Consolidated Financial Statements of

NASHWAAK RURAL COMMUNITY

And Independent Auditor's Report thereon

Year ended December 31, 2024

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Nashwaak Rural Community

Opinion

We have audited the consolidated financial statements of Nashwaak Rural Community (the Rural Community), which comprise:

- the consolidated statement of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statement of operations and changes in accumulated suurplus for the years then ended
- the consolidated statement of changes in net assets (debt) for the years then ended
- the consolidated statements of cash flows for the years 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 consolidated financial position of the Rural Community as at December 31, 2024 and December 31, 2023, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated changes in net debt and its consolidated cash flows for the years 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 Rural Community 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.

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

Other Matter – Comparative Information

The comparative information as at and for the year ended end of December 31, 2023 was audited by another auditor who expressed an unmodified opinion on September 3, 2024.

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

Those charged with governance are responsible for overseeing the Rural Community'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.

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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 Rural Community'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 Rural Community'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 Rural Community 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.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

November 19, 2025

NASHWAAK RURAL COMMUNITY

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash (note 2)	$ 324,195	$ 396,757
Accounts receivable	442,441	116,577
Federal government and its agencies (note 3)	96,160	79,464
	862,796	592,798
Financial liabilities:		
Bank indebtedness	350,000	-
Accounts payable and accrued liabilities	460,370	120,554
Deferred revenue (note 5)	26,835	26,835
Long-term debt (note 6)	170,000	214,000
	1,007,205	361,389
Net assets (debt)	(144,409)	231,409
Non financial assets:		
Tangible capital assets (note 4)	2,825,326	2,356,982
Accumulated surplus	$ 2,680,917	$ 2,588,391

See accompanying notes to consolidated financial statements.

On behalf of Council:

Signed by:
David Sweeney
60ED6650D3AC4CF... Mayor

Signed by:
Bethany Ryan
DFDF50E9F6464A8... CAO

NASHWAAK RURAL COMMUNITY

Consolidated Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Property tax warrant	$ 1,858,948	$ 1,968,572	$ 1,713,389
Revenue from own sources	60,000	162,214	145,140
Services provided to other governments	23,184	23,184	71,468
Community funding and equalization	22,596	22,596	27,170
Other government transfers	-	291,355	159,080
Water and wastewater services	125,220	129,750	110,228
	2,089,948	2,597,671	2,226,475
Expenses:			
General government services	452,321	623,170	439,787
Protective services	575,413	479,575	457,788
Transportation services	163,030	280,723	184,443
Environmental health services	325,000	496,271	374,846
Environmental development services	188,624	191,086	210,064
Recreation and cultural services	271,862	256,893	191,308
Public health services	5,000	5,000	5,000
Water and wastewater services	120,294	172,427	159,771
	2,101,544	2,505,145	2,023,007
Annual surplus (deficit)	(11,596)	92,526	203,468
Accumulated surplus, beginning of year	2,588,391	2,588,391	2,384,923
Accumulated surplus, end of year	$ 2,576,795	$ 2,680,917	$ 2,588,391

See accompanying notes to consolidated financial statements.

NASHWAAK RURAL COMMUNITY

Consolidated Statement of Changes in Net Assets (debt)

Year ended December 31, 2024, with comparative information for 2023

		2025		2024
Annual surplus	$	92,526	$	203,468
Acquisition of tangible capital assets		(718,190)		(339,008)
Amortization of tangible capital assets		249,846		179,869
Change in prepaid expenses		-		3,000
Change in net financial assets		(375,818)		47,329
Net assets, beginning of year		231,409		184,080
Net assests (debt), end of year	$	(144,409)	$	231,409

See accompanying notes to consolidated financial statements.

NASHWAAK RURAL COMMUNITY

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ 92,526	$ 203,468
Item not involving cash:		
Amortization of tangible capital assets	249,846	179,869
Changes in non-cash operating working capital:		
Accounts receivable	(325,864)	(6,080)
Province of New Brunswick and its agencies	-	(18,180)
Prepaid expenses	-	3,000
Federal government and its agencies	(16,696)	(10,435)
Accounts payable and accrued liabilities	339,816	13,609
	339,628	365,251
Financing activities:		
Bank indebtedness	350,000	-
Payment of long-term debt	(44,000)	(43,000)
	306,000	(43,000)
Capital activities:		
Acquisition of tangible capital assets	(718,190)	(179,928)
Amalgamation of local governments	-	(159,080)
	(718,190)	(339,008)
Increase (decrease) in cash	(72,562)	(16,757)
Cash, beginning of year	396,757	413,514
Cash, end of year	$ 324,195	$ 396,757

See accompanying notes to consolidated financial statements.

The Rural Community was officially established on January 1, 2023 by the Province of New Brunswick as a part of a comprehensive local governance restructuring.

The legacy communities included the Village of Stanley and parts of adjacent Local Service Districts.

As a Rural Community, it is exempt from income tax under section 146(1)(c) of the Canadian Income Tax Act.

1. Significant accounting policies:

The consolidated financial statements of the Rural Community are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada.

The focus of PSA financial statements is on the financial position of the Rural Community and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Rural Community.

Significant aspects of the accounting policies adopted by the Rural Community are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Rural Community and which are owned or controlled by the Rural Community.

Interdepartmental and organizational transactions and balances are eliminated on consolidation, but Schedule 1 and 2 show the operations prior to consolidation.

(b) Budget:

The budget figures contained in these consolidated financial statements were approved by Council on November 23, 2024 and the Minister of Environment and Local Government on January 11, 2024.

1. Significant accounting policies (continued):

(c) Revenue recognition:

Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Other revenue is recorded when it is earned.

(d) Financial instruments:

The Rural Community's financial instruments consist of cash, accounts receivable, accounts payable and accruals, deferred revenue, and long-term debt. Unless otherwise noted, it is management's opinion that the Rural Community is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the instruments approximate their carrying value, unless otherwise noted.

The Rural Community is subject to credit risk through its accounts receivable. The Rural Community minimizes credit risk through ongoing credit management policies.

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

(f) Tangible capital assets:

The Rural Community has adopted the provisions of PSA section 3150 Tangible Capital Assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Asset	Rate
Land improvements (parks and trails)	10-50 years
Buildings	10-60 years
Machinery and equipment	5-50 years
Vehicles	3-15 years
Computer equipment	3-5 years
Furniture and fixtures	3-5 years
Pavement and parking lots	5-15 years
Signs	10-15 years
Roads and street	20-80 years
Engineering structures	10-80 years

1. Significant accounting policies (continued):

(g) Segmented information:

The Rural Community is a diversified entity that provides a wide range of services to its residents. For management reporting purposes, the Rural Community's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Community services are provided by departments as follows:

General government services
This department is responsible for the overall governance and financial administration of the Rural Community. This includes council functions, general and financial management, legal matters, civic relations, and compliance with legislation.

Protective services
This department is responsible for the provision of fire protection, emergency measures, and other protective measures.

Transportation services
This department is responsible for street lighting, traffic services, parking and other transportation related functions.

Environmental health services
This department is responsible for the provision of waste collection and disposal. Environmental development services This department is responsible for planning and zoning, community development, tourism and other Community development and promotion services.

Recreation and cultural services
This department is responsible for the maintenance and operation of recreational and cultural facilities, including the parks and playgrounds and other recreational and cultural facilities.

Water and wastewater systems
This department is responsible for the Rural Community's provision of water and sewer services including the maintenance and operation of the underground networks, reservoirs, and lagoons.

(h) Deferred revenue:

Funding is recorded as deferred revenue if it has been restricted for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized as revenue as the program expenses or purchases are incurred.

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles for local governments requires management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(j) Post employment benefits:

The Rural Community does not provide post-employment benefits to its staff.

2. Cash:

	2024	2023
Unrestricted cash	$ 66,575	$ 64,291
General Capital Reserve	31,543	107,657
General Operating Reserve	505	498
Sewer Capital Reserve	220,499	224,238
Sewer Operating Reserve	5,073	73
	$ 324,195	$ 396,757

3. Federal government and its agencies:

	2024	2023
Canada Revenue Agency (HST refund)	$ 96,160	$ 79,464

NASHWAAK RURAL COMMUNITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Tangible capital assets:

Cost	December 31, 2023	Additions	Disposals	December 31, 2024
Land	$ 162,481	$ -	$ -	$ 162,481
Land improvements	97,935	25,000	-	122,935
Buildings	1,351,143	-	-	1,351,143
Equipment and vehicles	2,109,484	51,835	-	2,161,319
Roads and streets	3,333,589	641,354	-	3,974,943
Water and sewer	1,930,768	-	-	1,930,768
	$ 8,985,400	$ 718,189	$ -	$ 9,703,589

Accumulated amortization	December 31, 2023	Amortization expense	Disposals	December 31, 2024
Land improvements	$ 52,495	$ 5,026	$ -	$ 57,521
Buildings	1,318,539	32,293	-	1,350,832
Equipment and vehicles	1,927,978	95,116	-	2,023,094
Roads and streets	2,601,791	66,493	-	2,668,284
Water and sewer	727,615	50,917	-	778,532
	$ 6,628,418	$ 249,845	$ -	$ 6,878,263

Net book value	December 31, 2023	December 31, 2024
Land	$ 162,481	$ 162,481
Land improvements	45,440	65,414
Buildings	32,604	311
Equipment and vehicles	181,506	138,225
Roads and streets	731,798	1,306,659
Waste and wastewater	1,203,153	1,152,236
	$ 2,356,982	$ 2,825,326

NASHWAAK RURAL COMMUNITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Deferred revenue:

	2024	2023
Balance, beginning	$ 26,835	$ 26,835
Contributions	-	-
Funds used in year	-	-
Balance, ending	$ 26,835	$ 26,835

The balance at the end of the year represents donations to the fire department.

6. Long-term debt:

	2024	2023
Debenture - Province of New Brunswick - 2.63% to 3.00% - due 2027 - OIC #BQ-38	$ 12,000	$ 16,000
Debenture - Province of New Brunswick - 1.20% to 3.10% - due 2034 - OIC #BL-42	-	34,000
Debenture - Province of New Brunswick - .30% to 2.95% - due 2041 - OIC #BZ-38	158,000	164,000
	$ 170,000	$ 214,000

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt.

2025	$ 10,000
2026	10,000
2027	10,000
2028	6,000
2029	6,000
Thereafter	128,000
	$ 170,000

In addition to the long term debt, the Rural Community has borrowed $350,000 from a line of credit for paving projects until funding is received from the province.

7. Short-term borrowings compliance:

Operating borrowing

The Local Governance Act prescribes a limit to bank indebtedness of 4% of the current year's budget for the General Operating Fund. The Rural Community is within this limit.

Interfund borrowing

Interfund accounts at December 31, 2024 do not represent current year transactions and are not in compliance with the policy established by the Department of Local Government.

Interim borrowing for capital

The Rural Community does have any interim borrowing for capital but did not have any new capital borrowings in the current or previous year.

8. Water and Wastewater cumulative surplus (deficit):

The Local Governance Act requires water and sewer fund surplus/deficit amounts to be absorbed into one or more of the four operating budgets commencing with the second next ensuing year. The balance of surplus/deficit at the end of the year consists of the following:

		2024		2023
2024 surplus	$	578	$	-
2023 deficit		(788)		(788)
2020 deficit		-		(2,920)
	$	(210)	$	(3,708)

NASHWAAK RURAL COMMUNITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Reserve funds:

All transfers of funds into and disbursed from Reserve Funds require a resolution of Council and the amount held in the Operating Reserve Funds shall not exceed 5% of the total expenditures that were budgeted for the previous fiscal year. The Rural Community is in compliance with these requirements.

	General Capital Reserve	General Operating Reserve	Sewer Capital Reserve	Sewer Operating Reserve	Total
Cash	$ 31,543	$ 505	$ 220,499	$ 5,073	$ 257,620
Due from (to) other funds	6,165	14,629	-	299	21,093
Accumulated Surplus	$ 37,708	$ 15,134	$ 220,499	$ 5,372	$ 278,713

	General Capital Reserve	General Operating Reserve	Sewer Capital Reserve	Sewer Operating Reserve	Total
Accumulated surplus, beginning	$ 88,822	$ 15,127	$ 224,238	$ 372	$ 328,559
Interest earned	721	7	2,519	-	3,247
Transfers in	-	-	-	5,000	5,000
Transfers out	(51,835)	-	(6,258)	-	(58,093)
Accumulated surplus	$ 37,708	$ 15,134	$ 220,499	$ 5,372	$ 278,713

9. Reserve funds (continued):

General Capital Reserve treasury account, Interest 2.54%	$	31,543
General Operating Reserve treasury account, Interest 2.54%		505
Sewer Capital Reserve treasury account, Interest 2.54%		220,499
Sewer Operating Reserve treasury account, Interest 2.54%		5,073
	$	257,620

Resolutions:

Moved by Councillor Mulherin, seconded by Councillor Koch to transfer $51,835 from the General Capital Reserve Fund to the General Capital Fund.

- Regular meeting of Council, February 21, 2024

Moved by Councillor Mulherin, seconded by Councillor Green to transfer $6,258 from the Sewer Capital Reserve Fund to the Sewer Operating Fund.

- Special meeting of Council, December 30, 2024

Moved by Councillor Mulherin, seconded by Councillor Green to transfer $5,000 from the Sewer Operating Fund to the Sewer Operating Reserve Fund.

- Special meeting of Council, December 30, 2024

I hereby certify that the above are true and exact copies of resolutions adopted by Council

Signed by:
Bethany Ryan
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Chief Administration Officer

NASHWAAK RURAL COMMUNITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Segmented disclosure:

	General government	Protective	Environmental health	Environmental development	Transportation	Recreation and culture	Waste and wastewater	2024 Total	2023 Total
Revenue:									
Property tax warrant	$ 410,107	$ 571,207	$ 294,188	$ 170,741	$ 268,675	$ 253,654	$ -	$ 1,968,572	$ 1,587,265
Sale of service, fines and other fees	150,759	33,825	-	-	-	813	129,750	315,147	326,836
Community funding	4,707	6,557	3,377	1,960	3,084	2,912	-	22,597	27,170
Other government transfers	291,355	-	-	-	-	-	-	291,355	285,204
	856,928	611,589	297,565	172,701	271,759	257,379	129,750	2,597,671	2,226,475
Expenses:									
Salaries and benefits	240,265	-	-	10,539	-	43,607	-	294,411	204,560
Goods and services	376,987	423,953	496,271	185,547	146,937	209,926	117,398	1,957,019	1,700,457
Amortization	740	55,622	-	-	133,786	3,360	50,917	244,425	110,219
Interest/Leasing	5,178	-	-	-	-	-	4,112	9,290	7,771
	623,170	479,575	496,271	196,086	280,723	256,893	172,427	2,505,145	2,023,007
Surplus (deficit) for the year	$ 233,758	$ 132,014	$ (198,706)	$ (23,385)	$ (8,964)	$ 486	$ (42,677)	$ 92,526	$ 203,468

NASHWAAK RURAL COMMUNITY
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Reconciliation of annual surplus:

	General operating fund	General capital fund	Sewerage operating fund	Sewerage capital fund	General capital reserve fund	General operating reserve	Sewer capital reserve fund	Sewer operating reserve fund	Total
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus (deficit)	$ (54,522)	$ -	$ (2,920)	$ -	$ -	$ -	$ -	$ -	$ (57,442)
Transfer from capital reserve fund to operating fund	-	-	6,258	-	-	-	(6,258)	-	-
Transfer from operating fund to operating reserve fund	-	-	(5,000)	-	-	-	-	5,000	-
Transfer from general capital reserve fund to general capital fund	-	51,835	-	-	(51,835)	-	-	-	-
Transfer from general operating fund to general capital fund	(25,000)	25,000	-	-	-	-	-	-	-
Long-term debt principal repayment	(38,000)	38,000	(6,000)	6,000	-	-	-	-	-
Amortization expense	198,929	(198,929)	50,917	(50,917)	-	-	-	-	-
	81,407	(84,094)	43,255	(44,917)	(51,835)	-	(6,258)	5,000	(57,442)
Annual surplus (deficit)	(50,354)	182,310	(42,677)	-	721	7	2,519	-	92,526
Annual fund surplus (deficit)	$ 31,053	$ 98,216	$ 578	$ (44,917)	$ (51,114)	$ 7	$ (3,739)	$ 5,000	$ 35,084

12. Operating budget to PSA Budget:

	Operating budget general	Transfers	Total
Revenue:			
Property tax warrant	$ 1,858,948	$ -	$ 1,858,948
Revenue from own sources	60,000	-	60,000
Services provided to other governments	23,184	-	23,184
Community funding and equalization	22,596	-	22,596
Surplus of second previous year	109,855	(109,855)	-
Water and wastewater services	125,220	(3,994)	121,226
	2,199,803	(113,849)	2,085,954
Expenditures:			
General government services	442,321	10,000	452,321
Protective services	575,413	-	575,413
Transportation services	163,030	-	163,030
Environmental health services	325,000	-	325,000
Environmental development services	188,624	-	188,624
Recreational and cultural services	271,862	-	271,862
Public health services	5,000	-	5,000
Fiscal services - Long-term debt repayments	38,000	(38,000)	-
Fiscal services - other	10,000	(10,000)	-
Deficit from second previous year	55,333	(55,333)	-
Water and wastewater services	125,220	(8,920)	116,300
	2,199,803	(102,253)	2,097,550
Surplus (deficit)	$ -	$ (11,596)	$ (11,596)

13. PSA revenue and expense support:

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Services to other governments:			
Fire protection	$ 23,184	$ 23,184	$ 71,468
Other own source:			
Licenses and building permits	50,000	59,098	75,826
Other	10,000	99,868	65,562
Interest	-	3,247	3,753
	$ 60,000	$ 162,213	$ 145,141
General Government Services:			
Legislative:			
Mayor	$ 11,500	$ 11,699	$ 10,903
Councillors	44,000	45,711	47,650
Professional development	8,000	6,690	3,387
Other legislative expenses	2,400	2,142	2,846
	65,900	66,242	64,786
Administrative:			
Salaries and wages	108,700	158,595	121,449
Office building	33,564	74,658	35,417
Legal services	6,000	1,787	2,500
Other expenses	25,000	20,243	-
	173,264	255,283	159,366
Financial management and common services:			
External audit	25,000	15,000	15,000
Salaries and wages (summer students)	-	24,855	24,558
Training and development	9,412	9,408	4,000
Cost of assessment	77,836	77,836	69,865
	112,248	127,099	113,423

13. PSA revenue and expense support (continued):

	2024 Budget	2024 Actual	2023 Actual
Other general government services:			
Public liability insurance	$ 75,000	$ 71,284	$ 63,385
Memberships	5,000	4,710	5,539
Bank fees	1,409	3,720	2,679
Interest on long-term debt	1,500	1,458	1,059
Non-refundable HST	10,000	66,131	21,044
Other expenses	8,000	26,502	7,852
Amortization	-	740	641
	100,909	174,545	102,199
	$ 452,321	$ 623,169	$ 439,774

	2024 Budget	2024 Actual	2023 Actual
Protective Services:			
Police:			
Police protection	$ 64,010	$ 62,010	$ 60,204
Fire:			
Administration	16,900	-	-
Force	39,540	18,163	21,928
Station and building	117,335	154,051	167,113
Equipment	290,750	151,188	115,891
Training	20,475	11,848	8,053
Other fire services	13,596	11,425	12,426
	498,596	346,675	325,411
Other:			
Animal and pest control	11,500	10,206	13,175
RSC Contributions - Public Safety	1,307	1,308	116
Amortization	-	59,376	58,882
	12,807	70,890	72,173
	$ 575,413	$ 479,575	$ 457,788

13. PSA revenue and expense support (continued):

	2024 Budget	2024 Actual	2023 Actual
Transportation Services:			
Roads and streets:			
Summer maintenance	$ 12,000	$ 4,362	$ 8,405
Culverts, drainage, and ditches	15,000	6,056	7,700
Storm sewers	20,000	15,369	5,074
Street cleaning and flushing	4,000	1,777	4,850
Snow and ice removal	28,000	35,178	55,706
Sidewalks	40,000	30,422	-
Administration	15,000	19,440	5,504
	134,000	112,604	87,239
Other:			
Street lights	$ 15,000	$ 16,342	$ 15,283
Traffic signs	12,500	16,459	8,491
Contribution to RSC - Public transportation	1,530	1,532	3,780
Amortization	-	133,786	69,650
	29,030	168,119	97,204
	$ 163,030	$ 280,723	$ 184,443

	2024 Budget	2024 Actual	2023 Actual
Environmental Health Services:			
Solid waste disposal	$ 300,000	$ 485,753	$ 331,420
Recycling	20,000	10,518	40,825
Other	5,000	-	2,601
	$ 325,000	$ 496,271	$ 374,846

NASHWAAK RURAL COMMUNITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. PSA revenue and expense support (continued):

	2024 Budget	2024 Actual	2023 Actual
Environmental Development Services:			
Contribution to RSC - Local planning	$ 130,795	$ 130,796	$ 118,996
Contribution to RSC - Economic development	15,603	15,600	20,300
Contribution to RSC - Community development	4,591	4,592	1,700
Contribution to RSC - Tourism	21,635	21,636	21,036
Administration	-	10,539	39,168
Tourism	-	-	858
Beautification	16,000	7,923	8,006
	$ 188,624	$ 191,086	$ 210,064

	2024 Budget	2024 Actual	2023 Actual
Recreational and Culture Services:			
Community centres and halls	$ 84,025	$ 81,070	$ 44,780
Administration	18,500	43,607	-
Parks and playgrounds	45,000	16,311	12,162
Exhibitions	5,000	3,000	6,545
Libraries	15,000	9,260	12,539
Other recreation and culture	8,000	3,029	8,953
Contribution to RSC - Recreation	94,337	94,336	98,927
Cenotaph	2,000	1,252	4,042
Amortization	-	5,027	3,360
	$ 271,862	$ 256,892	$ 191,308

	2024 Budget	2024 Actual	2023 Actual
Public Health Services:			
Other	$ 5,000	$ 5,000	$ 5,000

	2024 Budget	2024 Actual	2023 Actual
Water and Wastewater Services:			
Administration	$ 64,800	$ 50,000	$ 50,000
Sewage collection system	51,500	67,398	58,402
Amortization	-	50,917	47,336
Interest on long term debt	3,994	3,994	4,033
Bank charges	-	118	-
	$ 120,294	$ 172,427	$ 159,771

NASHWAAK RURAL COMMUNITY

Schedule 1 - Consolidated Comparison of Revenue and Expenditures to Budget and Previous Year

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
General Services:			
Revenue:			
Property tax warrant	$ 1,858,948	$ 1,968,572	$ 1,713,389
Community funding and equalization	22,596	22,596	27,170
Services provided to other governments	23,184	23,184	71,468
Surplus of 2nd previous year	109,855	109,855	132,280
Miscellaneous income	10,000	99,868	65,562
Licenses and permits	50,000	59,098	75,826
	2,074,583	2,283,173	2,085,695
Expenditures:			
General government services	439,412	551,120	414,351
Protective services	575,413	420,199	398,906
Transportation services	163,030	146,937	114,793
Environmental health services	325,000	496,271	374,846
Environmental development services	188,624	191,086	210,064
Recreation and cultural services	271,862	251,865	187,948
Public health services	5,000	5,000	5,000
Fiscal services	106,242	189,642	316,709
	2,074,583	2,252,120	2,022,617
Surplus (deficit) for the year	$ -	$ 31,053	$ 63,078
Water and Wastewater Services:			
Revenue:			
Sales of services	$ 125,220	$ 129,650	$ 110,228
Other	-	100	-
Surplus from prior years	-	-	52,419
Transfer from reserves	3,994	6,258	-
	129,214	136,008	162,647
Expenditures:			
Sewage collection and disposal:			
Administration	64,800	50,000	50,000
Collection system	51,500	67,398	58,402
Fiscal services:			
Interest on long term debt	3,994	3,994	4,033
Principal	6,000	6,000	6,000
Transfer to reserves	-	5,000	45,000
Bank charges	-	118	-
Deficit from prior years	2,920	2,920	-
	129,214	135,430	163,435
Surplus (deficit) for the year	$ -	$ 578	$ (788)

NASHWAAK RURAL COMMUNITY

Schedule 2 - Consolidated General Operating Fund - Revenue and Expenditures Support

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
General Government Services:			
Legislative:			
Mayor	$ 11,500	$ 11,699	$ 10,903
Councillors	44,000	45,711	47,650
Professional development	8,000	6,690	3,387
Other legislative expenses	2,400	2,142	2,846
	65,900	66,242	64,786
Administrative:			
Salaries - admin	108,700	158,595	121,449
Legal services	6,000	1,787	2,500
Office building	33,564	74,658	35,417
Other expenses	25,000	20,243	-
	173,264	255,283	159,366
Financial management and common services:			
External audit	25,000	15,000	15,000
Salaries and wages (summer students)	-	24,855	24,558
Cost of assessment	77,836	77,836	69,865
Regional and collaborative services	9,412	9,408	4,000
	112,248	127,099	113,423
Other general administrative services:			
Public liability insurance	75,000	71,284	63,385
Membership	5,000	4,710	5,539
Other expenses	8,000	26,502	7,852
	88,000	102,496	76,776
	$ 439,412	$ 551,120	$ 414,351

NASHWAAK RURAL COMMUNITY

Schedule 2 - Consolidated General Operating Fund - Revenue and Expenditures Support (continued)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Protective Services:			
Police:			
Police protection	$ 64,010	$ 62,010	$ 60,204
Fire:			
Fire administration	16,900	-	-
Fire force	39,540	18,163	21,928
Station and building	117,335	154,051	167,113
Fire training	20,475	11,848	8,053
Fire equipment	290,750	151,188	115,891
Contract with other local government	13,596	11,425	12,426
	498,596	346,675	325,411
Other:			
Animal and pest control	11,500	10,206	13,175
RSC Contributions - Public Safety	1,307	1,308	116
	12,807	11,514	13,291
	$ 575,413	$ 420,199	$ 398,906

	2024 Budget	2024 Actual	2023 Actual
Transportation Services:			
Roads and streets:			
Summer maintenance	$ 12,000	$ 4,362	$ 8,405
Culverts, drainage, and ditches	15,000	6,056	7,700
Sidewalks	40,000	30,422	-
Street cleaning and flushing	4,000	1,777	4,850
Snow and ice removal	28,000	35,178	55,706
Administration	15,000	19,440	5,504
Storm sewers	20,000	15,369	5,074
	134,000	112,604	87,239
Other:			
Street lights	15,000	16,342	15,283
Traffic signs	12,500	16,459	8,491
Contribution to RSC - Public transit	1,530	1,532	3,780
	29,030	34,333	27,554
	$ 163,030	$ 146,937	$ 114,793

NASHWAAK RURAL COMMUNITY

Schedule 2 - Consolidated General Operating Fund - Revenue and Expenditures Support (continued)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Environmental Health Services:			
Solid waste disposal	$ 300,000	$ 485,753	$ 331,420
Recycling	20,000	10,518	40,825
Other	5,000	-	2,601
	$ 325,000	$ 496,271	$ 374,846
Environmental Development Services:			
RSC Contributions - Local planning	$ 130,795	$ 130,796	$ 118,996
Beautification	16,000	7,923	8,006
Tourism	-	-	858
Contribution to RSC- Community development	4,591	4,592	1,700
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Contribution to RSC - Tourism	21,635	21,636	21,036
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	$ 188,624	$ 191,086	$ 210,064
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Community centres and halls	$ 84,025	$ 81,070	$ 44,780
Administration	18,500	43,607	-
Cenotaph	2,000	1,252	4,042
Parks and playgrounds	45,000	16,311	12,162
Exhibitions	5,000	3,000	6,545
Libraries	15,000	9,260	12,539
Contribution to RSC - Recreation	94,337	94,336	98,927
Other recreation and culture	8,000	3,029	8,953
	$ 271,862	$ 251,865	$ 187,948

Public Health Services:			
Other	$ 5,000	$ 5,000	$ 5,000

	2024 Budget	2024 Actual	2023 Actual
Fiscal Services:			
Debt charges:			
Principal	$ 38,000	$ 38,000	$ 37,000
Interest on long-term debt	1,409	3,720	2,679
Bank charges	1,500	1,458	1,059
Other fiscal services	10,000	66,131	21,044
Deficit from second previous year	55,333	55,333	-
	106,242	164,642	61,782
Capital expenditures	-	25,000	179,927
Transfer to capital reserve	-	-	75,000
	-	25,000	254,927
	$ 106,242	$ 189,642	$ 316,709

KPMG LLP
Suite 700 Frederick Square
TD Tower 77 Westmorland Street
Fredericton, NB E3B 6Z3
Canada

November 19, 2025

We are writing at your request to confirm our understanding that your audits were for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Nashwaak Rural Community ("the Rural Community") as at and for the periods ended December 31, 2024 and December 31, 2023.

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 September 15, 2025, 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.
  - providing you with unrestricted access to persons within the Rural Community 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 Rural Community, 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 Rural Community's related parties.
- We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

- 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 Rural Community'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 Rural Community 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 Rural Community 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.

Other:

- We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Yours very truly,

Signed by:

Bethany Ryan

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Bethany Ryan, Chief Administration Officer

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.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;

b) information regarding a material item, transaction or other event is scattered throughout the financial statements;

c) dissimilar items, transactions or other events are inappropriately aggregated;

d) similar items, transactions or other events are inappropriately disaggregated; and

e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

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.