upon written notice to Entity if there is a change of laws or professional standards or a change in circumstances or information that would, in KPMG's opinion, cause the continued provision of Services to violate such laws or professional standards. Except where prohibited by professional standards, KPMG may also terminate this Agreement for any reason upon 30 days written notice to Entity.
 - b. Entity may terminate the engagement at any time upon written notice to KPMG. Upon termination of the engagement prior to its completion, Entity shall be responsible for the payment of KPMG's time and expenses incurred up to the effective date of termination, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner. Otherwise, neither party will be responsible for any loss, cost or expense resulting from termination of this Agreement in accordance with its terms.
 - c. These Terms and Conditions, other than Section 10, shall survive the expiration or termination of the engagement and this Agreement.
- 10. Force Majeure.**
- Neither party shall be liable for any delays in the performance of its obligations hereunder, other than payment obligations, arising out of or caused by, directly or indirectly, circumstances or causes beyond its control, including, without limitation, fire or other casualty, strike or labour dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or any epidemic, pandemic or quarantine.
- 11. Conflicts of Interest.**
- In accordance with applicable professional standards, based upon the information provided by Entity, KPMG performs a search for any conflicts of interest in connection with the Services. Where such a conflict of interest is identified, KPMG will, subject to confidentiality, disclose the nature of the conflict to Entity, the ethical dividers and other safeguards to be implemented, and seek Entity's consent. Notwithstanding the foregoing, KPMG may advise any other client making a competing bid or proposal to Entity, whether or not KPMG is advising Entity in respect of Entity's bid or proposal. For certainty, a conflict of interest does not arise solely because KPMG or another Member Firm is, was or will be engaged by another client who is a business competitor, customer or supplier of Entity.
- 12. Publicity and Use of Logo.**
- Neither party shall acquire any right to use the name or logo (or any part thereof) of the other party in any manner or medium, except that Entity gives KPMG a limited, revocable, non-exclusive, paid-up, royalty free right to use Entity's name and logo in presentations and reports to Entity and for internal KPMG presentations and intranet sites. KPMG may also reference Entity's name as a customer in KPMG proposals and marketing materials, including KPMG websites and social media, indicating the general services rendered.
- 13. Miscellaneous.**
- a. Entity acknowledges that it has had the opportunity to obtain legal advice with respect to Entity's rights and obligations under this Agreement.
 - b. The parties consent and agree to the use of electronic signatures with respect to this Agreement and any other agreements, notices or communications contemplated hereby, where permissible by law.



Appendix 1c: Engagement letter (continued)



Terms and Conditions for Assurance Engagements (Private Company Clients)

- c. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, executors, administrators, heirs and permitted assigns, as applicable. Except as expressly provided herein, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Entity.
- d. The provisions of this Agreement shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, the remaining provisions shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.
- e. KPMG is a registered limited liability partnership (LLP) established under Ontario laws. A partner in an LLP is not personally liable for any debts, obligations or liabilities of the LLP, including those that arise from any negligent act or omission by another partner or by any person under that other partner's direct supervision or control. Partners of an LLP are personally liable only for their own actions and omissions, and for the actions and omissions of those they directly supervise or control.
- 14. Entire Agreement.**
- This Agreement constitutes the entire agreement between KPMG and Entity with respect to the engagement and supersedes all other oral and written representations, understandings or agreements relating to the Services. Except as expressly stated in this Agreement, KPMG expressly disclaims and makes no representations, conditions or warranties of any kind or nature with respect to the Services or Reports, express or implied, including warranties of merchantability, fitness for a particular purpose or use, or non-infringement. Any changes to this Agreement must reference this Agreement, be in writing and be signed by an authorized signatory of each party.
- 15. Governing Law and Disputes.**
- a. This Agreement shall be subject to and governed by the laws of the Province in which KPMG's principal Canadian office performing the engagement is located (without regard to such Province's rules on conflicts of law).
- b. All disputes arising out of or in connection with this Agreement or the Services, or in respect of any legal relationship associated with or derived from this Agreement, shall be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc. The seat of arbitration will be the city in Canada in which KPMG's principal office performing the Services is located. The arbitration shall be conducted in English.



Terms and Conditions for Advisory and Tax Services

These Terms and Conditions are an integral part of the Engagement Letter. In the event of conflict between the Engagement Letter and these Terms and Conditions, these Terms and Conditions shall prevail unless specific reference to a provision of the Terms and Conditions being varied is made in the Engagement Letter.

16. Definitions.

- "Affiliate"** means any legal entity that, directly or indirectly, controls, is controlled by, or is under common control with, the applicable entity, where "control" means ownership of more than fifty percent of the outstanding voting equity interests.
- "Agreement"** means the contract formed by the Engagement Letter and any attachments thereto, including these Terms and Conditions.
- "Claims"** means actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses.
- "Client"** means the client(s) under the Engagement Letter.
- "Client Materials"** means any materials, equipment, systems, software/software as a service, data and information supplied or made available by or on behalf of Client to KPMG in connection with the Services.
- "Confidential Information"** means any information made available, directly or indirectly, by one party to the other in connection with the Services or otherwise pursuant to this Agreement that is marked or communicated as confidential or that due to its nature a reasonable person under like circumstances would consider it confidential. Confidential Information includes, without limitation, Personal Information, business plans, proprietary software code and specifications, information about a party's products, processes, services, finances and customers, and the terms of this Agreement, except (but not as regards Personal Information) to the extent such information: (i) is or hereafter enters the public domain through no fault of the receiving party; (ii) is already or hereafter becomes known to the receiving party free of any obligation of confidence; or (iii) is developed by the receiving party independently of the disclosing party's Confidential Information.
- "Deliverables"** means the written advice, reports, presentations and other tangible items created by KPMG for delivery to Client that are specified as deliverables in the Engagement Letter.
- "Engagement Letter"** means the engagement letter or other document referencing these Terms and Conditions.
- "KPMG"** means the KPMG entity that issued the Engagement Letter.
- "KPMG Parties"** means KPMG, other Member Firms, the legal entities comprising KPMG International (which do not provide services to clients) and their respective partners, directors, officers, employees, agents, subsidiaries, Affiliates and related entities. KPMG Parties may be in or outside of Canada.
- "KPMG Property"** means all rights and interest (including all intellectual property rights) in and to: (i) all inventions, trade-secrets, methodologies, know-how, concepts, ideas, techniques, works of authorship (including templates, art work and graphics), technology (including software applications, code, scripts, connectors and tools) and other proprietary materials and information that is licensed, owned or developed by KPMG prior to, independently of, or in the course of providing the Services, and any enhancements, improvements and modifications made to, or derivative works of, any of the foregoing; and (ii) KPMG's working papers, working drafts and internal correspondence. For certainty, KPMG Property does not include Client Confidential Information or Client Materials.
- "KPMG Resources"** means KPMG, other Member Firms and third-party contractors and suppliers engaged by KPMG or a Member Firm. KPMG Resources may be in or outside of Canada.
- "Legal Demand"** means a demand, request, subpoena or other legal process issued by a legal, regulatory, professional or government authority having jurisdiction.
- "Member Firms"** means the members of the KPMG international network of independent firms and entities controlled by, or under common control with, one or more of such members.
- "Personal Information"** means any information supplied by or on behalf of Client that meets the definition given to that term or analogous terms under Privacy Laws.
- "Privacy Laws"** means, in respect of a party, all privacy legislation and regulation applicable to such party, in each case as may be updated, amended or replaced from time to time.
- "Services"** means the services to be provided by KPMG as set out in the Engagement Letter.
- "Terms and Conditions"** means these Terms and Conditions for Advisory and Tax Services.
- Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Engagement Letter.
- 17. Services.**
- c. Any work performed by KPMG on the Services prior to or following the execution of this Agreement shall be governed by this Agreement.
- d. KPMG may engage other KPMG Resources to assist KPMG in the performance of the Services, provided that KPMG remains responsible to Client for the performance of any Services by KPMG Resources. Client agrees that any Claim relating to the Services, the Deliverables or this Agreement may only be made against KPMG and not against any other KPMG Resource.
- e. KPMG will, in performing the Services, rely on the facts, assumptions, data, material and other information furnished by or on behalf of Client without any independent investigation or verification. Inaccuracy or incompleteness of such facts, assumptions, data, material and other information could have a material effect on KPMG's conclusions or the results or performance of the Services or Deliverables.
- f. After the completion of the engagement, unless Client separately engages KPMG to do so, KPMG will not update the Services or Deliverables for changes in law or regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions.
- g. Unless expressly stated in the Engagement Letter, the Services do not include: (a) any lobbying activity, as defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations; or (b) the provision of legal advice.



Appendix 1c: Engagement letter (continued)



Terms and Conditions for Advisory and Tax Services

- h. Except as otherwise set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of the Deliverables will not constitute a basis or be relied upon for Client's assessment or evaluation of internal control over financial reporting, disclosure controls and procedures, officer certification requirements, or Client's compliance with any requirements for an internal control report from management.
- 18. Client Responsibilities.**
- e. Client agrees to cooperate with KPMG in the performance of the Services and shall provide KPMG with timely access to and use of the Client Materials, personnel and facilities necessary for KPMG to perform the Services. Client shall promptly respond to KPMG inquiries, review reports and advise KPMG of any additional work Client would like KPMG to perform. The Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform its obligations under this Agreement could adversely impact KPMG's ability to perform the Services, and/or to perform them in accordance with the fees and timelines set out in the Engagement Letter.
- f. Where the Services contemplate access to Client Materials, Client represents and warrants that Client has secured all rights, licenses, consents and permissions necessary for KPMG Resources to receive, use, copy, modify and incorporate such Client Materials to the extent required for KPMG to provide the Services and Deliverables.
- g. Client agrees that, while the Services may include advice and recommendations, all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee the performance of the Services, and to evaluate the adequacy and results of such Services; (iii) accept responsibility for the results of such Services; and (iv) establish and maintain internal controls over the processes with which such Services are concerned, including, without limitation, monitoring ongoing activities.
- 19. Ownership, Use and Disclosure of our Advice.**
- d. Subject to Client's payment in full of all fees owing under the Engagement Letter: (i) Client shall be the owner of any final Deliverables, excluding any KPMG Property embodied therein; and (ii) with respect to KPMG Property embodied therein, KPMG grants to Client a perpetual, royalty-free, non-exclusive, non-transferable and non-sublicensable license to use such KPMG Property solely in connection with Client's internal use of the Deliverables as intended under the Engagement Letter. Subject to KPMG's confidentiality obligations hereunder, KPMG Resources are entitled to use or develop the knowledge, experience and skills of general application gained through the provision of the Services.
- e. The Services and Deliverables are provided for Client's sole benefit and internal use as intended under the Engagement Letter, and are not for the benefit or use of, or to be relied upon by, any other party. KPMG does not assume any responsibility to any party other than Client in respect of the Services or Deliverables. Accordingly, in the event of a Claim by any third party (including any Client Affiliate) against KPMG that arises out of or relates to the Services or Deliverables, Client will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees. For purposes of this Section 4(b), the term KPMG shall include KPMG Parties.
- f. Client may not rely on any oral, draft or interim advice or Deliverables. Where Client wishes to rely on oral, draft or interim advice or Deliverables, Client shall request that KPMG provide confirmation in writing.
- g. Client may disclose a copy of any final Deliverable: (i) in response to a Legal Demand or otherwise to the extent required by law; (ii) on a non-reliance basis to Client's legal and other professional advisors if seeking advice in relation to the Services; and (iii) on a non-reliance basis to Client's Affiliates who need to know in order to facilitate Client's use of the Deliverables, provided that in each case Client notifies the recipient that the Deliverables are confidential and that, to the fullest extent permitted by law, KPMG accepts no responsibility to them in connection with the Services or the Deliverables. Client may not otherwise disclose, publish or otherwise make available any Deliverable (in whole or in part) to any third party without the prior written consent of KPMG. This Section 4(d) is subject to Section 16(f) (Additional Terms for Tax Services).
- h. Where Client is permitted to disclose Deliverables to third parties under this Agreement, they may only be disclosed in whole, unless otherwise agreed to or required by KPMG. Deliverables may not be modified by Client. Notwithstanding Client's ownership of any Deliverable, KPMG may retain copies of the Deliverables.
- 20. Confidentiality.**
- i. Except with the disclosing party's prior written consent, or as otherwise expressly provided in this Agreement, each party will hold the other party's Confidential Information in confidence and use it only to perform or receive the Services, as applicable, or to exercise its rights and perform its obligations under this Agreement. The receiving party shall protect the disclosing party's Confidential Information as it protects its own Confidential Information, but in no event shall exercise less than reasonable care.
- j. KPMG may share Confidential Information of Client with other KPMG Resources who are assisting KPMG in the performance of the Services.
- k. The receiving party may disclose Confidential Information of the disclosing party: (i) to the extent required by law or professional standards; (ii) to its professional advisors and insurers in relation to any dispute concerning this Agreement; and (iii) in the case of a Legal Demand, provided that the receiving party will exercise commercially reasonable efforts to afford the Confidential Information all available confidentiality protections.
- l. Each party may share Confidential Information of the other party (in the case of KPMG, with other KPMG Resources and KPMG Parties, and in the case of Client, with third parties engaged by Client), as reasonably required to facilitate the operation of its business or support its infrastructure, including for the performance of administrative, clerical and technological operations and functions, to manage its relationship with the other party and, in the case of KPMG, to comply with its professional obligations and standards (including for quality assurance and risk management purposes). Any such disclosure shall be under obligations of confidentiality to the same or similar extent as the parties have agreed to hereunder, and each party shall be responsible to the other for any failure to comply with such conditions of confidentiality.
- m. KPMG Parties and KPMG Resources may use information obtained while performing engagements for business-related purposes including developing new or improving existing services, technologies, data sets and benchmarks, conducting analytics and training cognitive systems. Where this involves Confidential Information of Client, it will not be disclosed to other third parties unless de-identified, anonymized and/or aggregated so as not to be attributable to Client.
- n. KPMG may disclose the general nature of its engagement for Client as reasonably required in order to assess and address conflicts of interest.

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Terms and Conditions for Advisory and Tax Services

- o. Professional standards require KPMG personnel performing any assurance services for clients to have available to them all information that may affect the assurance engagement. If Client is or becomes an assurance client, KPMG personnel performing Services under this Agreement are authorized to make information from the engagement available to the KPMG assurance engagement team, who may use all such information in KPMG's assurance engagement.
- 21. Privacy.**
- c. Each party will comply with Privacy Laws in connection with the engagement. Additionally, KPMG shall process Personal Information in accordance with this Agreement and KPMG's Privacy Policy available at www.kpmg.ca. Client will provide all notifications and obtain all consents required by Privacy Laws to permit KPMG Resources and KPMG Parties to process such Personal Information in connection with the engagement. Upon request, each party shall provide the other with information and co-operation relating to its processing of Personal Information as reasonably required in order for the other to satisfy its obligations under Privacy Laws.
- d. KPMG will use reasonable technical and organizational measures to protect against unauthorized or unlawful processing of Personal Information and accidental loss or destruction of, or damage to, Personal Information. Subject to each party's standard internal archival and information back-up processes and except as required to comply with applicable laws or professional standards, each party will destroy Personal Information when no longer needed for the uses set out in this Agreement.
- 22. Fees.**
- e. Invoices will be rendered on a regular basis or otherwise specified in the Engagement Letter. KPMG's professional fees are subject to an additional technology and support charge which covers costs such as client service personnel computer hardware and customized KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services. Other direct out-of-pocket costs and expenses, such as travel, will be charged separately based on actual costs. KPMG's professional fees and other charges do not include any applicable federal, provincial or other sales taxes, tariffs or duties, which shall be added to the invoice and paid by Client. Accounts are due when rendered.
- f. KPMG may be requested by Client or be subject to a Legal Demand to produce documents or personnel as witnesses or for interviews in a proceeding or investigation to which KPMG is not a named party. In such circumstances, KPMG may charge Client at its standard billing rates for professional time and expenses, including reasonable legal fees, incurred in responding to such request or Legal Demand.
- 23. Limitation on Liability.**
- e. KPMG shall not be liable to Client for any Claims in any way arising out of, or in any way relating to, the performance of the Services, including without limitation the termination thereof, for an aggregate amount that is more than the fees paid to KPMG under this Agreement, except to the extent finally determined to have resulted from KPMG's fraud or willful misconduct.
- f. KPMG shall not be liable to Client for consequential, special, indirect, incidental, punitive or exemplary damages, or any loss of revenue or profit or other commercial or economic loss, even if advised of the possibility thereof.
- g. Where Client has suffered a Claim in relation to the Services and parties other than KPMG Resources are partially responsible for such Claim, then KPMG is only liable for, and Client may only claim from KPMG, KPMG's share of the total liability based on degree of fault or negligence, subject to the limitations set out in Sections 8(a) and (b) above.
- h. For purposes of this Section 8, the term KPMG shall include KPMG Parties. The provisions of this Section 8 shall apply regardless of the form of claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.
- 24. Termination and Survival.**
- d. Unless terminated sooner in accordance with its terms, this Agreement terminates when KPMG issues its final invoice to Client.
- e. This Agreement may be terminated by either party: (i) at any time by giving written notice to the other party not less than 30 days before the effective date of termination; or (ii) on 10 days' written notice to the other party should the other party fail to fulfil its obligations under this Agreement and not rectify such failure prior to the expiration of such 10-day period. KPMG may also terminate this Agreement upon written notice to Client if there is a change of laws or professional standards or a change in circumstances or information that would, in KPMG's opinion, cause the continued provision of Services to violate such laws or professional standards.
- f. Without limiting its rights or remedies, KPMG shall have the right to suspend or terminate the Services for non-payment of fees.
- g. Upon early termination of the engagement, Client shall be responsible for the payment of KPMG's time and expenses incurred up to the effective date of termination, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner. Otherwise, neither party will be responsible for any loss, cost or expense resulting from termination of this Agreement in accordance with its terms.
- h. Except for Sections 2(c), 2(e), 3(a) and 10, these Terms and Conditions shall survive the expiration or termination of the engagement and this Agreement.
- 25. Force Majeure.**
- Neither party shall be liable for any delays in the performance of its obligations hereunder, other than payment obligations, arising out of or caused by, directly or indirectly, circumstances or causes beyond its control, including, without limitation, fire or other casualty, strike or labour dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or any epidemic, pandemic or quarantine.
- 26. Conflicts of Interest.**
- In accordance with applicable professional standards, based upon the information provided by Client, KPMG performs a search for any conflicts of interest in connection with the Services. Where such a conflict of interest is identified, KPMG will, subject to confidentiality, disclose the nature of the conflict to Client, the ethical dividers and other safeguards to be implemented, and seek Client's consent. Notwithstanding the foregoing, KPMG may advise any other client making a competing bid or proposal to Client, whether or not KPMG is advising Client in respect of Client's bid or proposal. For certainty, a conflict of interest does not arise solely because KPMG or another Member Firm is, was or will be engaged by another client who is a business competitor, customer or supplier of Client.

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Appendix 1c: Engagement letter (continued)



Terms and Conditions for Advisory and Tax Services

27. Publicity and Use of Logo.

Neither party shall acquire any right to use the name or logo (or any part thereof) of the other party in any manner or medium, except that Client gives KPMG a limited, revocable, non-exclusive, paid-up, royalty free right to use Client's name and logo as follows: (a) in presentations and reports to Client; (b) for internal KPMG presentations and intranet sites; and (c) upon the closing of a transaction (if applicable), KPMG may, at its expense, publicize its association with the transaction by way of public announcement in "tombsone" or similar format, subject to prior review of such public announcement with Client. KPMG may also reference Client's name as a customer in KPMG proposals and marketing materials, including KPMG websites and social media, indicating the general services rendered.

28. Miscellaneous.

- The parties hereto are independent contractors, and nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment, or fiduciary relationship between them. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.
- Client acknowledges that it has had the opportunity to obtain legal advice with respect to Client's rights and obligations under this Agreement.
- The parties consent and agree to the use of electronic signatures with respect to this Agreement and any other agreements, notices or communications contemplated hereby, where permissible by law.
- This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, executors, administrators, heirs and permitted assigns, as applicable. Except as expressly provided herein, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any Affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Client.
- The provisions of this Agreement shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, the remaining provisions shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.
- KPMG is a registered limited liability partnership (LLP) established under Ontario laws. A partner in an LLP is not personally liable for any debts, obligations or liabilities of the LLP, including those that arise from any negligent act or omission by another partner or by any person under that other partner's direct supervision or control. Partners of an LLP are personally liable only for their own actions and omissions, and for the actions and omissions of those they directly supervise or control.

29. Entire Agreement.

This Agreement constitutes the entire agreement between KPMG and Client with respect to the engagement and supersedes all other oral and written representations, understandings or agreements relating to the Services. Except as expressly stated in this Agreement, KPMG expressly disclaims and makes no representations, conditions or warranties of any kind or nature with respect to the Services or Deliverables, express or implied, including warranties of merchantability, fitness for a particular purpose or use, or non-infringement. Any changes to this Agreement must reference this Agreement, be in writing and be signed by an authorized signatory of each party.

30. Governing Law and Disputes.

- This Agreement shall be subject to and governed by the laws of the Province in which KPMG's principal Canadian office performing the engagement is located (without regard to such Province's rules on conflicts of law).
- All disputes arising out of or in connection with this Agreement or the Services, or in respect of any legal relationship associated with or derived from this Agreement, shall be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc. The seat of arbitration will be the city in Canada in which KPMG's principal office performing the Services is located. The arbitration shall be conducted in English.

31. Additional Terms for Tax Services.

The following provisions also apply where KPMG is engaged to perform Canadian and/or United States tax services:

- KPMG will consider the applicable provisions of the relevant taxing statutes, the regulations thereunder, applicable tax treaties and judicial and administrative interpretations thereof. In the case of Canadian tax services only, KPMG will also take into account all specific proposals to amend such statutes, regulations and treaties publicly announced prior to the date of KPMG's reports, based on the assumption that these amendments will be enacted substantially as proposed. For certainty, in the case of US tax services, KPMG shall not take into account any specific proposals to amend such statutes, regulations and treaties. These authorities are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG's advice and may result in incremental taxes, interest or penalties. KPMG's advice will not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. Unless Client specifically requests otherwise, KPMG will not update tax work to take any such changes into account.
- All tax returns and filings are subject to examination by tax authorities, and KPMG's advice may be audited and challenged by a tax authority. Client understands that KPMG's conclusions are not binding on tax authorities or the courts and should not be construed as a representation, warranty or guarantee that the tax authorities or courts will agree with KPMG's conclusion.
- KPMG is not responsible for any taxes, penalties or interest assessed against Client, or for any form of loss suffered by Client, as a result of a failure by Client to (i) provide KPMG with accurate and complete information or (ii) implement KPMG's advice in accordance with KPMG's recommendations.
- Unless expressly provided for in the Engagement Letter, KPMG's services do not include representing Client in the event of a challenge by the Canada Revenue Agency, the United States Internal Revenue Service ("IRS") or other tax or revenue authorities.
- A number of domestic and foreign jurisdictions, including, among others, Canada, the Province of Quebec, the United States and the European Union, are enacting or have enacted mandatory disclosure regimes ("MDRs"), which require taxpayers and/or their advisors to provide notice of or disclose certain transactions, agreements or arrangements ("Reportable Arrangements") to the relevant local taxing authorities. Non-compliance with MDRs may result in adverse tax consequences, including significant penalties. Accordingly, the parties hereby agree that KPMG, other Member Firms located outside of Canada who are involved in the Services, and/or Client may, as required, disclose details of the advice and/or work product provided under

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Terms and Conditions for Advisory and Tax Services

this Agreement to relevant taxing authorities with respect to a Reportable Arrangement (an "MDR Disclosure"). Unless prevented by law, KPMG will use commercially reasonable efforts to inform Client if KPMG is required to make, or KPMG becomes aware that another Member Firm is required to make, an MDR Disclosure. Unless prevented by law, Client will use commercially reasonable efforts to inform KPMG if Client or any of Client's other advisors is required to make an MDR Disclosure or if an MDR Disclosure was required prior to the engagement for any part of a series of transactions within the scope of the engagement. Client is advised to consult with a tax or legal professional service provider proficient in such MDRs for assistance in this regard; for greater certainty, unless expressly provided for in the Engagement Letter, the Services do not include advice in relation to the application of, and compliance with, MDRs. To the fullest extent permitted by law, KPMG is not liable to Client for any consequences that may result or arise from or otherwise be connected with any MDR Disclosure made by KPMG or another Member Firm in good faith.

- The prohibitions on Client set out in Sections 4 and 5 of these Terms and Conditions regarding the disclosure, publication or other distribution of KPMG's reports and written advice or information provided by KPMG, or any similar prohibition set out in the Engagement Letter, shall not apply, and no provision of this Agreement is or is intended to be construed as: (i) confidential protection within the meaning of subsection 237.3(1) of the Income Tax Act (Canada) (the "ITA") or any applicable regulations thereunder; (ii) a condition of confidentiality within the scope of the Internal Revenue Code of 1986 ("IRC") section 6011 as implemented through Treasury Regulation 1.6011-4(b)(3)(i) (without regard to references to payment or receipt of a minimum fee); or (iii) any similar confidentiality protection or condition under any similar or analogous provisions of the laws of any province, state or other jurisdiction. In particular, Client may disclose to any and all persons, without limitation of any kind, tax information, advice and other materials KPMG provides to Client relating to the tax treatment, details or structure of a transaction or series of transactions within the scope of the engagement. Client will use commercially reasonable efforts to inform KPMG of any confidential protection or conditions of confidentiality imposed by any third-party advisor or promoter with respect to any transaction or series on which KPMG's services are requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction or series.

Notwithstanding the foregoing, Client acknowledges and agrees that all tax Services and Deliverables are designed to meet Client's agreed requirements only, as determined by Client's needs at the time, and are not suitable to be used by any party other than Client. KPMG assumes no responsibility and accepts no liability to any person or entity other than Client in respect of the tax Services and Deliverables. Accordingly, Client agrees, in connection with any disclosure by or on behalf of Client of any such information to a third party: (i) Client accepts the risk of such disclosure and will not hold KPMG responsible if such disclosure results in adversity to Client; (ii) Client will, at the time of disclosure, inform the third party that KPMG accepts no responsibility or liability to such person in connection with the information disclosed; (iii) as the information is not to be relied upon by the third party, the third party shall have no grounds for holding KPMG responsible or liable to them or other persons) in connection with the information disclosed; and (iv) if, notwithstanding such expectations, a Claim is incurred by KPMG as a result of, arising from or in connection with the information disclosed, Client will indemnify and hold harmless KPMG against such Claim (including, without limitation, reasonable legal fees). In this subsection 16(f), "KPMG" shall include KPMG Parties. The foregoing indemnification obligation shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

- Where the Services or any part thereof will be provided by the United States Member Firm, Client acknowledges that the personnel providing such Services may not be licensed as certified public accountants under the laws of any of the various states.

32. Additional Terms for Due Diligence Services (Tax and Transaction Services).

As used herein, "Target" refers to the entity(ies) or division(s) (which may include Client or divisions of Client) representing the subject of the due diligence assistance procedures, as set out in the Engagement Letter.

- KPMG will only perform the procedures as specified in the Engagement Letter. These procedures are limited in nature and extent to those determined by Client to meet its needs and, as such, will not necessarily disclose all significant matters about Target or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. KPMG does not guarantee the sufficiency of these procedures for the purpose for which KPMG has been engaged or for any other purpose. KPMG's findings will not constitute recommendations to Client to proceed or not proceed with any proposed transaction. KPMG will rely exclusively upon information provided to KPMG by Target and Client, and any publicly available information obtained by KPMG, without independently verifying such information.
- KPMG's procedures with respect to Target's financial information will be substantially less in scope than any audit or other attestation standards, including without limitation those established by the Auditing and Assurance Standards Board in Canada. Future-oriented financial information is based on assumptions regarding future events; actual results will vary from the information presented and the variations may be material. Accordingly, KPMG expresses no opinion and provides no assurance regarding Target's future-oriented financial information, financial statements or internal controls over financial reporting.
- Client may request that KPMG's report be distributed to a third party (other than Target) for informational purposes, or to Target for purposes of confirming the factual accuracy of the information contained therein. Unless specifically requested by Client, KPMG will not seek Target's confirmation of the factual accuracy of the information presented in KPMG's report. As a condition of any such disclosure, Client shall execute, and require the third party (or Target, as applicable) to execute a hold harmless letter in a form provided by KPMG regarding the release of information.
- If KPMG provides services to Target, Client agrees and acknowledges that KPMG may be in possession of confidential information concerning Target that may be relevant to the Services. KPMG will not disclose any such confidential information to Client unless Target provides prior written consent to such disclosure or provides such information directly to Client or to the KPMG engagement team under this Agreement for purposes of the Services. In addition, if KPMG serves as independent auditors of Target, KPMG's professional standards may require the KPMG team serving Client to disclose to the KPMG audit team serving Target information affecting the audit of Target.
- Where a completion fee is contemplated in the Engagement Letter, in the event that the engagement is terminated and Client proceeds to complete the transaction or financing within 18 months from the termination date, then the full amount of the completion fee shall be payable on closing of the transaction or the completion of financing, regardless of whether KPMG provided further service.

September 2024

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Appendix 2: Audit quality

Our commitment to delivering audit quality

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality management to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality Management 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)




Appendix 2: Audit quality (continued)


How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.

 **'Perform quality engagements'** sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.

 Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



Doing the right thing. Always.

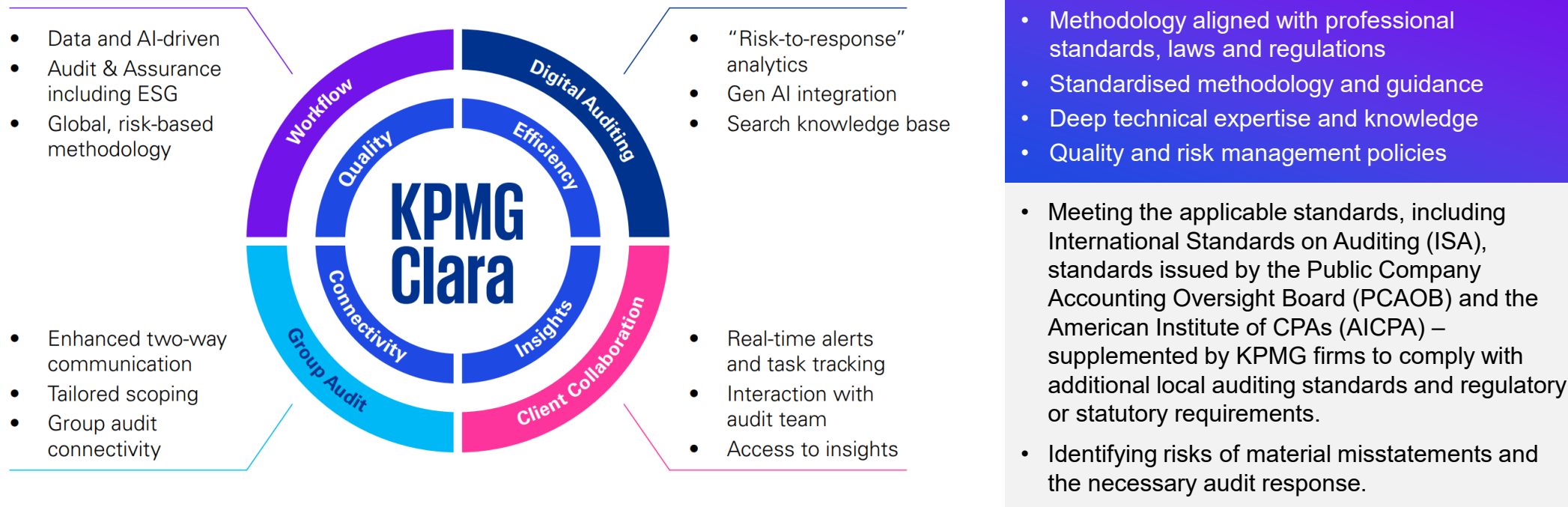


Appendix 2: Audit quality (continued)

The KPMG Audit

Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.





Appendix 3: Future changes in accounting standards

Conceptual Framework for Financial Reporting in the Public Sector

Effective for years commencing on or after April 1, 2026, with early adoption permitted.

- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten-chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation

Effective for years commencing on or after April 1, 2026, with early adoption permitted.

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation*.
- The proposed section includes the following:
 - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
 - Separating liabilities into financial liabilities and non-financial liabilities.
 - Restructuring the statement of financial position to present total assets followed by total liabilities.
 - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
 - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
 - A new provision whereby an entity can use an amended budget in certain circumstances.
 - Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Example of a Typical Implementation Approach

Phase 1

- Understand the existing financial reporting processes.
- Examine chart of accounts and trial balance.
- Review accounting policy.
- Gap assessment and implementation plan.

Phase 2

- Data gathering and financial data analysis.
- Budget and performance reporting.
- System and software impacts.
- Implementation and compliance adjustments



Appendix 3: Future changes in accounting standards (continued)

Employee Benefits

Effective for years commencing on or after April 1, 2029 with early adoption permitted.

- The Public Sector Accounting Board has issued a new standard PS 3251 *Employee benefits* which will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- The standard uses principles from International Public Sector Accounting Standard 39 *Employee benefits* as a basis for the Canadian standard.
- The standard results in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
- The standard also requires that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and underfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
- The standard also requires that:
 - Deferral provisions – Remeasurement gains and losses are presented as part of accumulated remeasurement gains and losses.
 - Valuation of plan assets – Upon adoption, public sector entities may continue to recognize non-transferable financial instruments balances that meet the definition of plan assets under existing PS 3250 guidance. This transitional provision does not permit the recognition of additional amount after adoption that do not meet the revised definition of plan assets.
 - Joint defined benefit plans – Defined benefit accounting is used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which permitted accounting based on defined contribution concepts where insufficient information exists to use defined benefit accounting.
 - Disclosure of other long-term employee benefits and termination benefits – The standard does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
- The standard's guidance will be applied retroactively, with or without prior period restatement.



Appendix 3: Future changes in accounting standards (continued)

Intangible Assets

Proposed to be effective for years commencing on or after April 1, 2030 with early adoption permitted.

- The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*.
- The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts.
- The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events.
- Internally generated goodwill is not permitted to be recognized as an asset.
- An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements.
- Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired.

Cloud Computing Arrangements

- As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey was used to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice.



Appendix 4: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2024 (for the year ended December 31, 2025)

ISA 260/CAS 260

.....

Communications
with those
charged with
governance

Summary of Changes:

New requirements for the auditor to communicate:

- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.



Appendix 4: Newly effective and upcoming changes to auditing standards (continued)

Effective for periods beginning on or after December 15, 2026 (for the year ending December 31, 2027)

Revised CAS 570, Going Concern

.....

Enhance Auditor's responsibilities in the audit of financial statements related to going concern

A key change in the revised CAS 570 is the commencement date of the 12-month period of management's going concern assessment, shifting from the date of the balance sheet to the date of approval of the financial statements. What has not changed is the minimum period to be covered, which remains 12 months.

Amendments to CAS 240, The Auditor's Responsibilities Relating to Fraud in an Audit of the Financial statement

The key changes will clarify the auditors' responsibilities regarding fraud in financial statement audits, strengthen procedures and include additional details about fraud in the Auditors' Report.



Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to Councils and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Insights - KPMG Canada

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

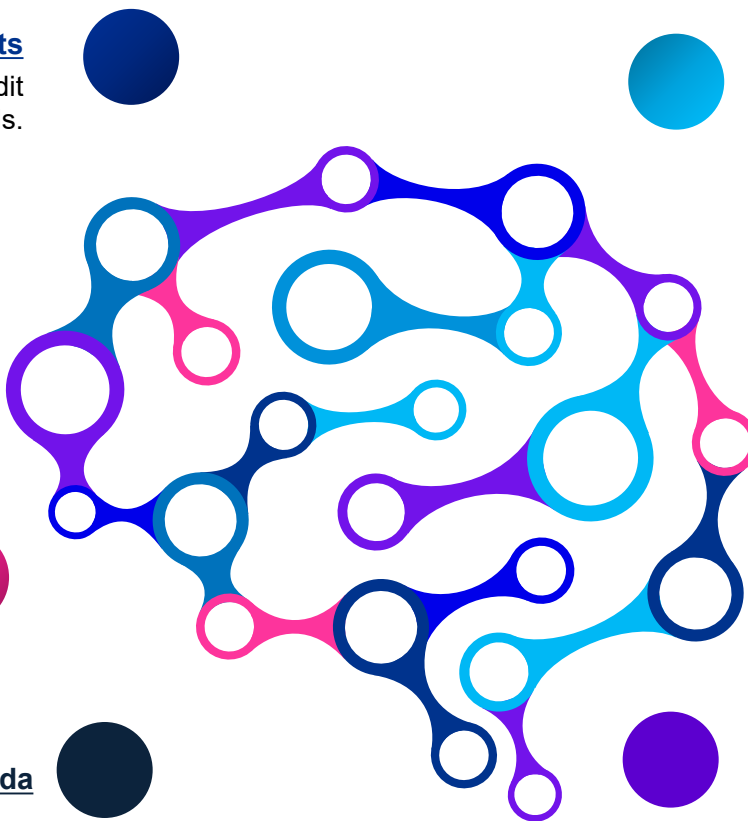
A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping Audit Committee effectiveness in Canada.

Accelerate 2026

Discover the most pressing risks and opportunities that face audit committee, boards and management teams.





Appendix 6: Technology

Continuous evolution

Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.

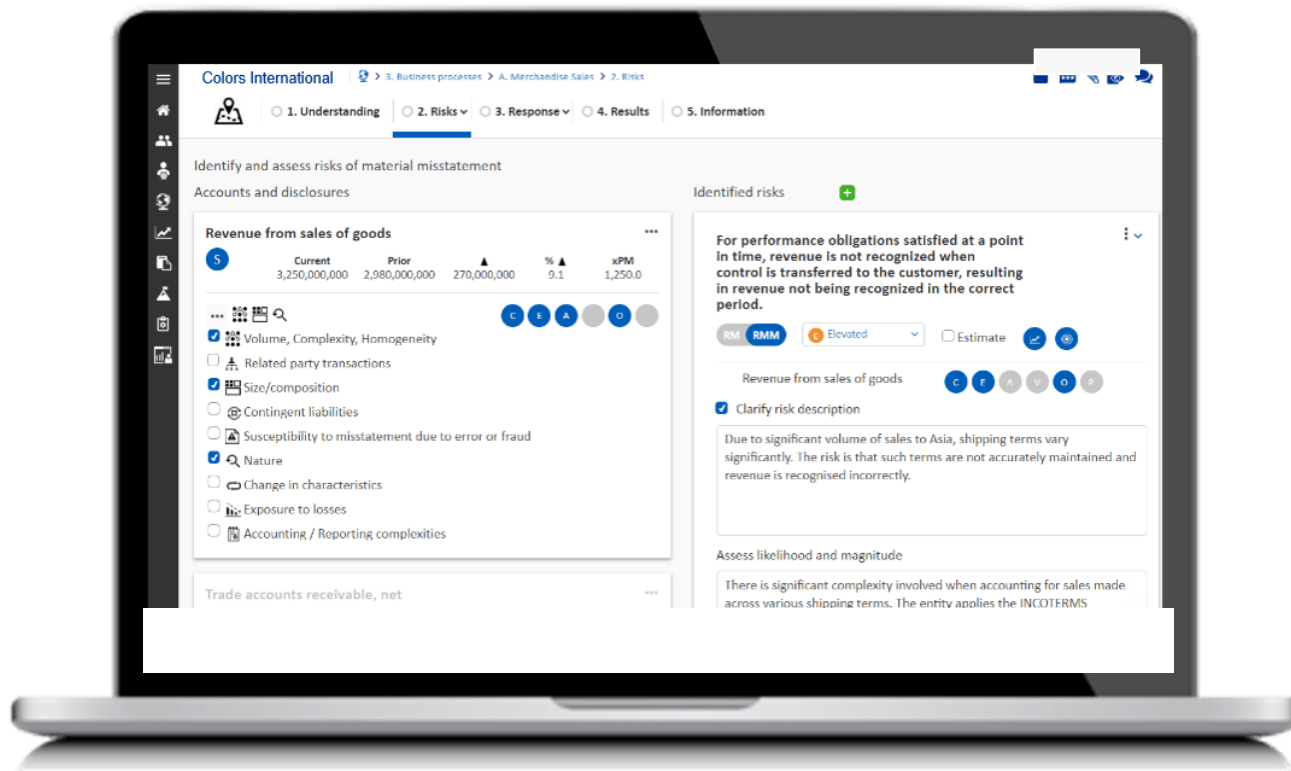




Appendix 6: Technology (continued)

KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.



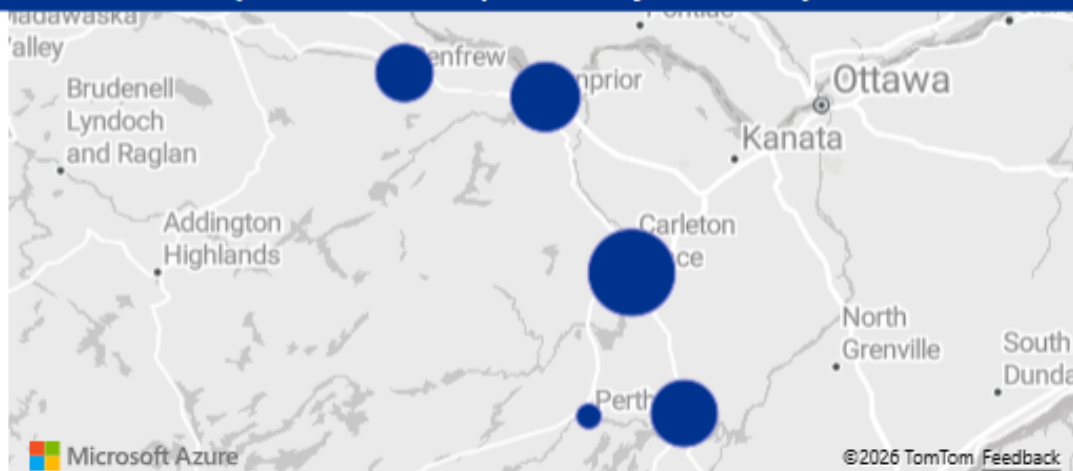
Appendix 7: Municipal Comparators

General statistics

General Stats

| Municipality | Municipal status | Subdivision | Total Households | Youth Population | Total Population | Land area (km ²) | Population density (km ²) |
|----------------|------------------|-------------|------------------|------------------|------------------|------------------------------|---------------------------------------|
| Carleton Place | Lower Tier | Town | 5,784 | 182 | 12,500 | 9.05 | 1,176.10 |
| Smiths Falls | Single Tier | Town | 4,501 | 510 | 9,254 | 9.66 | 908.90 |
| Perth | Upper Tier | Town | 3,408 | 310 | 6,469 | 12.25 | 484.10 |
| Renfrew | Lower Tier | Town | 4,093 | 955 | 8,190 | 12.78 | 643.40 |
| Arnprior | Lower Tier | Town | 4,846 | 1,515 | 9,629 | 13.07 | 672.90 |

Comparator Municipalities by Total Population



Data Sources

The stats above were obtained from the following sources:

- Total Households - FIR data, Schedule 02, Line 0040, Column 1
- Total Population - FIR data, Schedule 02, Line 0041, Column 1
- Youth Population - FIR data, Schedule 02, Line 0042, Column 1
- Land area (km²) - Stats Canada
- Population density (km²) - Stats Canada



Appendix 7: Municipal Comparators (continued)

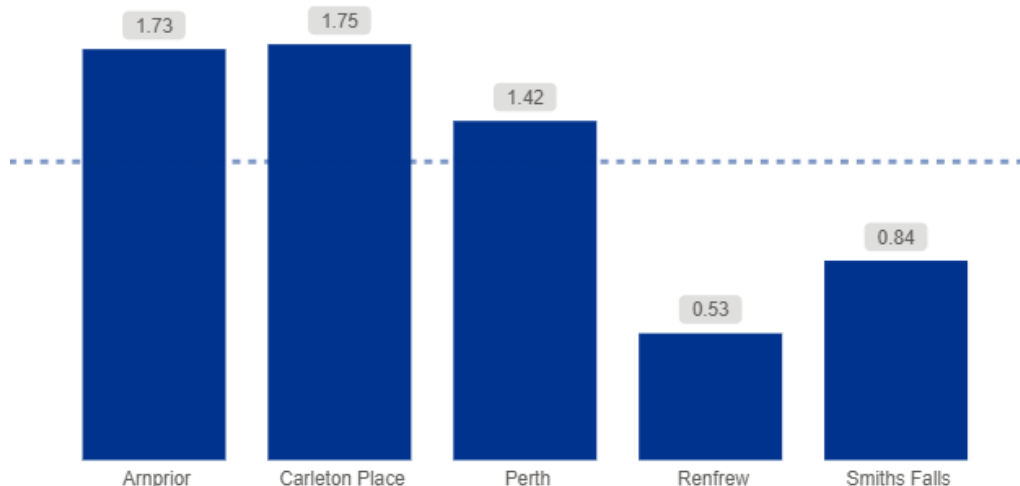
Financial assets to liabilities

This financial indicator provides an assessment of the Town’s solvency by comparing financial assets to financial liabilities.

Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or revenue losses.

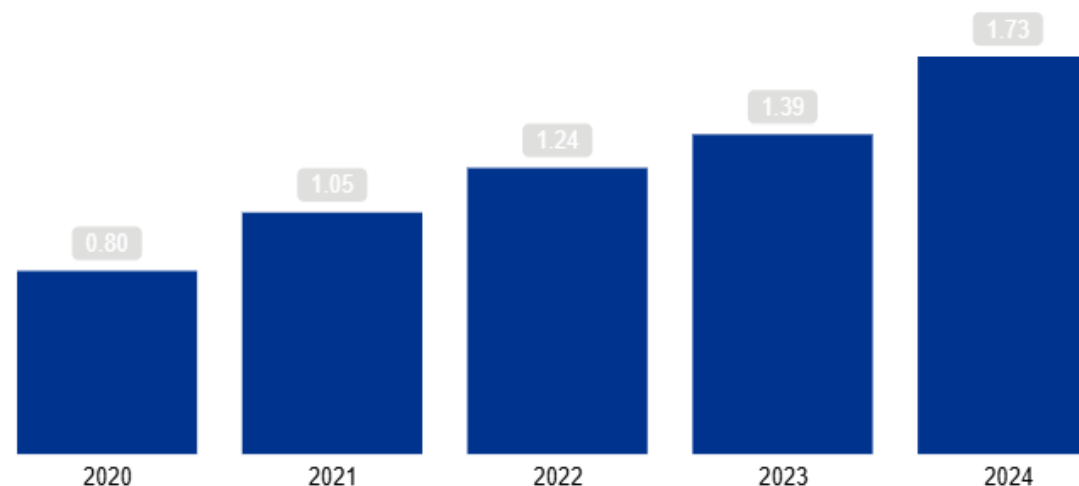
By Municipality (as at December 31, 2024)

Financial Assets to Financial Liabilities by Municipality



Town of Arnprior – 5-Year Trend

Financial Assets to Financial Liabilities Trend





Appendix 7: Municipal Comparators (continued)

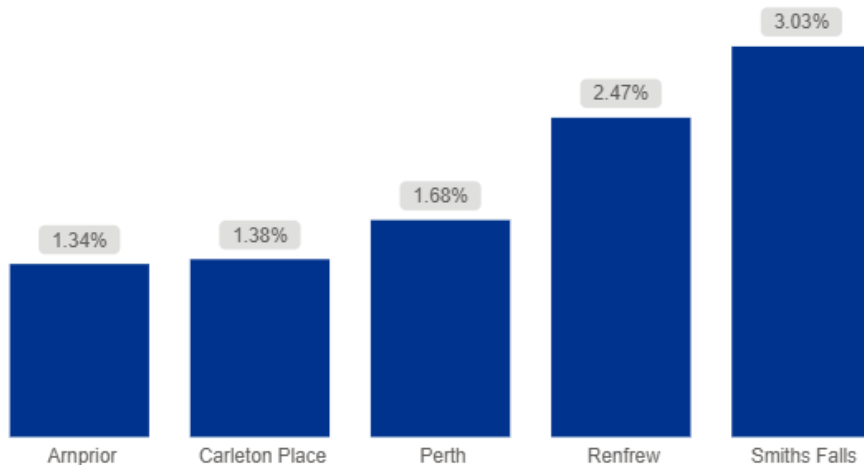
Total operating expenses as a percentage of taxable assessment

This financial indicator provides an assessment of the Town’s solvency by determining the extent to which increases in operating expenses correspond with increases in taxable assessment.

If increases correspond, the Town can fund increases in operating costs without raising taxation rates.

By Municipality (as at December 31, 2024)

Operating Expense as a Percentage of Taxable Assessment by Municipality



Town of Arnprior – 5-Year Trend

Operating Expenses Trend as a Percentage of Taxable Assessment





Appendix 7: Municipal Comparators (continued)

Total taxation as a percentage of total assessment

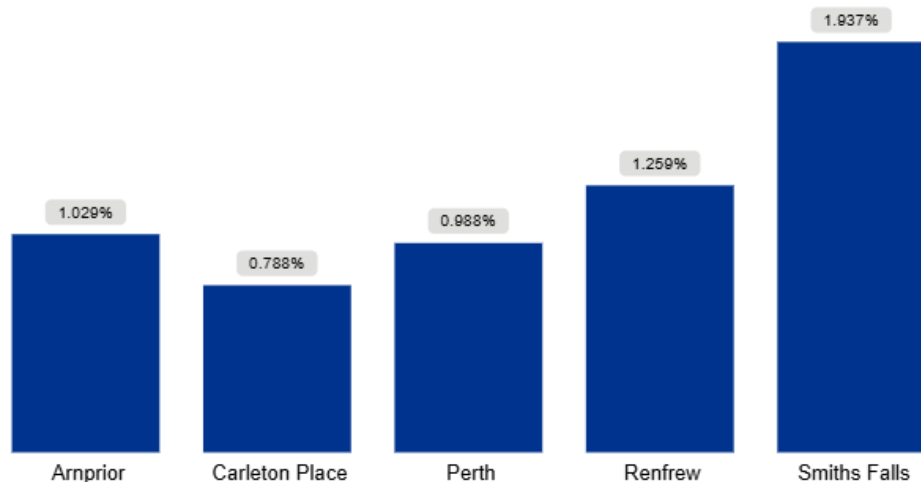
This financial indicator provides an indication of potential affordability concerns by calculating the Town’s overall rate of taxation. Relatively high tax percentages may limit the Town’s ability to generate incremental revenues in the future.

Ministry benchmarks:

- Low: less than 15%
- Moderate: 15% to 30%
- High: greater than 30%

By Municipality (as at December 31, 2024)

Total Taxation as a Percentage of Total Assessment



Town of Arnprior – 5-Year Trend

Total Taxation Trend as a Percentage of Total Assessment





Appendix 7: Municipal Comparators (continued)

Debt servicing costs as a percentage of total revenues

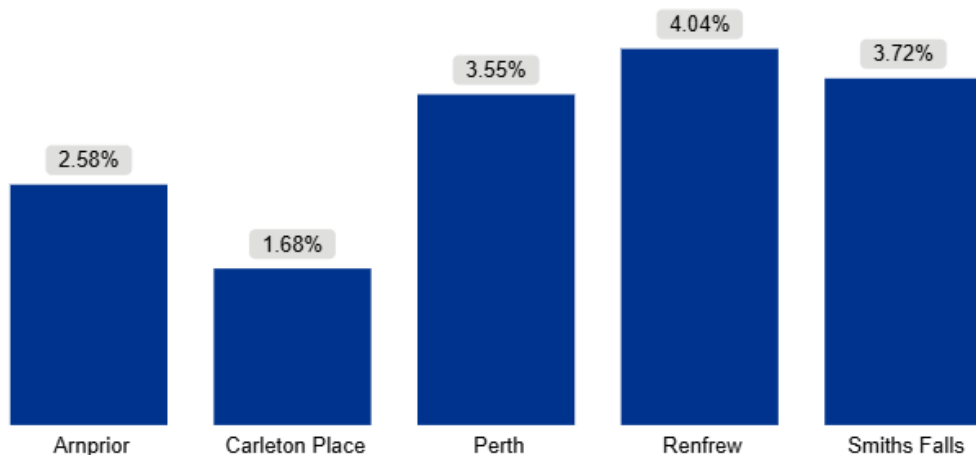
This financial indicator provides an assessment of the Town’s overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. The Town’s ability to issue additional debt may be limited if debt servicing costs on existing debt are excessively high.

Ministry benchmarks:

- Low: less than 5%
- Moderate: 5% to 10%
- High: greater than 10%

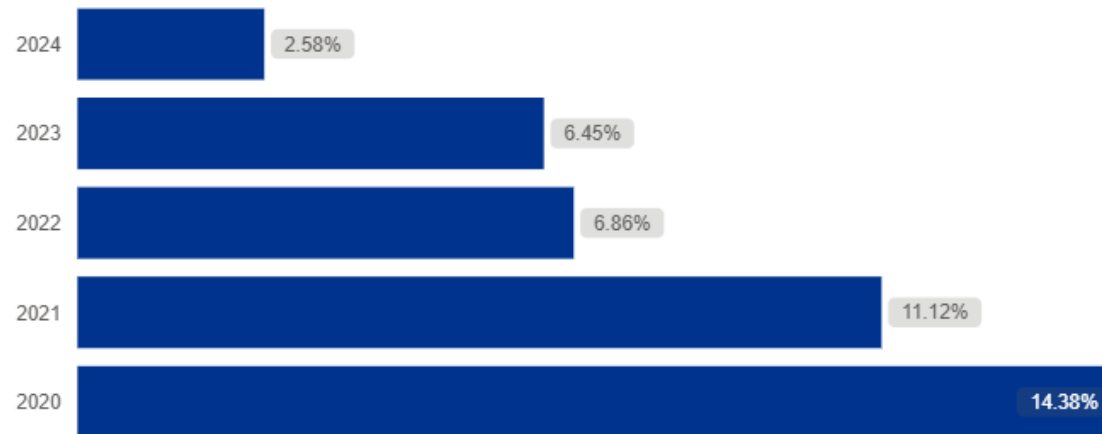
By Municipality (as at December 31, 2024)

Debt Servicing Costs as a Percentage of Total Revenues



Town of Arnprior – 5-Year Trend

Debt Servicing Costs Trend as a Percentage of Total Revenues





Appendix 7: Municipal Comparators (continued)

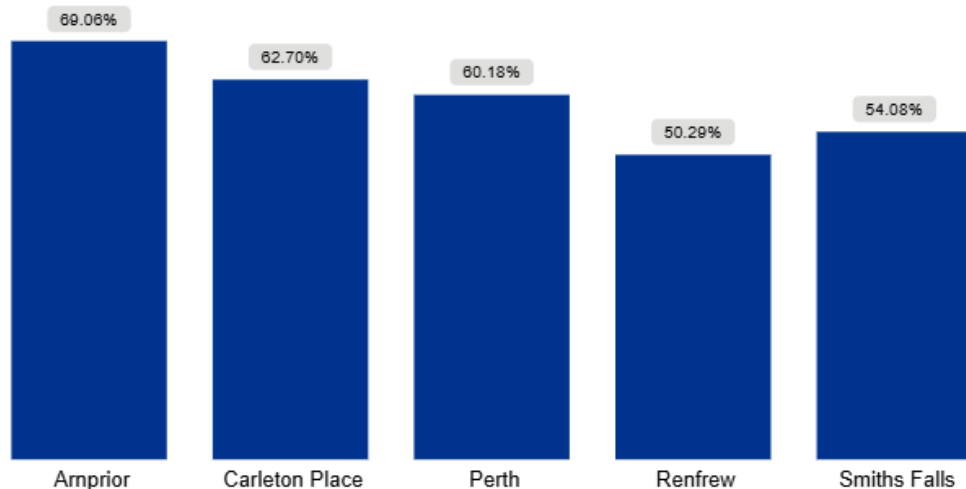
Net book value of tangible capital assets as a percentage of historical cost

This financial indicator provides an indication as to the extent to which the Town is reinvesting in its capital assets as they reach the end of their useful life. An indicator of 50% indicates that the Town, on average, is investing in capital assets as they reach the end of their useful life, with indicators less than 50% indicating that the Town's reinvestment is not keeping pace with the aging of its assets.

This indicator is based on the historical cost rather than the replacement cost. As a result, the Town's pace of reinvestment is likely lower than calculated by this indicator.

By Municipality (as at December 31, 2024)

Net Book Value of Tangible Capital Assets to Historical Cost of Tangible Capital Assets



Town of Arnprior – 5-Year Trend

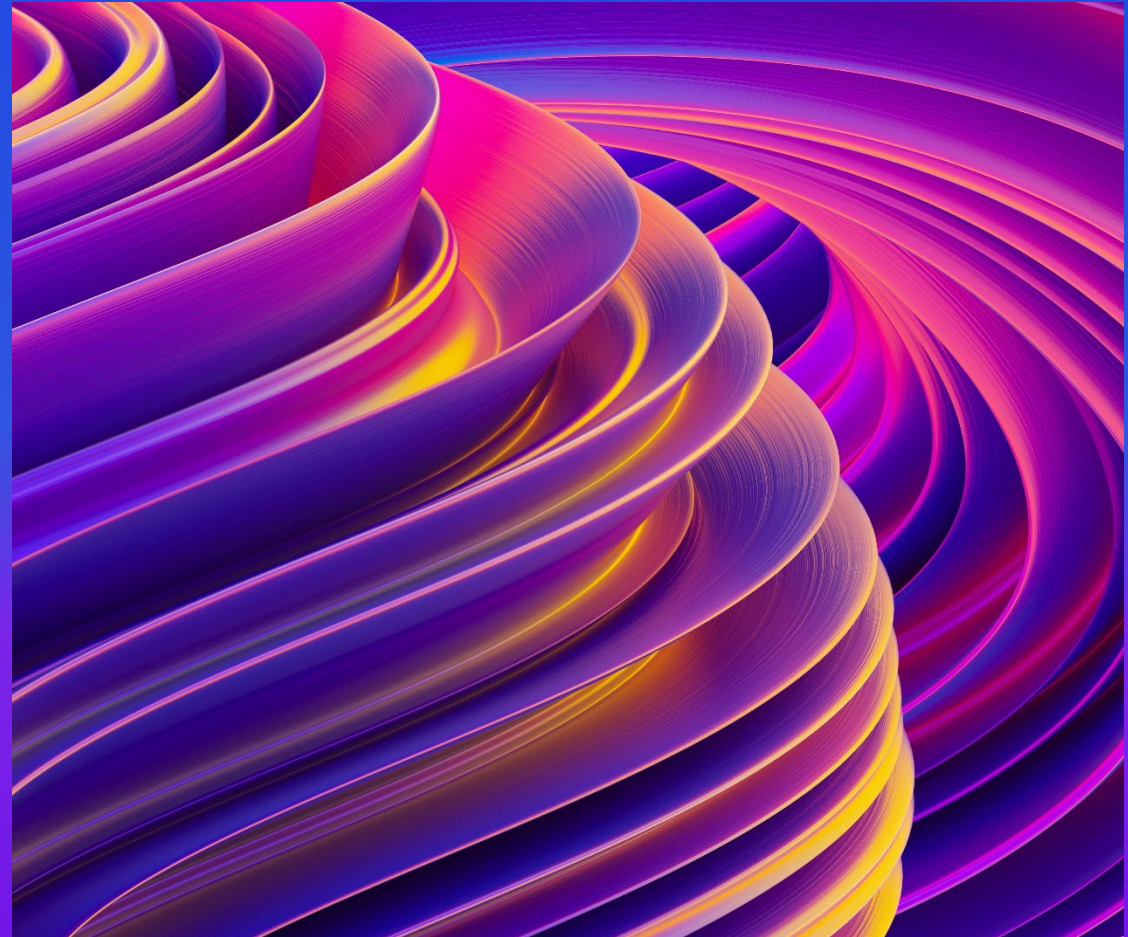
Net Book Value of Tangible Capital Assets to Historical Cost of Tangible Capital Assets Trend





<https://kpmg.com/ca/en/home.html>

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ARNPRIOR
• WHERE THE RIVERS MEET •

Summer Recreation Preview

Lucas Power
Program and Events Supervisor

Meeting Date: May 11, 2026



Background

Spring/Summer Recreation

Highlighted by Recreation and Park Month (June), the spring and summer has always been the busiest for the recreation department through servicing parks and trails, summer camp, youth programming, events and more.

2026 proposes to be no different with a few new hurdles and exciting additions to our schedule.



Recreation and Parks Month

June 2026

- This year we received \$750 in funding from ParticipACTION to join the Community Better Challenge and keep our Community Active.
- The grant helps support the School's Out Beach Party, and end of year celebration for school aged children on June 25.
- Residents are encouraged to track their activity through the app or submit their times on the website with the link provided at Arnprior.ca/ParticipACTION



Sport Leagues and Programs

All popular programs return the first week of June including:

- Adult Beach Volleyball
- Youth Beach Volleyball
- Youth Ball Hockey
- T-Ball
- Dragon Boating
- Youth Pickleball
- Drop-In Sports (Pickleball, Badminton, Table Tennis)
- Skateboarding Program with ASA

Additionally, the Park Program returns weekly in July and August, visiting varying parks on Mondays, Wednesdays and Fridays.



Youth Club

Youth Club has continued to see steady growth since it's creation in 2023.

- Afterschool Programming now continues through June.
- Poised to continue to expand the afterschool programming come September.
- Continued surveying of parents and participants for current trends and needs.

Creation of the Girl's Sports Program



Girls Sports Program

Thanks to a grant from Canadian Tire Jumpstart in the amount of \$11,171.00, the Recreation Department will debut a girl's only sports program as part of the Youth Club membership.

Studies have shown that participation in sports declines for girls as they grow through being youth due to barriers, both social and physical.

This grant will support a program for girls, by girls in recreational spaces in Arnprior with design to keep girls engaged in sport and active as they age.



Girls Sports Program

This program will start in July and carry on through December, open to girls aged 4+. At the age of 14, the girls become volunteer coaches.

This program occurs weekly on Thursdays and while it will primarily operate out of St. John XXIII School and the Sullivan Rink of Dreams, locations may alter depending on that week's activity.

The grant covers the cost of equipment to be purchased to expand the games we can play, part-time staffing costs, promotion and advertising, contractor fees and the main event.

The Girls Sports Program will be taking a bus trip to the Ottawa Rapids FC game, the new Women's Professional soccer club at TD Place.



Girls Sports Program

Registration in this program is free with the Fall 2026 Youth Club membership (\$40).

The Recreation Team is hard at work finalizing the program, building registration, and it will be open to the community on June 1, 2026.

Stay tuned to [Arnprior.ca/YouthClub](https://arnprior.ca/YouthClub) for more information and program release.



Older Adults Club

To recap, the Older Adult Club was the product of a grant from the Province of Ontario that covered programming between September 2025 and March of 2026. Within this project, we saw the addition of iPad Kiosks, training programs, monthly events, and numerous weekly fitness and social programs.

Post-project survey results were very encouraging with a 97% response to the project meeting the needs of participants.



Older Adults Club

Following the grant, the Older Adults Club will exist year-round through 3 seasons: January-April, May-August, and September-December. Schedules will be released season by season which will also include surveys to help coordinate the upcoming schedule.

Participants can choose between an annual membership of \$120 (\$10/month) or a seasonal membership of \$60 (\$15/month).

Non-resident rates apply.



Older Adults Club

The summer 2026 season included April as the original project ended in March. This season's programs include:

- Pilates
- Beach Yoga
- Light Weight Workout
- Sport Classes:
 - Social Walk
 - Pickleball
 - Bocce
 - Dragon Boating
 - Kayaking
- Coffee & Cards
- Line Dancing
- Fun Fit Dancing
- Monthly Events:
 - Gardening Workshops
 - Cross Stitching/Crochet
 - Cooking Class
 - History Lesson with the Archives
 - Fraud Prevention with the OPP

Additionally, participants continue to receive \$1.00 off their Pickleball, Badminton, Table Tennis, and Senior Swims



Summer Camps

Arnprior continues to have more summer camp programs including:

- Camp Wanna-Go
- Sports Camp
- Museum Camp
- Hockey and Ringette School

The Counsellor in Training Program will continue this year after a well received pilot project in 2025.



Summer Camps

Camp Wanna-Go

The popular summer day camp returns with a few exciting additions:

- Ninth Week
- Extended Hours (7:45am-4:30pm)
- Lunch Program
- Camp Merch
- Inclusive Camp Counsellor



Summer Camps

Sports Camp

After a successful debut in 2025, Sports Camp returns from July 20-24 at St. John XXIII School and the Sullivan Rink of Dreams.

Hockey and Ringette School

Within the past few years, there has been a lot of interest for other organizations and businesses to operate the Hockey and Ringette school. This year, the camp will be run through the Renfrew County Kings on August 10-17, and August 17-21.

Theatre Kids Camp

Our instructors from Ottawa Valley Theatre Kids welcomed their first child in March. They have opted to take the summer off and we wish them a restful summer.



Priorpalooza

June 6, 2026 | McLean Park | 12:00-9:00pm

Our annual music festival moves to McLean Park this year and will utilize all three diamonds as well as McLean Beach. Programming includes:

- Live Music from 12:30-9:00pm
- Optimist Club Kids Zone from 12:00-5:00pm
- Cold Bear Brewing Beer Garden from 12:00-9:00pm
- PaddleFest with Ottawa Valley Air Paddle from 11:00am-3:00pm
- Grass Volleyball Tournament at 12:00pm
- Train Show at the Nick Smith Centre all weekend



Priorpalooza

Event Notes:

- Exciting lineup of local musicians and those with a larger following.
- Same stage as the Cultural Night Market is being used.
- Beer garden of exclusively local beverages.
- Free bus shuttle provided by the Renfrew County Bus Lines.
- Larger than normal interest in food and community vendors.
- Support from organizations such as Nelson Water, Fire Department, local businesses and more.
- Trending to pull more tourists year after year.

Priorpalooza





School's Out Beach Party

The 4th edition is supported by ParticipACTION and presented by Kirk Orthodontics.

This event takes place on June 25 from 5:00-8:00pm at McLean Park and features:

- Face Painting
- Free Treats
- Giant Games
- Water Slide
- Bouncy House
- Guarded Beach



Canada Day

Now hosted at Hydro Park East, this event will have similar programming to that of previous years including:

- Awards and cake
- Live Music
- Pancake Breakfast
- Optimist Bobby Legault Children's Bike Parade
- Kid's Activities at Hydro Park East
- Rotary Duck Race
- Strawberry Social
- Valley Flea

As always, the festivities conclude with fireworks at dusk.



Dragon Boat Festival

Teams have already registered and are looking forward to our Dragon Boat Festival on July 18 at the Arnprior Marina.

The Athlete's Village will move from Robert Simpson Park to the Parish Hall, providing a cool indoor space to relax between races.

Registration remains open and we are excited to welcome teams from all over Ontario and Quebec back to our festival.



Cultural Night Market

August 22 | Downtown Arnprior | 4:00-9:00pm

In partnership with the Recreation Department and the Museum, the Cultural Night Market is poised to see new additions to the event including:

- Workshops within the event, taking place inside businesses located in the event grounds
- Partnerships with local businesses:
 - Painting windows of local businesses the week prior.
 - Highlighting the 'After Party' locations of those opened after the event.
- New entertainment on the main stage and secondary stage.



Concerts in the Park

The Sunday staple lives on with a new look. The 2026 series will be split between two locations:

- June 7 – July 5 at Hydro Park East
- July 12 – August 16 at McLean Park

While typically a 10-week series, the SALC Brass Ensemble+ will end the series with a bonus concert on August 16.



Stay In The Know

How can residents learn more about summer recreation?

- Summer Arnprior Life publication and/or the Summer Event 2026 booklet.
- Event websites (ex. Arnprior.ca/Priorpalooza)
- Event posters
- Online booking system (Arnprior.ca/programs)
- Events calendar (calendar.Arnrior.ca)
- Monthly Recreation Newsletter
- Contact the Nick Smith Centre
 - 613 623 7301
 - recreation@Arnprior.ca

Questions?



• WHERE THE RIVERS MEET •

Notice of Motion – Submitted by Councillor Chris Toner

Resolution Designating Arnprior, Ontario as a Bee City in Canada

Whereas, the goal of Bee City Canada certification is to promote healthy, sustainable Habitats and communities for native bees and other pollinators; and

Whereas, managed and native bees and other pollinators around the globe have Experienced dramatic declines due to a combination of habitat degradation, fragmentation and loss; climate change; use of pesticides; and, the spread of pests and diseases, with Serious implications for the future health of flora and fauna; and

Whereas, communities and their residents have the opportunity to support native bees and other pollinators on both public and private land; and

Whereas, supporting pollinators fosters environmental awareness and sustainability, and increases interactions and engagement amongst community stewards; and

Whereas, the economic benefits of pollinator-friendliness are:

- Healthy ecosystems
- Increased vegetable and fruit crop yields due to insect pollination.
- Increased demand for pollinator friendly plant materials from local nurseries and growers.
- Increased awareness and resources for pollinator initiatives and community action groups focused on native pollinators and how to protect them; and

Whereas, ideal pollinator-friendly habitat:

- Provides diverse and abundant nectar and pollen from plants blooming in succession from early spring to late Autumn.
- Includes, where possible, designated pollinator Zones in public spaces With signage to educate The public and build Awareness.
- Provides water for drinking, cooling, nest-building and butterfly puddling.

- Is composed of mostly, if not all, native Species of annual and perennial trees, Shrubs, native grasses, wildflowers, Ground cover and vines, which have co-Evolved with native pollinators.
- Provides undisturbed spaces (un- Mulched areas of soil and sand, Pithy stemmed stalks, leaf and Brush piles, un-mowed fields or Field margins, fallen trees and Other dead wood) for nesting and Overwintering for native Pollinators; and

Therefore, in order to enhance understanding among municipal staff and the public about the vital role that pollinators play and what each of us can do to sustain them, Council of the Town of Arnprior agrees to meet the following commitments required of all Bee Cities;

1. Create Pollinator Habitats
2. Engage the public with opportunities to learn and support pollinator habits
3. A yearly commitment to celebrate pollinators during International Pollinators Week (third week of June); and

Further, in addition to these commitments, Council of the Town of Arnprior will:

1. Designate Arnprior's Environmental Engineering Officer as the Bee City Canada program "liaison;" who, along with the Environmental Advisory Committee will;
2. Develop a Municipal Pollinator Habitat Plan that will include a locally native, pollinator-friendly plant list with regional sources for such plants.
3. Annually apply for renewal of Bee City Canada designation at a cost of \$150 and submit a report of the previous year's activities.
4. Publicly acknowledge the community's commitment by agreeing to:
 - a. display Bee City Canada or appropriate signage in a prominent location, and
 - b. create and maintain information on our town's website with links to a signed Resolution, the Bee City Canada's website, contact information for our local community's Bee City Canada liaison and reports of the pollinator friendly activities the community has accomplished the previous year(s).



Town of Arnprior Staff Report

Subject: Multi-Year Extension Award, Recreation Software Services

Report Number: 27-05-11-01

Report Author and Position Title: Graeme Ivory, Director of Recreation

Department: Recreation Services

Meeting Date: May 11, 2026

Recommendations:

That Council award the provision of recreation software services to PerfectMind Inc in the amount of \$115,000 plus HST; and

That Council pass a bylaw authorizing the CAO to execute the agreement with PerfectMind Inc.

Background:

The Town of Arnprior completed an RFP in 2018 to secure software servicing to provide booking and registration support for facility rentals and programming. The successful vendor through that process was PerfectMind.

The initial agreement was a five-year agreement, including onboarding services for the initial year, running July 2018 – July 2023. In 2023, the Town extended the agreement for a 3-year period for July 2023 – July 2026 inclusive.

Discussion:

As part of the 2026 budget process, staff requested an increase to the operations budget under licencing for the renewal of this contract which would also include a mobile app to better support the user experience and functionality of the PerfectMind system by our customers.

By entering into the 5-year agreement, this substantially reduces the cost of the implementation and operation of the app over the 5-year period.

PerfectMind also provides municipal administration services (dump passes / bag tags / food cycler / etc) through the Nick Smith Centre and supports online registration for museum programming.

Prior to this renewal process with PerfectMind, staff did review annual costing with other vendors that offer similar services. Costs were relatively consistent across the board, however there would be an added cost of onboarding into a new system in addition to a change in service delivery with our current users.

When combined over the 5-year period, the total value is \$115,000. While this amount exceeds the amounts listed in the Procurement Policy, Appendix A, Section 6 (f) notes the Information Technology Services are exempt from the Policy, which applies to this case.

Options:

Option 1: Enter into this 5-year extension with PerfectMind Inc. This is the recommended option by staff as outlined above.

Option 2: Reduce the term of this agreement to less years and less cost. This is not the recommended option as it would increase the cost of the mobile app.

Option 3: Explore a new agreement with another vendor. This is not the recommended option as there would be significant cost and time requirements to build this platform with a new vendor and the existing agreement expires in July 2026.

Policy Considerations:

- Procurement Policy (By-Law No. 6942-19)

Financial Considerations:

The annual licencing fees over the next five years (including as budgeted for in 2026) are:

- July 2026 – July 2027: \$21,000
- July 2027 – July 2028: \$22,000
- July 2028 – July 2029: \$23,000
- July 2029 – July 2030: \$24,000
- July 2030 – July 2031: \$25,000

Meeting Dates:

N/A

Consultation:

- Jennifer Morawiec, General Manager, Client Services / Treasurer

Documents:

Signatures

Reviewed by Department Head: Graeme Ivory

Reviewed by General Manager of Client Services/Treasurer:

CAO Concurrence: Robin Paquette

Workflow Certified by Town Clerk: Kaila Zamojski



Town of Arnprior Staff Report

Subject: Budget Matters – Expenses: Ontario Regulation 284/09

Report Number: 26-05-11-02

Report Author and Position Title: Jennifer Morawiec, GM Client Services / Treasurer

Department: Client Services

Meeting Date: May 11, 2026

Recommendations:

That Council adopt this report by resolution as required under the Municipal Act, 2001, Ontario Regulation 284/09.

Background:

Municipalities are required to prepare annual Financial Statements in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). These accounting principles include accounting for post-employment benefits expenses, solid waste landfill closure and post-closure expenses, and amortization expenses (related to tangible capital assets). The PSAB accounting standards adopted for municipalities, however, do not require that annual budgets be prepared on the same basis.

Ontario Regulation 284/09 permits municipalities to exclude a portion or all of the following expenses from their annual budgets:

- Post-employment benefits expenses,
- Solid waste landfill closure and post-closure expenses, and
- Amortization expenses (related to tangible capital assets).

However, the legislation requires staff to prepare an annual report to Council which identifies the expenses that have been included in the PSAB Financial Statements but excluded from the budget, identifies the impact of these differences on the change in the municipality's accumulated surplus, and analyzes the impact of excluding these expenses from the budget on future capital assets funding requirements.

Discussion:

As permitted under Regulation 284/09 in preparing the budget for a year, a municipality may

exclude from the estimated expenses all or a portion of the following:

- Post-employment benefits expenses,
- Solid waste landfill closure and post-closure expenses, and
- Amortization expenses (related to tangible capital assets).

These expenses were not included in the Town’s operating budget for 2026. The Town, like most municipalities, continues to prepare budgets on the traditional funding basis where revenue and expenditures for operating and capital budgets are balanced.

Impact of Excluded Expenses on 2026 Budgeted Accumulated Surplus

Regulation 284/09 requires a municipality to identify the impact of the 2026 budget on the Town’s accumulated surplus after converting the 2026 budget and assumptions to the full accrual basis of accounting (PSAB).

The equity of a municipality is defined as accumulated surplus. The accumulated surplus consists mainly of:

- Operating Fund Surpluses including local boards
- Equity in Tangible Capital Assets
- Reserves and Reserve Funds
- Less Unfunded Liabilities such as Employee Future Benefits and Landfill Sites ARO Liability

The results of PSAB financial reporting requirements are that the Town’s surplus for budgeting purposes differs from the surplus on the Town’s financial statements. The estimated effect on the 2026 ending surplus due to the excluded expenses and change to PSAB reporting is anticipated to be a net impact of \$11,544,129 summarized as follows:

| Estimate Impact on 2026 Accumulated Surplus | |
|---|---------------|
| Post-employment benefits expense | - |
| Amortization of tangible capital assets | (\$5,094,308) |
| ARO Accretion Expense | (\$46,851) |
| Acquisition of tangible capital assets | \$16,685,288 |
| Estimate net increase (accumulated surplus) | \$11,544,129 |

The changes to accounting and reporting requirements under PSAB are a financial accounting treatment only and do not affect operating surpluses. This difference is one of financial statement presentation.

Explanations of the impacts to the accumulated surplus are outlined below:

a) Employee Future Benefits/Post-Employment Benefits Expenses

The Town currently does not have any Employee future benefit / post-employment benefit expenses where the benefits are earned by employees in the current period but not paid for by taxes or rates until a future period. Benefits for retirees are paid for by the retiree, not the Town. These could include items such as sick leave benefit plans, long-term disability plans,

Workplace Safety and Insurance Act (WSIB) benefits and post-retirement plans.

The Town participates in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

b) Solid Waste Landfill Closure and Post Closure Expenses

The new Canadian public sector accounting standard PS3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal and landfill closures. The liability for closure of operational sites and post-closure care relating to landfill sites is recognized based on estimated future expenses. The liability is discounted using a present value calculation and adjusted annually for accretion expense.

As at December 31, 2026, the estimated liability for asset retirement obligations (landfill closure and facility asbestos removal) is \$1,556,632. The impact (change) of the Landfill asset retirement obligation liability is an estimated annual accretion expense of \$46,851 in 2026 and is a decrease to the accumulated surplus.

The Town does maintain an annual contribution to the Landfill Reserve in the operating budget (\$46,950 in 2026) to address the annual increase in the Landfill ARO liability and to ensure that sufficient funding will be available to discharge this liability over the remaining life of the landfill site. The Landfill Reserve Fund has an estimated 2026 balance of \$2,462,379.

c) Amortization Expense to Tangible Capital Assets

Annual financial statements include amortization expenses on tangible capital assets as required by PSAB standards. Amortization expense for 2026 is estimated at \$5,094,308 based on current tangible capital assets and planned capital investments.

Although the Town's 2026 operating budget does not include amortization expenses on tangible capital assets, the Town actively plans for and forecasts future funding requirements for capital asset replacement through the 20 Year Long Range Capital Forecast, Asset Management Plan and various Master Plans.

2026 estimated tangible capital asset acquisitions are a combination of asset replacements and additions. These capital assets are funded through a combination of reserves, financing, development charges and government grants. The operating budget also includes the financing (debt principal repayment) of \$1.47M for prior capital investments.

Overall, while the estimated 2026 amortization expense of \$5,094,308 will reduce the Town's accumulated surplus, the planned investment in tangible capital assets of \$16,685,288 will offset this impact and will result in a net increase to accumulated municipal equity.

Options:

N/A

Policy Considerations:

This report has been completed in accordance with the Town's Strategic Plan priority for financial sustainability and management of our resources to ensure long-term stability and prosperity.

Financial Considerations:

As outlined in the report above.

Meeting Dates:

N/A

Consultation:

N/A

Documents:

N/A

Signatures

Reviewed by Department Head: Jennifer Morawiec

Reviewed by General Manager, Client Services/Treasurer: Jennifer Morawiec

CAO Concurrence: Robin Paquette

Workflow Certified by Town Clerk: Kaila Zamojski



Town of Arnprior Staff Report

Subject: Proclamation for National AccessAbility Week (May 31st – June 6th, 2026)

Report Number: 26-05-11-03

Report Author and Position Title: Kaitlyn Wendland, Deputy Clerk

Department: Clerk’s Office

Meeting Date: May 11th, 2026

Recommendations:

That Council proclaim May 31st to June 6th, 2026, as National AccessAbility Week in the Town of Arnprior.

Background:

The proclamation highlights work done by the Accessibility & Age Friendly Advisory Committee.

Assessment of the Proclamation Request from the Town of Arnprior Proclamations Policy No. ADMIN-C-2.05

| | |
|--|--|
| Section 5.1 – Charitable or Non-Profit Organization | Yes |
| Section 5.2 – Request received two (2) weeks prior to the event | Yes |
| Section 5.2.1 – Name and Address of Organization | Easter Seals Canada 40 Holly St., Suite 401 Toronto, ON M4S 3C3 (416) 932-8382 & Government of Canada |
| Section 5.2.2 – Contact Person’s Name | Town of Arnprior, Accessibility and Age Friendly Advisory Committee |
| Section 5.2.3 – Name of Proclamation and Duration | National AccessAbility Week May 31 st to June 6 th , 2026 |



**Assessment of the Proclamation Request from the Town of Arnprior
Proclamations Policy No. ADMIN-C-2.05**

| | |
|--|---|
| Section 5.2.4 – Appropriate Wording for Proclamation | Yes |
| Section 5.2.5 – Request Flag to be flown/ flag raising ceremony | No (Request to change the Arnprior and District Museum clock tower lights to be red on June 1 st to June 6 th , 2026) |
| Section 5.3.1 – Does not promote any commercial business | Complies |
| Section 5.3.2 – Does not promote hatred or illegal activity | Complies |
| Section 5.3.3 – Does not contain inappropriate statements | Complies |

Documents:

1. Proclamation Document – National AccessAbility Week 2026

Signatures

Reviewed by Department Head: Kaila Zamojski

Reviewed by General Manager, Client Services/Treasurer:

CAO Concurrence: Robin Paquette

Workflow Certified by Town Clerk: Kaila Zamojski



**Town of Arnprior Proclamation
National AccessAbility Week
May 31st to June 6th, 2026**

Whereas the Government of Canada marks National AccessAbility Week from May 31st to June 6th, 2026, in Canada; and

Whereas as a part of National AccessAbility Week, Red Shirt Day of Action for Accessibility and Inclusion, as promoted by Easter Seals Canada, is recognized on June 3rd, 2026; and

Whereas over 8 million Canadians have one or more disabilities, including 2.6 million people in Ontario and 90% of Canadians believe people with disabilities are not fully included in society; and

Whereas National AccessAbility Week aims to improve the understanding and knowledge of Canadians about accessibility and inclusion, reduce stigma and attitudinal barriers towards persons with disabilities, share best practices and lessons learned within the disability community, and demonstrate a supportive voice for Canadians with disabilities; and

Whereas disability accessibility and inclusion does not end with this awareness week, and in order to make Canada a truly accessible and inclusive society, it requires the constant, year-round commitment and efforts of all Canadians to take action to increase accessibility and inclusion; and

Whereas this year Easter Seals is encouraging people to participate in National AccessAbility Week and Red Shirt Day by making a pledge and committing to take action to remove physical, attitudinal and systemic barriers to accessibility and inclusion in their school, workplace, and community; and

Whereas, as requested by the Arnprior Accessibility and Age Friendly Advisory Committee, the Town of Arnprior will be sharing this proclamation with the schools in our community and online and the Arnprior and District Museum's clock tower will be lit up with the colour red from June 1st to June 6th, 2026, to show our support.

Now Therefore Be it Resolved That, I, Lisa McGee, Mayor of Arnprior, do hereby proclaim May 31st to June 6th, 2026, as National AccessAbility Week in the Town of Arnprior and encourage all residents to learn more about Accessibility and Inclusion, wear a red shirt on June 3rd, 2026, and help promote awareness, acceptance and inclusivity in our community.

**Lisa McGee, Mayor
Town of Arnprior**

**The Corporation of the
Town of Arnprior**

By-law Number 7671-26

A by-law to award Recreation Software Services to Perfect Mind Inc.

Whereas on February 2nd, 2026, the Town of Arnprior's 2026 Operations Budget was deemed adopted under Strong Mayor Power process which included a budget of \$28,000 for Licencing Fees; and

Whereas in accordance with the Town's Procurement Policy (By-Law 6942-19) the Town sole sourced this agreement per Appendix A, Section 6 (f) Information Technology Services; and

Whereas PerfectMind Inc submitted a 5-Year proposal for Recreation Software Services extending the current agreement and adding a mobile app in the amount of \$115,000 plus HST; and

Therefore Be It Resolved That the Council of the Town of Arnprior enacts as follows:

1. **That** Council award recreation software services to PerfectMind Inc in the amount of \$115,000 plus HST;
2. **That** Council authorizes the CAO to execute the agreement with PerfectMind Inc
3. **That** this By-law shall come into force and effect on the day of its adoption.

Enacted and Passed this 11th day of May, 2025.

Signatures:

Lisa McGee, Mayor

Kaila Zamojski, Town Clerk

This by-law is deemed to be adopted on _____, 2026.

**The Corporation of the
Town of Arnprior**

By-Law Number 7672-26

Being a By-Law to adopt the Audited Consolidated Financial Statements for the year ending December 31, 2025.

Whereas, pursuant to Section 294.1 of the *Municipal Act*, 2001, S.O. as amended, a municipality shall for each fiscal year, prepare annual consolidated financial statements for the municipality in accordance with generally accepted accounting principles for local governments as recommended from time to time by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada; and

Whereas pursuant to Section 295 (1) of the *Municipal Act*, 2001, S.O. as amended, within 60 days after receiving the audited financial statements of the municipality for the previous year, the treasurer of the municipality shall post a copy of the audited financial statements, the notes to the financial statements, the auditor's report and the tax rate information for taxes imposed under any Part of this Act for the current and previous year as contained in the financial review on a website of the municipality; and

Whereas, at the May 11, 2026 Regular Meeting of Council, the Town Municipal Auditors, KPMG, delivered the draft 2025 Consolidated Financial Statements and presented an overview and highlights of the financial statements in the audit findings report; and

Therefore the Council of the Town of Arnprior enacts as follows:

1. **That** the Consolidated Financial Statements for the Corporation of the Town of Arnprior for the year ending December 31, 2025 be adopted; and
2. **That** this by-law shall come into full force and effect on the day of its adoption.

Passed in Open Council this 11th day of May, 2026.

Signatures:

Lisa McGee, Mayor

Kaila Zamojski, Town Clerk

This by-law is deemed to be adopted on _____, 2026.

Audited Consolidated Financial Statements and
Other Financial Information of

**CORPORATION OF THE
TOWN OF ARNPRIOR**

Year ended December 31, 2025

DRAFT

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Financial Statements

Year ended December 31, 2025

Page

CORPORATION OF THE TOWN OF ARNPRIOR:

Management's Responsibility for the Consolidated Financial Statements

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 Arnprior (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are 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 judgement, 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 compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors 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.

Robin Paquette
Chief Administrative Officer

Jennifer Morawiec
General Manager, Client Services/Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Arnprior (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of operations and accumulated municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets 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 Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 11, 2026

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Financial assets: | | |
| Cash | \$ 23,475,318 | \$ 24,128,086 |
| Taxes receivable | 1,529,736 | 1,507,095 |
| User charges receivable | 1,036,433 | 932,634 |
| Accounts receivable | 4,042,483 | 1,805,363 |
| Investments (note 3) | 2,998,292 | 2,983,912 |
| | <u>33,082,262</u> | <u>31,357,090</u> |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 1,772,057 | 1,710,124 |
| Asset retirement obligations (note 5) | 1,521,089 | 1,464,514 |
| Prepaid property taxes | 192,197 | 187,665 |
| Security deposits | 320,132 | 256,186 |
| Deferred revenue | 1,646,146 | 363,854 |
| Deferred revenue - obligatory reserve funds (note 4) | 4,970,166 | 6,078,518 |
| Long-term liabilities (note 6) | 9,754,247 | 8,099,985 |
| | <u>20,176,034</u> | <u>18,160,846</u> |
| Net financial assets | 12,906,228 | 13,196,244 |
| Non-financial assets: | | |
| Tangible capital assets (note 13) | 155,255,984 | 147,460,433 |
| Inventories | 160,242 | 114,592 |
| Prepaid expenses | 5,982 | — |
| | <u>155,422,208</u> | <u>147,575,025</u> |
| Contractual obligations (note 10) | | |
| Commitments (note 11) | | |
| Contingent liabilities (note 12) | | |
| Accumulated municipal equity (note 7) | <u>\$ 168,328,436</u> | <u>\$ 160,771,269</u> |

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2025, with comparative information for 2024

| | 2025 Budget (note 15) | 2025 Actual | 2024 Actual |
|--|-----------------------------|-----------------------|-----------------------|
| Revenue: | | | |
| Property taxation | \$ 14,259,991 | \$ 14,029,574 | \$ 13,370,767 |
| User charges | 8,474,550 | 8,656,592 | 8,235,444 |
| Government transfers | 3,166,186 | 4,559,762 | 2,936,614 |
| Transfers from deferred revenue - obligatory reserve funds: | | | |
| Development charges | 845,825 | 1,794,799 | 3,234,212 |
| Recreational land | - | - | 70,835 |
| Investment income | 399,300 | 849,092 | 1,292,063 |
| Licenses and permits | 373,100 | 369,438 | 379,071 |
| Penalties and interest | 164,500 | 246,576 | 199,692 |
| Donations | 35,200 | 93,730 | 38,360 |
| Provincial offenses | - | 37,111 | 35,046 |
| Contributed capital assets | - | - | 38,091,747 |
| Loss on disposal of tangible capital assets | - | (136,614) | (22,952) |
| Total revenue | 27,718,652 | 30,500,060 | 67,860,899 |
| Expenses (note 14): | | | |
| Environmental services | 6,731,147 | 6,892,033 | 8,127,671 |
| General government | 2,498,826 | 2,666,317 | 2,481,171 |
| Health and social services | 167,300 | 220,731 | 298,006 |
| Planning and development | 366,550 | 340,300 | 406,965 |
| Protection to persons and property | 3,329,320 | 3,553,224 | 3,471,092 |
| Recreation and cultural services | 5,303,040 | 5,220,730 | 6,724,791 |
| Transportation services | 4,503,640 | 4,049,558 | (40,489) |
| Total expenses | 22,899,823 | 22,942,893 | 21,469,207 |
| Annual surplus | 4,818,829 | 7,557,167 | 46,391,692 |
| Accumulated municipal equity, beginning of year | 160,771,269 | 160,771,269 | 114,379,577 |
| Accumulated municipal equity, end of year | \$ 165,590,098 | \$ 168,328,436 | \$ 160,771,269 |

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

| | 2025 Budget (note 15) | 2025 Actual | 2024 Actual |
|---|-----------------------------|----------------|----------------|
| Annual surplus | \$ 4,818,829 | \$ 7,557,167 | \$ 46,391,692 |
| Amortization of tangible capital assets | 4,885,321 | 4,885,321 | 4,096,174 |
| Acquisition of and contributed tangible capital assets | (16,182,632) | (12,817,486) | (45,902,821) |
| Loss on disposal of tangible capital assets | - | 136,614 | 22,952 |
| Decrease (increase) in inventories | - | (45,650) | 39,885 |
| Increase in prepaid expenses | | (5,982) | - |
| Change in net financial assets | (6,478,482) | (290,016) | 4,647,882 |
| Net financial assets, beginning of year | 13,196,244 | 13,196,244 | 8,548,362 |
| Net financial assets, end of year | \$ 6,717,762 | \$ 12,906,228 | \$ 13,196,244 |

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

| | 2025 | 2024 |
|---|---------------|---------------|
| Operating activities: | | |
| Annual surplus | \$ 7,557,167 | \$ 46,391,692 |
| Item not involving cash: | | |
| Amortization of tangible capital assets | 4,885,321 | 4,096,174 |
| Loss on disposal of tangible capital assets | 136,614 | 22,952 |
| Accretion expense | 45,267 | 43,736 |
| Remeasurement of asset retirement obligations | 11,308 | - |
| Contributed tangible capital assets | - | (38,091,747) |
| Change in non-cash operating working capital: | | |
| Taxes receivable | (22,641) | (526,359) |
| User charges receivable | (103,799) | (46,658) |
| Accounts receivable | (2,237,120) | 182,845 |
| Accounts payable and accrued liabilities | 61,933 | (298,480) |
| Prepaid property taxes | 4,532 | (42,663) |
| Security deposits | 63,946 | (371,697) |
| Deferred revenue | 1,282,292 | 177,362 |
| Deferred revenue - obligatory reserve funds | (1,108,352) | (1,963,460) |
| Inventories | (45,650) | 39,885 |
| Prepaid expenses | (5,982) | - |
| | 10,524,836 | 9,613,582 |
| Capital activities: | | |
| Acquisition of tangible capital assets | (12,817,486) | (7,811,074) |
| Investing activities: | | |
| Redemption (purchase) of investments | (14,380) | 16,766 |
| Financing activities: | | |
| Proceeds from long-term liabilities | 3,000,000 | - |
| Repayment of long-term liabilities | (1,345,738) | (1,390,108) |
| | 1,654,262 | (1,390,108) |
| Increase (decrease) in cash | (652,768) | 429,166 |
| Cash, beginning of year | 24,128,086 | 23,698,920 |
| Cash, end of year | \$ 23,475,318 | \$ 24,128,086 |

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements

Year ended December 31, 2025

The Corporation of the Town of Arnprior (the "Town") was incorporated in 1892 (previously incorporated as a village in 1862) and assumed its responsibilities under the authority of the Provincial Secretary. The Town operates as a lower tier government in the County of Renfrew, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Town are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Arnprior Business Improvement Area Committee
- Arnprior Public Library Board

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements. Over levies (under levies) are reported on the Consolidated Statement of Financial Position.

(b) Basis of accounting:

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

Trust funds and their related operations administered by the Town are not included in these consolidated financial statements.

(c) Taxation and related revenues:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the County of Renfrew for regional services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Tangible capital assets:

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

| Asset | Useful Life - Years |
|-------------------------|---------------------|
| Land improvements | 10 to 25 |
| Buildings | 20 to 75 |
| Machinery and equipment | 5 to 20 |
| Vehicles | 10 to 20 |
| Linear assets | 30 to 80 |

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$10,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations and Accumulated Municipal Equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity.

(e) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(f) Inventories:

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

(g) Employee future benefits:

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

(h) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(i) Revenue recognition:

Government transfers and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Town generated funds, generally consisting of user charges and licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

(j) Deferred revenue:

The Town receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services performed.

The Town also receives restricted contributions under the authority of the federal and provincial legislation and Town by-laws. Government transfers of Canada Community Building Fund, development charges collected under the Development Charges Act, 1997, recreational land collected under the Planning Act and building surpluses earned under the Building Code Act are restricted in their use, and until applied to applicable costs, are reported as deferred revenue - obligatory reserve funds in the Consolidated Statement of Financial Position. These amounts are recognized as revenue in the fiscal year the services are performed, or related expenses incurred.

(k) Investment income:

Investment income is recognized as revenue in the period earned. Investment income earned on deferred revenue - obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

(l) Asset retirement obligations:

An asset retirement obligation (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(l) Asset retirement obligations (continued):

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded.

Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity.

(m) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Town:
 - a. is directly responsible; or
 - b. accepts responsibility
- (iv) it is expected that future economic benefit will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(n) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and reported on the Consolidated Statement of Financial Position. Derivatives and portfolio investments in equity instruments that are quoted in an active market are measured at fair value while all other financial instruments are measured at cost or amortized cost.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Consolidated Statement of Operations and Accumulated Municipal Equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(n) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations and Accumulated Municipal Equity and any unrealized gain is adjusted through the Consolidated Statement of Remeasurement Gains and Losses. On sale, the unrealized gain or loss included in the Consolidated Statement of Remeasurement Gains and Losses associated with that instrument are reversed and recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity.

A Consolidated Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2025 or 2024.

Long-term debt is recorded at amortized cost

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability.

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- 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 fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(o) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of management's estimates include the asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from these estimates.

2. Operations of the school boards and County of Renfrew:

The Town collects and makes property tax transfers, including payments in lieu of property taxes, to the County of Renfrew and School Boards. The amounts collected and remitted are as follows:

For the year ended December 31, 2025:

| | School boards | County |
|---------------------------------|---------------|--------------|
| Property taxes | \$ 2,616,967 | \$ 5,809,118 |
| Taxation from other governments | 941 | 28,774 |
| | \$ 2,617,908 | \$ 5,837,892 |

For the year ended December 31, 2024:

| | School boards | County |
|---------------------------------|---------------|--------------|
| Property taxes | \$ 2,590,065 | \$ 5,464,253 |
| Taxation from other governments | 941 | 27,146 |
| | \$ 2,591,006 | \$ 5,491,399 |

3. Investments:

Investments, which consist of guaranteed investment certificates, are considered Level 1 investments and are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest. Interest rates range between 3.00% and 5.00% (2024 - 1.73% and 5.50%) with maturity dates between March 2026 and October 2030 (2024 - June 2025 and October 2029). They have a market value of \$2,616,974 at December 31, 2025 (2024 - \$3,039,556).

The investments which matured subsequent to year-end have been reinvested.

There were no transfers in or out of Level 1, Level 2 or Level 3 for the years ended December 31, 2025 and 2024.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Deferred revenue - obligatory reserve funds:

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

| | Government grants | Development charges | Recreational land | Building department | Total |
|----------------------------|-------------------|---------------------|-------------------|---------------------|--------------|
| Balance, beginning of year | \$ 16,572 | \$ 4,850,967 | \$ 308,051 | \$ 902,928 | \$ 6,078,518 |
| Government grants | 1,228,978 | – | – | – | 1,228,978 |
| Contributions | – | 445,096 | 112,676 | – | 557,772 |
| Interest | 5,367 | 129,888 | 10,382 | 28,539 | 174,176 |
| Transfer to operations | (1,233,790) | (1,794,799) | – | (40,689) | (3,069,278) |
| Balance, end of year | \$ 17,127 | \$ 3,631,152 | \$ 431,109 | \$ 890,778 | \$ 4,970,166 |

The balance of government grants included above is comprised of the Canada Community Building Fund and Ontario Community Infrastructure Fund.

5. Asset retirement obligations:

The Town's asset retirement obligations (AROs) consist of several obligations as follows:

(a) Landfill obligation:

The Town owns and operates one landfill. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site and for 25 years thereafter. As at December 31, 2025, the landfill had an estimated remaining useful life of 14 years (2024 - 15 years). The Town recognized an obligation relating to the removal and post-removal care of the landfill. These costs were discounted using a discount rate of 3.50% per annum (2024 - 3.50% per annum) and an inflation rate of 3.27% per annum (2024 - 3.27% per annum).

(b) Asbestos and other obligations:

The Town owns several buildings that are known to have asbestos, which represents a health hazard upon demolition/decommission and there is a legal obligation to remove it. The Town recognized an obligation relating to the removal and post-removal care of the asbestos. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

5. Asset retirement obligations (continued):

| | Landfill closure | Asbestos | Total |
|----------------------------|---------------------|------------|--------------|
| Balance, beginning of year | \$ 1,293,329 | \$ 171,185 | \$ 1,464,514 |
| Accretion | 45,267 | – | 45,267 |
| Remeasurement | – | 11,308 | 11,308 |
| Balance, end of year | \$ 1,338,596 | \$ 182,493 | \$ 1,521,089 |

No remediation work occurred during the years ended December 31, 2025 or December 31, 2024.

6. Long-term liabilities:

- (a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

| | 2025 | 2024 |
|--|--------------|--------------|
| Total long-term liabilities incurred by the municipality bear interest at rates that range between 3.24% and 4.94%, with due dates between April 2026 and July 2031. Amounts outstanding at the end of the year total: | \$ 9,754,247 | \$ 8,099,985 |

The long-term liabilities which matured subsequent to year-end were not refinanced.

- (b) Principal due on net long-term liabilities from general municipal revenues and user fees is summarized as follows:

| | |
|------------|--------------|
| 2026 | \$ 1,473,592 |
| 2027 | 1,375,671 |
| 2028 | 1,430,652 |
| 2029 | 3,236,708 |
| 2030 | 1,095,728 |
| Thereafter | 1,141,896 |
| | \$ 9,754,247 |

- (c) Interest expense on long term liabilities in 2025 amounted to \$314,086 (2024 - \$362,481).

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Accumulated municipal equity:

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Investment in tangible capital assets: | | |
| Tangible capital assets | \$ 155,255,984 | \$ 147,460,433 |
| Long-term debt | (9,754,247) | (8,099,985) |
| | <u>145,501,737</u> | <u>139,360,448</u> |
| Unrestricted surplus | 9,170,896 | 6,574,486 |
| Unfunded asset retirement obligations (note 5) | (1,521,089) | (1,464,514) |
| Reserves (Schedule 1) | 3,450,638 | 3,501,653 |
| Reserve funds (Schedule 1) | 11,726,254 | 12,799,196 |
| <u>Total accumulated municipal equity</u> | <u>\$ 168,328,436</u> | <u>\$ 160,771,269</u> |

8. Trust funds:

Trust funds administered by the Town amounting to \$908,332 (2024 - \$885,446) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or financial activities.

9. Pension contributions:

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The latest available report for the OMERS plan was at December 31, 2025. At that time, the plan reported a \$1.3 billion actuarial deficit (2024 - \$2.9 billion actuarial deficit).

The amount contributed to OMERS was \$512,502 (2024 - \$508,693) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity classified under the appropriate functional expenditure.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

10. Contractual obligations:

- (a) The Town is provided police services by the Ontario Provincial Police under Section 5.1 of the Police Services Act. There is no contract, however, the annual charges are determined based on base costs and calls for service, overtime, prisoner transport, cleaning and accommodation. The amount paid in 2025 for police services was \$1,828,218 (2024 - \$1,753,251).
- (b) The Town has negotiated a multi-year contract with McCrea Excavating Ltd. for the operation and supervision of the Solid Waste Disposal Site. The contract commenced September 1, 2023 and will expire on August 31, 2028 with the option for an additional two one-year extensions. The annual commitment under this contract is \$494,100 per annum with inflationary adjustments. The amount paid in 2025 for services was \$515,840 (2024 - \$499,555).
- (c) The Town has entered into a multi-year contract with Topps Environmental Solutions (803836 Ontario Inc.) for the collection of solid waste. The contract commenced in March 2024 and is for a five-year period with the option of two one-year extensions. The Town's annual commitment is \$430,429.
- (d) As at December 31, 2025, the Town has outstanding capital commitments of \$10,143,146. Subsequent to year-end, the Town approved additional capital commitments of \$5,478,920.

11. Commitments:

The Town is a member of the Municipalities Benefit Committee (MBC) which is an employee group benefits plan arranged through Manulife to share in the financial risk of extended health and dental benefits. In the event that a deficit position is incurred, the Town must repay their pro-rata share of the deficit through a lump sum deposit or an increase in future annual premiums collected through the monthly billed rates. No such assessments have been made to December 31, 2025. In the case of a surplus position, upon full funding of the claims fluctuation reserve (DFR), the surplus is transferred to a deposit account held by Manulife on the MBC's behalf. The surplus funds in the deposit account are to be used to fund premium requirements, enhancements to the benefit plan or fund future deficits. If the Town leaves the MBC, the Town forfeits right to any surplus. There are no distributions to or receivables from the MBC plan at December 31, 2025 (2024 - \$Nil).

12. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2025, management believes that the Town has valid defences and appropriate reserves and insurance coverages in place.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Contingent liabilities (continued):

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

13. Tangible capital assets:

| | Balance at December 31, 2024 | Additions | Disposals and Transfers | Balance at December 31, 2025 |
|--------------------------|------------------------------------|------------|----------------------------|------------------------------------|
| Land | \$ 2,139,300 | 665,516 | (15,820) | \$ 2,788,996 |
| Land improvements | 3,127,878 | 1,118,856 | (54,868) | 4,191,866 |
| Buildings | 74,066,157 | 1,031,118 | (21,446) | 75,075,829 |
| Machinery and equipment | 4,347,249 | 282,954 | (1,035,663) | 3,594,540 |
| Vehicles | 3,990,522 | 97,363 | (213,125) | 3,874,760 |
| Linear assets | 117,745,965 | 4,638,396 | (319,077) | 122,065,284 |
| Construction in progress | 5,551,621 | 4,983,283 | - | 10,534,904 |
| | \$ 210,968,692 | 12,817,486 | (1,659,999) | \$ 222,126,179 |

| | Balance at December 31, 2024 | Amortization | Disposals | Balance at December 31, 2025 |
|-------------------------|------------------------------------|--------------|-------------|------------------------------------|
| Land improvements | \$ 1,034,759 | 166,008 | (48,282) | \$ 1,152,485 |
| Buildings | 34,156,839 | 2,039,038 | (21,446) | 36,174,431 |
| Machinery and equipment | 2,559,835 | 296,516 | (1,020,647) | 1,835,704 |
| Vehicles | 1,606,349 | 256,775 | (213,125) | 1,649,999 |
| Linear assets | 24,150,477 | 2,126,984 | (219,885) | 26,057,576 |
| | \$ 63,508,259 | 4,885,321 | (1,523,385) | \$ 66,870,195 |

| | Net Book Value 2024 | Net Book Value 2025 |
|--------------------------|------------------------|------------------------|
| Land | \$ 2,139,300 | \$ 2,788,996 |
| Land improvements | 2,093,119 | 3,039,381 |
| Buildings | 39,909,318 | 38,901,398 |
| Machinery and equipment | 1,787,414 | 1,758,836 |
| Vehicles | 2,384,173 | 2,224,761 |
| Linear assets | 93,595,488 | 96,007,708 |
| Construction in progress | 5,551,621 | 10,534,904 |
| | \$ 147,460,433 | \$ 155,255,984 |

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

14. Segmented information:

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations and Accumulated Municipal Equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

- (i) General government is comprised of Council and administration and is responsible for the overall governance and management of the Municipality.
- (ii) Protection to persons and property is comprised of police, fire and other protective services.
- (iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Municipality.
- (iv) Environmental services includes water supply and distribution, wastewater treatment and waste and recycling services.
- (v) Health services includes the management and maintenance of cemeteries and long-term care funding.
- (vi) Recreational and cultural services includes parks and recreation, culture and libraries.
- (vii) Planning and development services are comprised of managing development for residential and business interest, as well as infrastructure and parks.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

14. Segmented information (continued):

| For the year ended December 31, 2025 | Environmental Services | General Government | Health and Social Services | Planning and Development | Protection to Persons and Property | Recreation and Cultural Services | Transportation Services | Total |
|---|------------------------|--------------------|----------------------------|--------------------------|------------------------------------|----------------------------------|-------------------------|---------------|
| Revenue: | | | | | | | | |
| Property taxation | \$ 1,015,005 | \$ 13,014,569 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,029,574 |
| User charges | 6,757,765 | 51,737 | 102,757 | 72,630 | 27,371 | 1,550,824 | 93,508 | 8,656,592 |
| Government transfers | 673,655 | 1,366,970 | - | - | 8,592 | 1,216,484 | 1,294,061 | 4,559,762 |
| Transfers from deferred revenue - obligatory reserve funds: | | | | | | | | |
| Development charges | 1,141,326 | - | - | - | 75,656 | (33,710) | 611,527 | 1,794,799 |
| Recreational land | - | - | - | - | - | - | - | - |
| Investment income | - | 779,127 | 52,407 | - | - | 17,558 | - | 849,092 |
| Licenses and permits | - | 23,407 | - | - | 346,031 | - | - | 369,438 |
| Penalties and interest | 35,677 | 210,899 | - | - | - | - | - | 246,576 |
| Donation revenue | - | - | - | - | - | 93,730 | - | 93,730 |
| Provincial offences | - | - | - | - | 37,111 | - | - | 37,111 |
| Loss on disposal of tangible capital assets | (63,361) | (9,254) | - | - | (15,016) | (13,153) | (35,830) | (136,614) |
| | 9,560,067 | 15,437,455 | 155,164 | 72,630 | 479,745 | 2,831,733 | 1,963,266 | 30,500,060 |
| Expenses: | | | | | | | | |
| Salaries, wages and employee benefits | 1,288,992 | 1,564,241 | 73,456 | 295,155 | 950,595 | 2,916,941 | 940,825 | 8,030,205 |
| Interest on long-term liabilities | 288,034 | - | - | - | 17,177 | 8,850 | 25 | 314,086 |
| Materials and services | 3,023,284 | 973,617 | 34,314 | 45,145 | 2,413,415 | 1,688,995 | 1,368,998 | 9,547,768 |
| Amortization | 1,991,473 | 127,426 | - | - | 162,037 | 548,220 | 2,056,165 | 4,885,321 |
| External transfers | - | 11,033 | 76,713 | - | - | 32,500 | - | 120,246 |
| Accretion expense | 45,267 | - | - | - | - | - | - | 45,267 |
| Inter-functional adjustments | 254,983 | (10,000) | 36,248 | - | 10,000 | 25,224 | (316,455) | - |
| | 6,892,033 | 2,666,317 | 220,731 | 340,300 | 3,553,224 | 5,220,730 | 4,049,558 | 22,942,893 |
| Annual surplus (deficit) | \$ 2,668,034 | \$ 12,771,138 | \$ (65,567) | \$ (267,670) | \$ (3,073,479) | \$ (2,388,997) | \$ (2,086,292) | \$ 7,557,167 |

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

14. Segmented information (continued):

| For the year ended December 31, 2024 | Environmental Services | General Government | Health and Social Services | Planning and Development | Protection to Persons and Property | Recreation and Cultural Services | Transportation Services | Total |
|---|------------------------|--------------------|----------------------------|--------------------------|------------------------------------|----------------------------------|-------------------------|---------------|
| Revenue: | | | | | | | | |
| Property taxation | \$ 923,728 | \$ 12,447,039 | \$ - | \$ - | \$ - | \$ - | \$ - | 13,370,767 |
| User charges | 6,147,133 | 50,621 | 112,820 | 69,985 | 30,495 | 1,708,209 | 116,181 | 8,235,444 |
| Government transfers | 165,261 | 1,366,456 | - | 5,000 | - | 276,938 | 1,122,959 | 2,936,614 |
| Transfers from deferred revenue - obligatory reserve funds: | | | | | | | | |
| Development charges | 1,032,190 | - | - | - | 93,156 | 797,309 | 1,311,557 | 3,234,212 |
| Recreational land | - | - | - | - | - | 70,835 | - | 70,835 |
| Investment income | - | 1,225,518 | 42,267 | - | - | 24,278 | - | 1,292,063 |
| Licenses and permits | - | 36,180 | - | - | 342,891 | - | - | 379,071 |
| Penalties and interest | 36,235 | 163,457 | - | - | - | - | - | 199,692 |
| Donation revenue | - | - | - | - | - | 38,360 | - | 38,360 |
| Provincial offences | - | - | - | - | 35,046 | - | - | 35,046 |
| Contributed assets | - | - | - | - | - | - | 38,091,747 | 38,091,747 |
| Loss on disposal of tangible capital assets | - | - | - | - | - | - | (22,952) | (22,952) |
| | 8,304,547 | 15,289,271 | 155,087 | 74,985 | 501,588 | 2,915,929 | 40,619,492 | 67,860,899 |
| Expenses: | | | | | | | | |
| Salaries, wages and employee benefits | 1,302,387 | 1,461,720 | 92,489 | 216,586 | 906,305 | 2,864,173 | 905,213 | 7,748,873 |
| Interest on long-term liabilities | 340,212 | - | - | - | 21,419 | - | 850 | 362,481 |
| Materials and services | 4,076,840 | 933,728 | 87,358 | 190,379 | 2,363,789 | 3,288,609 | (1,892,078) | 9,048,625 |
| Amortization | 2,165,948 | 89,673 | - | - | 169,579 | 532,685 | 1,138,289 | 4,096,174 |
| External transfers | - | 6,050 | 82,500 | - | - | 26,225 | 55,000 | 169,775 |
| Accretion expense | 43,736 | - | - | - | - | - | - | 43,736 |
| Inter-functional adjustments | 198,548 | (10,000) | 35,659 | - | 10,000 | 13,099 | (247,763) | (457) |
| | 8,127,671 | 2,481,171 | 298,006 | 406,965 | 3,471,092 | 6,724,791 | (40,489) | 21,469,207 |
| Annual surplus (deficit) | \$ 176,876 | \$ 12,808,100 | \$ (142,919) | \$ (331,980) | \$ (2,969,504) | \$ (3,808,862) | \$ 40,659,981 | \$ 46,391,692 |

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Budget figures:

The 2025 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results under Canadian public sector accounting standards. The budget includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end Consolidated Statement of Operations and Accumulated Municipal Equity. The revenues attributable to these items continue to be included in the Consolidated Statement of Operations and Accumulated Municipal Equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements:

| | 2025 Budget | 2025 Actual |
|---|----------------|----------------|
| Total revenue | \$ 27,718,652 | \$ 30,500,060 |
| Total expenses | (22,899,823) | 22,942,893 |
| Annual surplus | 4,818,829 | 7,557,167 |
| Amortization of tangible capital assets | 4,885,321 | 4,885,321 |
| Funds available | 9,704,150 | 12,442,488 |
| Capital expenses | (16,182,632) | (12,817,486) |
| Loss on disposal of tangible capital assets | – | 136,614 |
| Principal repayments | (1,459,214) | (1,345,738) |
| Proceeds from long-term liabilities | – | 3,000,000 |
| Increase in unfunded asset retirement obligations | 45,267 | 56,575 |
| Increase (decrease) in operating surplus | \$ (7,892,429) | \$ 1,472,453 |
| Allocated as follows: | | |
| Net transfers to (from) reserves | \$ 439,532 | \$ (1,123,957) |
| Increase (decrease) in operating surplus | (8,331,961) | 2,596,410 |
| | \$ (7,892,429) | \$ 1,472,453 |

16. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Town is exposed to credit risk with respect to accounts receivable, taxes receivable and user charges receivables (collectively its “receivables”) on the Consolidated Statement of Financial Position.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

16. Financial risks and concentration of risks (continued):

(a) Credit risk (continued):

The Town assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Town at December 31, 2025 is the carrying value of these assets. The carrying amount of receivables is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity. Subsequent recoveries of impairment losses related to receivables are credited to the Consolidated Statement of Operations and Municipal Equity.

| | Current | Past due | Gross receivables | Allowances | Net receivables |
|-------------------------|--------------------|-------------------|---------------------|--------------------|---------------------|
| Accounts receivable | \$3,852,558 | \$ 190,978 | \$ 4,043,536 | \$ (1,053) | \$ 4,042,483 |
| Taxes receivable | 1,179,389 | 406,746 | 1,586,135 | (56,399) | 1,529,736 |
| User charges receivable | 815,232 | 261,355 | 1,076,587 | (40,154) | 1,036,433 |
| | <u>\$5,847,179</u> | <u>\$ 859,079</u> | <u>\$ 6,706,258</u> | <u>\$ (97,606)</u> | <u>\$ 6,608,652</u> |

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

(b) Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet all of its cash outflow obligations as they come due. The Town mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term liabilities are disclosed in note 6.

(c) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the Town's net results of operations or the fair value of its holdings of financial instruments. Market risk includes three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk arises from the Town's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Town does not have any material transactions or financial instruments denominated in foreign currencies.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

16. Financial risks and concentration of risks (continued):

(c) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Town to cash flow interest rate risk. As the Town does not have any financial assets or financial liabilities with variable interest rates, it is not exposed to these risks.

(iii) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The Town is not exposed to this risk as it does not hold any equity investments.

There have been no significant changes to these risk exposures from 2024.

17. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

CORPORATION OF THE TOWN OF ARNPRIOR

Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2025, with comparative information for 2024

| | Budget (note 15) | 2025 | 2024 |
|--|---------------------|----------------|---------------|
| Net transfers from (to) other funds | \$ 439,532 | \$ (1,562,501) | \$ (749,076) |
| Investment income | – | 438,544 | 628,160 |
| Reserves and reserve fund balances, change in year | 439,532 | (1,123,957) | (120,916) |
| Reserves and reserve fund balances, beginning of year | 16,300,849 | 16,300,849 | 16,421,765 |
| Reserves and reserve fund balances, end of year | \$ 16,740,381 | \$ 15,176,892 | \$ 16,300,849 |

Reserves and reserve funds are comprised of the following:

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Reserves set aside for specific purposes by Council: | | |
| Reserves set aside for specific purposes by Council: | | |
| Working capital | \$ 901,147 | \$ 901,147 |
| Contingency | 635,118 | 635,118 |
| Marketing | 112,697 | 126,390 |
| Policing | 108,622 | 125,000 |
| Winter control | 1,005,481 | 1,005,481 |
| Elections | 33,658 | 27,691 |
| Waste | 222,768 | 265,028 |
| For capital purposes: | | |
| Business improvement area | 6,306 | 6,306 |
| Library | 424,841 | 409,492 |
| | 3,450,638 | 3,501,653 |
| Reserve funds: | | |
| Landfill | 2,415,429 | 2,290,983 |
| Parking lot | (93,918) | (106,550) |
| Museum | 108,796 | 106,332 |
| Water | 898,910 | 1,643,237 |
| Wastewater | 942,978 | 329,018 |
| Capital | 7,321,612 | 8,407,887 |
| JA Gaumond | 45,537 | 50,019 |
| Cemetery | 86,910 | 78,270 |
| | 11,726,254 | 12,799,196 |
| Total reserves and reserve funds | \$ 15,176,892 | \$ 16,300,849 |

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Town of Arnprior (the "Entity"), which comprise:

- the statement of financial position as at end of December 31, 2025
- the statement of financial activities for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies
(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of financial activities 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 11, 2026

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Position

December 31, 2025, with comparative information for 2024

| | Cemetery care and maintenance | Neilson Trust | Total 2025 | Total 2024 |
|--------------------------------------|----------------------------------|------------------|---------------|---------------|
| Assets: | | | | |
| Cash | \$ - | \$ 32 | \$ 32 | \$ 32 |
| Investments (note 3) | 999,859 | 52,000 | 1,051,859 | 991,496 |
| Accrued interest receivable | 14,724 | - | 14,724 | 16,196 |
| Due from Town of Arnprior | 24,086 | - | 24,086 | 30,256 |
| | \$ 1,038,669 | \$ 52,032 | \$ 1,090,701 | \$ 1,037,980 |
| Liabilities and Fund Balance: | | | | |
| Due to Arnprior Municipal | | | | |
| Cemetery | \$ 182,369 | \$ - | \$ 182,369 | \$ 152,534 |
| Fund balance | 856,300 | 52,032 | 908,332 | 885,446 |
| | \$ 1,038,669 | \$ 52,032 | \$ 1,090,701 | \$ 1,037,980 |

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

On behalf of the Members of Council:

_____ Councillor

_____ Councillor

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Activities

Year ended December 31, 2025, with comparative information for 2024

| | Cemetery care and maintenance | Neilson Trust | Total 2025 | Total 2024 |
|---------------------------------|----------------------------------|------------------|---------------|---------------|
| Revenue: | | | | |
| Investment income | \$ 58,891 | \$ – | \$ 58,891 | \$ 42,267 |
| Care and maintenance | 22,886 | – | 22,886 | 30,257 |
| | 81,777 | – | 81,777 | 72,524 |
| Expenses: | | | | |
| Cemetery maintenance | 58,891 | – | 58,891 | 42,267 |
| Excess of revenue over expenses | 22,886 | – | 22,886 | 30,257 |
| Fund balance, beginning of year | 833,414 | 52,032 | 885,446 | 855,189 |
| Fund balance, end of year | \$ 856,300 | \$ 52,032 | \$ 908,332 | \$ 885,446 |

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

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2025

1. Significant accounting policies:

The financial statements of the Corporation of the Town of Arnprior Trust Funds (the "Trusts") are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

These financial statements reflect the assets, liabilities, revenue and expenses of the Trusts.

(b) Basis of accounting:

Perpetual care receipts, for the war memorial, are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative 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.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position. Derivatives and portfolio investments in equity instruments that are quoted in an active market are measured at fair value while all other financial instruments are measured at cost or amortized cost.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations.

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2025 or 2024.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability.

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- 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 fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Investments:

The investments balance consists of the following:

| | Level | 2025 | 2024 |
|----------------------------------|-------|--------------|------------|
| Fixed income securities, at cost | 1 | \$ 956,790 | \$ 933,262 |
| Mutual funds, at cost | 2 | 95,069 | 58,234 |
| | | \$ 1,051,859 | \$ 991,496 |

The investments have a market value of \$1,032,874 at December 31, 2025 (2024 - \$991,496).

During the year, there were no transfers between fair value hierarchy levels.

The investments include \$148,661 (2024 - \$136,339) of investment income that has been reinvested and is owing to the Arnprior Municipal Cemetery Board.

4. Financial instruments and risk management:

Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Trusts' income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2024.

(i) Currency risk:

Currency risk arises from the Trusts' operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Trusts do not have any material transactions or financial instruments denominated in foreign currencies.

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Financial instruments and risk management (continued):

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Trusts to cash flow interest rate risk.

The Trusts are exposed to this risk through its interest-bearing investments, including fixed income securities.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Trusts are not exposed to this risk based on the current investment portfolio.

5. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

**The Corporation
Town of Arnprior**

By-law Number 7673-26

A by-law to adjust the 2025 budgeted contributions to reserve and reserve funds based on any surplus / (shortfall).

Whereas pursuant to Section 8 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, a municipality's powers shall be interpreted broadly so as to confer broad authority on the municipality to enable the municipality to govern its affairs as it considers appropriate and to enhance the municipality's ability to respond to municipal issues; and

Whereas pursuant to Section 290 (4) (g) of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, provides that a municipality may provide for such reserve funds as the municipality considers necessary; and

Whereas Council passed By-law 6779-18, as amended, being a Reserve and Reserve Fund policy; and

Whereas Council has embraced the Pay-as-you-go financial accounting model, including estimated contribution levels to Reserve and Reserve Funds in the annual operating budget; and

Whereas Council deems it expedient to adjust the estimated annual contributions to Reserve and Reserve Funds to account for any surplus / (shortfall) in accordance with the Town's Reserve and Reserve Fund Policy;

Therefore the Council of the Corporation of the Town of Arnprior hereby enacts as follows:

1. **That** the 2025 budgeted contributions to Reserves and Reserve funds, as per attached Schedule A, be adjusted to reflect the 2025 surplus / (shortfall); and
2. **That** the 2025 general operating surplus be allocated to the Police Reserve; and
3. **That** this by-law shall come into full force and effect on the day of its adoption.

Passed in Open Council this 11th day of May, 2026.

Signatures:

Lisa McGee, Mayor

Kaila Zamojski, Town Clerk

This by-law is deemed to be adopted on _____, 2026.

Schedule A

2025 Reserve and Reserve Funds Contributions

| Reserve & Reserve Funds | 2025 Budgeted Contributions | Surplus (Shortfall) | 2025 Adjusted Contributions |
|---|------------------------------------|----------------------------|------------------------------------|
| Parking Reserve | \$15,100 | - | \$15,100 |
| Election Reserve | 8,500 | - | 8,500 |
| Marketing & Economic Development | 15,000 | - | 15,000 |
| Waste Management | - | 105,043 | 105,043 |
| Winter Control | - | (188,453) | (188,453) |
| Cemetery Reserve | 5,700 | 5,444 | 11,144 |
| Capital Expenditure Reserve Fund | 4,575,381 | - | 4,575,381 |
| Water Reserve Fund | 1,321,746 | 104,197 | 1,425,943 |
| Wastewater Reserve Fund | 828,694 | 182,313 | 1,011,077 |
| Landfill Reserve Fund | 46,950 | - | 46,950 |
| General Operating Surplus / (Shortfall) | - | 177,143 | 177,143 |
| TOTAL Contributions | \$6,817,071 | \$385,687 | \$7,202,758 |

**The Corporation of the
Town of Arnprior**

By-law Number 7674-26

A by-law to adopt 2026 tax rates and to provide for penalty and interest in default of payment thereof.

Whereas Section 312(2) of the Municipal Act 2001, S.O. 2001, c. 25, as amended, provides that for the purposes of raising the general local municipal levy, the council of the municipality shall, each year, pass a by-law levying a separate tax rate, as specified in the by-law, on the assessment in each property class in the local municipality rateable for local municipality purposes; and

Whereas Section 308 of the said Act requires tax rates to be established in the same proportion to tax ratios established by County of Renfrew By-law No. 31-26; and

Whereas the 2026 property tax levy estimated for general own purposes has been set at \$13,405,878; and

Whereas the County of Renfrew passed By-law No. 32-26 directing the Council of the Town of Arnprior to levy specified tax rates and reductions on the assessment for County purposes; and

Whereas the province of Ontario has by regulation directed Council of the Town of Arnprior to levy specified tax rates on certain assessment for Municipal and Education purposes.

Therefore, the Council of the Town of Arnprior enacts as follows:

1. **That** the tax rates to be levied for the Town of Arnprior and tax rates set for County of Renfrew and Education, as outlined in Schedule A, be applied against the whole of the assessment for real property in each property class.
 - i. Amounts due to the Town of Arnprior for payments-in-lieu of tax properties shall be based on the assessment roll, municipal and upper tier tax rates as per Schedule A and Education rates as per Ontario Regulation 400/98.
 - ii. The tax rates, as established by Ontario Regulations, be applied against the whole of the acreage for real property in the Railway Right-of-way class.

2. **That** every owner shall be taxed accordingly to the tax rates in this by-law and such tax shall become due and payable in two installments as follows:
 - i. The final levy less the interim levy at 50 percent rounded upwards to the next whole dollar shall become due and payable on the 31st day of August, 2026;
 - ii. The remaining 50 percent rounded upwards to the whole dollar shall become due and payable on the 30th day of November, 2026 and non-payment of the amount, as noted, on the dates stated in accordance with this section shall constitute default.
3. **That** there shall be imposed a penalty for non-payment thereof of taxes on due date or any instalment thereof, the amount of 1.25% of the amount due and unpaid on the first day of default, and an additional interest of 1.25% shall be added on the first day of each calendar month thereafter in which default continues.
4. **That** taxes are payable to the Corporation of the Town of Amprior.
5. **That** this by-law shall come into full force and effect on the day of its adoption.

Passed in Open Council this 11th day of May, 2026.

Lisa McGee, Mayor

Kaila Zamojski, Town Clerk

This by-law is deemed to be adopted on _____, 2026.

**Schedule A
2026 Tax Rates**

| Property Class | | Town | County | Education | Total |
|-------------------------------------|----|-------------|---------------|------------------|--------------|
| Residential/Farm | RT | 0.00995493 | 0.00464060 | 0.00153000 | 0.01612553 |
| Residential Shared PIL | RH | 0.00995493 | 0.00464060 | 0.00153000 | 0.01612553 |
| Residential (FAD) - Phase 1 | R1 | 0.00348423 | 0.00162421 | 0.00053550 | 0.00564394 |
| Multi-Residential | MT | 0.01934840 | 0.00901947 | 0.00153000 | 0.02989787 |
| Multi-Residential - New | NT | 0.00995493 | 0.00464060 | 0.00153000 | 0.01612553 |
| Commercial Occupied | CT | 0.01806521 | 0.00842130 | 0.00880000 | 0.03528651 |
| Commercial Taxable Full, Shared PIL | CH | 0.01806521 | 0.00842130 | 0.01250000 | 0.03898651 |
| Commercial Vacant Units | CU | 0.01806521 | 0.00842130 | 0.00880000 | 0.03528651 |
| Commercial Vacant Land | CX | 0.01806521 | 0.00842130 | 0.00880000 | 0.03528651 |
| Commercial (FAD) – Phase 1 | C1 | 0.00348423 | 0.00162421 | 0.00053550 | 0.00564394 |
| Shopping Centre | ST | 0.01806521 | 0.00842130 | 0.00880000 | 0.03528651 |
| Industrial Occupied | IT | 0.02455786 | 0.01144791 | 0.00880000 | 0.04480577 |
| Industrial Taxable Full, Shared PIL | IH | 0.02455786 | 0.01144791 | 0.01250000 | 0.04850577 |
| Industrial Vacant Units | IU | 0.02455786 | 0.01144791 | 0.00880000 | 0.04480577 |
| Industrial Vacant Land | IX | 0.02455786 | 0.01144791 | 0.00880000 | 0.04480577 |
| Large Industrial Occupied | LT | 0.02687831 | 0.01252962 | 0.00880000 | 0.04820793 |
| Large Industrial Vacant | LU | 0.02687831 | 0.01252962 | 0.00880000 | 0.04820793 |
| Pipelines | PT | 0.01326793 | 0.00618499 | 0.00880000 | 0.02825292 |
| Farmlands | FT | 0.00248873 | 0.00116015 | 0.00038250 | 0.00403138 |
| Managed Forests | TT | 0.00248873 | 0.00116015 | 0.00038250 | 0.00403138 |
| Small Scale on Farm Business | | | | | |
| Commercial 1 (\$0 - \$50K) | | 0.00451630 | 0.00210532 | 0.00220000 | 0.00882162 |
| Commercial 2 (\$50K - \$100K) | | 0.00451630 | 0.00210532 | 0.00220000 | 0.00882162 |
| Industrial 1 (\$0 - \$50K) | | 0.00613946 | 0.00286198 | 0.00220000 | 0.01120144 |
| Industrial 2 (\$50K - \$100K) | | 0.00613946 | 0.00286198 | 0.00220000 | 0.01120144 |