

Page

1

MANAGEMENT'S FINANCIAL REPORTING

2-3

INDEPENDENT AUDITOR'S REPORT

**SUMMER VILLAGE OF VAL QUENTIN  
Financial Statements**

FINANCIAL STATEMENTS

4

**Year Ended December 31, 2025**

Statement of Financial Position

5

Statement of Operations and Statement of Assets

6

Statement of Changes in Financial Assets

7

Statement of Cash Flows

8

Schedule of Notes Payable and Accounts Payable

9

Schedule of Governmental Fund Financials

10

Schedule of Financials for Other Funds

11

Schedule of Capital Assets, Debt, and Other Information

12

Schedule of Changes in Governmental Fund Financials

13

Schedule of Tax, Capital, and Other Information

13 - 23

Notes to Financial Statements

**SUMMER VILLAGE OF VAL QUENTIN**

**Index to Financial Statements**

**Year Ended December 31, 2025**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Schedule of Property and Other Taxes <i>(Schedule 1)</i>	8
Schedule of Government Transfers <i>(Schedule 2)</i>	8
Schedule of Expenditures by Object <i>(Schedule 3)</i>	8
Schedule of Changes in Accumulated Surplus <i>(Schedule 4)</i>	9
Schedule of Segmented Disclosure <i>(Schedule 5)</i>	10
Schedule of Tangible Capital Assets <i>(Schedule 6)</i>	11
Notes to Financial Statements	12 - 23

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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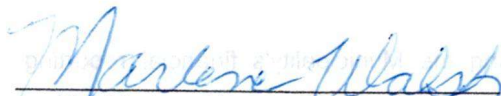
Management of the Municipality is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Municipality's financial position as of December 31, 2025, and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS). The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded. These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Municipality's council carries out its responsibilities for review of the financial statements principally through regular council meetings. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to council with and without the presence of management. The Municipality's council has approved the financial statements.

The financial statements have been audited by the independent firm of Seniuk and Marcato, Chartered Professional Accountants, external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.

  
Ms. Marlene Walsh, CAO

Spruce Grove, Alberta  
April 22, 2026



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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council of Summer Village of Val Quentin

*Opinion*

We have audited the financial statements of Summer Village of Val Quentin (the "Municipality"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with 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 PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

*(continues)*

Independent Auditor's Report to the Members of Council of Summer Village of Val Quentin (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Edmonton, Alberta  
April 22, 2026

*Seniuk & Marcato*  
Seniuk and Marcato,  
Chartered Professional Accountants

**SUMMER VILLAGE OF VAL QUENTIN**

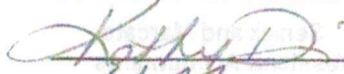
**Statement of Financial Position**

**December 31, 2025**

	2025	2024
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 33,246	\$ 18,593
Restricted cash (Note 2)	128,063	191,981
Term deposits (Note 3)	523,750	500,000
Taxes and grants in place of taxes receivable (Note 4)	38,433	69,679
Grants and receivables from other governments (Note 5)	121,279	136,648
Interest receivable	8,363	12,623
	<b>853,134</b>	<b>929,524</b>
<b>LIABILITIES</b>		
Accounts payable	69,587	85,320
Deferred income (Note 7)	179,073	211,307
	<b>248,660</b>	<b>296,627</b>
<b>NET FINANCIAL ASSETS</b>	<b>604,474</b>	<b>632,897</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	2,233,752	2,275,701
<b>ACCUMULATED SURPLUS (Schedule 4)</b>	<b>\$ 2,838,226</b>	<b>\$ 2,908,599</b>

COMMITMENTS (Note 13)

**APPROVED ON BEHALF OF COUNCIL**

 \_\_\_\_\_ Mayor

 \_\_\_\_\_ Councilor

**SUMMER VILLAGE OF VAL QUENTIN**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2025**

	Budget (Unaudited) 2025	2025	2024
<b>REVENUES</b>			
Net municipal taxes (Schedule 1)	\$ 443,811	\$ 443,811	\$ 428,458
User fees	2,500	484	1,003
Government transfers for operating (Schedule 2)	87,629	96,469	53,322
Investment income	10,000	22,204	40,944
Penalties and costs of taxes	15,000	19,662	25,157
Other	400	3,609	4,992
	559,340	586,239	553,876
<b>EXPENSES</b>			
Administration and legislative	122,900	151,025	133,518
Protective services	65,000	62,903	62,401
Transportation services	47,000	124,778	83,167
Environmental services	182,644	181,801	177,884
Land use planning, zoning and development	61,500	126,144	47,394
Parks and recreation	33,375	66,758	69,972
	512,419	713,409	574,336
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	46,921	(127,170)	(20,460)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	-	56,797	476,276
<b>ANNUAL SURPLUS (DEFICIT)</b>	46,921	(70,373)	455,816
ACCUMULATED SURPLUS - BEGINNING OF YEAR	2,908,599	2,908,599	2,452,783
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	\$ 2,955,520	\$ 2,838,226	\$ 2,908,599

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF VAL QUENTIN**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2025**

SUMMER VILLAGE OF VAL QUENTIN  
Statement of Operations and Accumulated  
Year Ended December 31, 2025

	Budget 2025	2025	2024
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 46,921	\$ (70,373)	\$ 455,816
Amortization of tangible capital assets	-	98,048	76,928
Purchase of tangible capital assets	-	(56,098)	(487,305)
	-	41,950	(410,377)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	46,921	(28,423)	45,439
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	632,897	632,897	587,458
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 679,818	\$ 604,474	\$ 632,897

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF VAL QUENTIN**

**Statement of Cash Flows**

**Year Ended December 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit) for the year	\$ (70,373)	\$ 455,816
Item not affecting cash:		
Amortization of tangible capital assets	98,048	76,930
	<b>27,675</b>	<b>532,746</b>
Changes in non-cash working capital:		
Interest receivable	4,260	(6,959)
Grants and receivables from other governments	15,369	10,824
Current taxes and grants in place of taxes	31,246	(9,827)
Accounts payable	(15,733)	56,450
Deferred income	(32,234)	(387,688)
	<b>2,908</b>	<b>(337,200)</b>
Cash flow from operating activities	<b>30,583</b>	<b>195,546</b>
<b>CAPITAL ACTIVITIES</b>		
Cash used to acquire tangible capital assets	(56,098)	(487,305)
Cash flow used by capital activities	<b>(56,098)</b>	<b>(487,305)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash	63,918	295,248
Decrease (increase) in term deposits	(23,750)	(187,229)
Cash flow from investing activities	<b>40,168</b>	<b>108,019</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>14,653</b>	<b>(183,740)</b>
Cash - beginning of year	18,593	202,332
<b>CASH - END OF YEAR (Note 2)</b>	<b>\$ 33,246</b>	<b>\$ 18,592</b>

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF VAL QUENTIN**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2025**

SUMMER VILLAGE OF VAL QUENTIN  
 Cash Flows  
 Year Ended December 31, 2025  
**(Schedule 1)**

	Budget (Unaudited) 2025	2025	2024
<b>TAXATION</b>			
Real property tax	\$ 550,949	\$ 550,949	\$ 516,704
Special assessments	55,500	55,500	55,500
	606,449	606,449	572,204
<b>REQUISITIONS</b>			
Alberta school foundation	149,428	149,428	130,922
Seniors' housing requisition	13,210	13,210	12,824
	162,638	162,638	143,746
<b>NET MUNICIPAL TAXES</b>	\$ 443,811	\$ 443,811	\$ 428,458

**Schedule of Government Transfers**  
**Year Ended December 31, 2025**

**(Schedule 2)**

	Budget (Unaudited) 2025	2025	2024
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 87,629	\$ 96,469	\$ 53,322
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	-	56,797	476,276
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 87,629	\$ 153,266	\$ 529,598

**Schedule of Expenditures by Object**

**(Schedule 3)**

	Budget (Unaudited) 2025	2025	2024
<b>EXPENSES</b>			
Salaries, wages & benefits	\$ -	\$ 22,825	\$ 18,475
Contracted and general services	441,919	556,458	437,703
Materials, goods and utilities	62,000	32,867	35,529
Transfer to local boards and agencies	8,500	3,211	5,698
Amortization	-	98,048	76,930
<b>Total Expenditures by Object</b>	\$ 512,419	\$ 713,409	\$ 574,335

**SUMMER VILLAGE OF VAL QUENTIN**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2025**

(The accompanying notes form an integral part of these financial statements)

(Schedule 4)

	Unrestricted Surplus	Capital Reserve	Equity in Tangible Capital Assets	Total 2025	Total 2024
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 287,626	\$ 345,271	\$ 2,275,702	\$ 2,908,599	\$ 2,452,782
Excess (deficiency) of revenues over expenses	(70,373)	-	-	(70,373)	455,817
Annual amortization expense	98,048	-	(98,048)	-	-
Purchase of tangible capital assets	(56,098)	-	56,098	-	-
	(28,423)	-	(41,950)	(70,373)	455,817
<b>BALANCE, END OF YEAR</b>	\$ 259,203	\$ 345,271	\$ 2,233,752	\$ 2,838,226	\$ 2,908,599

Account Name	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue	1,010,500	95,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Expenses	(700,000)	(50,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net Change	310,500	45,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Balance, Beginning	287,626	345,271	2,275,702	2,908,599	2,452,782	1,900,000	1,400,000	900,000	400,000
Balance, End of Year	259,203	345,271	2,233,752	2,838,226	2,908,599	1,900,000	1,400,000	900,000	400,000

Year Ended December 31, 2025  
 The accompanying notes form an integral part of these financial statements  
 (Schedule 4)

**SUMMER VILLAGE OF VAL QUENTIN**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2025**

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2025
<b>REVENUE</b>							
Net municipal taxes	\$ 443,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,811
Government transfers	90,886	-	-	5,583	-	-	96,469
User fees and sales of goods	-	-	-	484	-	-	484
Investment income	22,204	-	-	-	-	-	22,204
Other revenues	22,486	-	-	775	-	10	23,271
	579,387	-	-	6,842	10	-	586,239
<b>EXPENSES</b>							
Contracted and general services	104,534	62,903	30,544	126,519	50,157	181,801	556,458
Salaries, wages & benefits	22,825	-	-	-	-	-	22,825
Materials, goods and utilities	22,855	-	8,252	-	1,760	-	32,867
Transfer to local boards and agencies	-	-	-	-	3,211	-	3,211
Amortization	811	-	85,982	-	11,255	-	98,048
	151,025	62,903	124,778	126,519	66,383	181,801	713,409
<b>Excess (deficiency) of revenue over expenses before other</b>	428,362	(62,903)	(124,778)	(119,677)	(66,373)	(181,801)	(127,170)
<b>OTHER</b>	-	-	56,797	-	-	-	56,797
<b>Government transfers for capital</b>	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 428,362	\$ (62,903)	\$ (67,981)	\$ (119,677)	\$ (66,373)	\$ (181,801)	\$ (70,373)

Balance beginning of year  
 Excess (deficiency) of revenue over expenses

Group	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total	
Balance beginning of year	2	581,832	2	340,511	2	3,512,105	2	5,437,963
Excess (deficiency) of revenue over expenses	(70,373)	(62,903)	(67,981)	(119,677)	(66,373)	(181,801)	(70,373)	
Balance ending of year	2	511,459	2	220,834	2	2,390,304	2	5,367,590

Year Ended December 31, 2025  
 Schedule of Changes in Accounting Estimates  
 SUMMER VILLAGE OF VAL QUENTIN

The accompanying notes form an integral part of these financial statements

(Continued)

**SUMMER VILLAGE OF VAL QUENTIN**

**Schedule of Tangible Capital Assets**

**(Schedule 6)**

**Year Ended December 31, 2025**

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
<b>For the year ended December 31, 2025</b>				
<b>Cost</b>				
Land	\$ 625,351	\$ -	\$ -	\$ 625,351
Land improvements	209,195	-	-	209,195
Buildings	63,420	-	-	63,420
Engineered structures	2,053,541	56,097	-	2,109,638
Machinery and equipment	13,934	-	-	13,934
	<u>2,965,441</u>	<u>56,097</u>	<u>-</u>	<u>3,021,538</u>
<b>Accumulated Amortization</b>				
Land improvements	(91,769)	(8,718)	-	(100,487)
Buildings	(21,564)	(2,535)	-	(24,099)
Engineered structures	(570,021)	(85,982)	-	(656,003)
Machinery and equipment	(6,386)	(811)	-	(7,197)
	<u>(689,740)</u>	<u>(98,046)</u>	<u>-</u>	<u>(787,786)</u>
<b>Net Book Value</b>	<b>\$ 2,275,701</b>	<b>\$ (41,949)</b>	<b>\$ -</b>	<b>\$ 2,233,752</b>

**For the year ended December 31, 2024**

<b>Cost</b>				
Land	\$ 625,351	\$ -	\$ -	\$ 625,351
Land improvements	209,195	-	-	209,195
Buildings	63,420	-	-	63,420
Engineered structures	1,566,236	487,305	-	2,053,541
Machinery and equipment	13,934	-	-	13,934
	<u>2,478,136</u>	<u>487,305</u>	<u>-</u>	<u>2,965,441</u>
<b>Accumulated Amortization</b>				
Land improvements	(82,876)	(8,893)	-	(91,769)
Buildings	(19,027)	(2,537)	-	(21,564)
Engineered structures	(505,332)	(64,689)	-	(570,021)
Machinery and equipment	(5,576)	(810)	-	(6,386)
	<u>(612,811)</u>	<u>(76,929)</u>	<u>-</u>	<u>(689,740)</u>
<b>Net Book Value</b>	<b>\$ 1,865,325</b>	<b>\$ 410,376</b>	<b>\$ -</b>	<b>\$ 2,275,701</b>

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

# SUMMER VILLAGE OF VAL QUENTIN

## Notes to Financial Statements

Year Ended December 31, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Val Quentin (the Municipality) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

#### Financial instruments

PS3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. The standard also requires disclosure of the nature and extent of risks arising from financial instruments and provides clarification on the derecognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

#### Use of Estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Municipality's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- estimated accrued receivables;
- estimated useful lives of assets;
- impairment of long-term assets; and
- estimated accrued payables.

(continues)

# SUMMER VILLAGE OF VAL QUENTIN

## Notes to Financial Statements

Year Ended December 31, 2025

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Segment Disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected on a basis consistent with the presentation adopted for municipal financial planning and budgeting processes.

- General Government is comprised of municipal administration and council governance;
- Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue;
- Transportation Services is comprised of roadway and parking services;
- Environmental Services is comprised of water, sewage, and garbage services;
- Planning and Development is comprised of related services for the betterment of the Municipality; and
- Recreation and Culture is comprised of parks and recreation; community and family services planning; and corporate properties and public housing.

#### Cash and short term investments

Cash and cash equivalents consist of cash on deposit and short term investments maturing within 90 days from the date of purchase, are capable of reasonably prompt liquidation, and may be used to manage the Municipality's cash position throughout the year.

#### Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of, the accumulated gains or losses are reclassified to the statement of operations. Investments in interest-bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net-present-value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### Land Inventory for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under the respective function.

#### Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

*(continues)*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Debt Charges Recoverable

Debt charges recoverable consist of amounts borrowed under long term debt that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at an amount equivalent to the related outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the Municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period in which the project costs are incurred.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	15 - 25 years
Engineered structures	10 - 75 years
Buildings	25 - 50 years
Machinery and equipment	5 - 40 years

The Municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Government transfers related to tangible capital assets are recognized as revenue when the related expenditures are incurred and are reported within the applicable capital asset function.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributions of Tangible Capital Assets

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

Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows that the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

*(continues)*

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# SUMMER VILLAGE OF VAL QUENTIN

## Notes to Financial Statements

Year Ended December 31, 2025

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Non-Financial Assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

#### Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose, that interest is treated as a contribution received and recorded as an addition to deferred revenue.

#### Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

#### Long term Debt

Long term debt is initially recognized net of any premiums, discounts, fees and transaction costs, with interest expense recognized using the effective interest method. Long term debt is subsequently measured at amortized cost.

#### Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

#### Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality's Council in accordance with legislation and the Municipality's Council-approved policies. The purpose is to raise the funds required to provide municipal services and to meet requisition obligations. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

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# SUMMER VILLAGE OF VAL QUENTIN

## Notes to Financial Statements

Year Ended December 31, 2025

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

#### Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

#### Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Municipality are in the form of tangible capital assets, grants and subsidies.

#### 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.

*(continues)*

# SUMMER VILLAGE OF VAL QUENTIN

## Notes to Financial Statements

Year Ended December 31, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs, 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. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### Contaminated Sites Liability

Contaminated sites are the result of a chemical, organic or radioactive material or living organisms in amounts that exceed an environmental standard being introduced into soil, water or sediment. The Municipality recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Municipality is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Municipality's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Municipality's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed for a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Municipality will measure the liability using present value techniques. This liability is reported in the Statement of Financial Position.

**SUMMER VILLAGE OF VAL QUENTIN**

**Notes to Financial Statements**

**Year Ended December 31, 2025**

**2. CASH AND RESTRICTED CASH**

	2025	2024
Cash and temporary investments	\$ 33,246	\$ 18,593
Restricted cash	128,063	191,981
	<b>\$ 161,309</b>	<b>\$ 210,574</b>

Temporary investments are short term deposits with original maturities of three months or less.

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 7.)

**3. TERM DEPOSITS**

	2025 Cost	2025 Market value	2024 Cost	2024 Market value
1 Yr Non Redeemable GIC due on June 2025 at 4.75%	\$ -	\$ -	\$ 500,000	\$ 500,000
1 YR Non Redeemable GIC due June 2026 at 3.1%	523,750	523,750	-	-
	<b>\$ 523,750</b>	<b>\$ 523,750</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>

**4. TAXES RECEIVABLES**

Taxes receivable are comprised of:

	2025	2024
Current taxes and grants in place of taxes	\$ 35,243	\$ 43,348
Arrears taxes and grants in place of taxes	3,190	10,459
Sub-total	<b>38,433</b>	<b>53,807</b>
ASFF Under Levy Receivable	-	15,872
	<b>\$ 38,433</b>	<b>\$ 69,679</b>

**5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS**

Grants and receivables from other governments are comprised of:

	2025	2024
Canada Community-Building Fund grant receivable	\$ 14,596	\$ -
Local Government Fiscal Framework - Capital grants receivable	90,342	86,171
Subtotal	<b>104,938</b>	<b>86,171</b>
Goods and services tax refundable	16,341	50,477
	<b>\$ 121,279</b>	<b>\$ 136,648</b>

**SUMMER VILLAGE OF VAL QUENTIN**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 625,351	\$ -	\$ 625,351	\$ 625,351
Land improvements	209,195	100,487	108,708	117,426
Engineered structures	2,109,639	656,003	1,453,636	1,483,520
Buildings	63,420	24,100	39,320	41,856
Machinery and equipment	13,934	7,197	6,737	7,548
	<b>\$ 3,021,539</b>	<b>\$ 787,787</b>	<b>\$ 2,233,752</b>	<b>\$ 2,275,701</b>

For additional information see the Schedule of Tangible Capital Assets. (Schedule 6)

	2025	2024
Grant funding	120,233	120,233
Capital	120,233	120,233
Other Deferred Revenue	120,233	120,233
Prepaid Taxes	120,233	120,233
	<b>341,302</b>	<b>341,302</b>

Grant funding is comprised of the funds received above and is allocated to the Municipality by the Provincial Government as approved by the relevant restricted funding agreements. These grants are restricted to specific projects and are not available for other purposes. The grants are recorded as revenue in the period they are used for the grant projects. The Provincial Government has indicated that it will not be recovering for these projects (refer to Note 7).

**SUMMER VILLAGE OF VAL QUENTIN**

**Notes to Financial Statements**

**Year Ended December 31, 2025**

**7. DEFERRED REVENUE**

Deferred revenue is comprised of:

	2024			2025
2025	Balance	Allocations	Disbursements	Balance
<b>Grant Funding</b>				
Canada Community-Building Fund	\$ 3,201	\$ 14,596	\$ -	\$ 17,797
Municipal Sustainability Initiative - Capital	68,547	-	(12,715)	55,832
Local Government Fiscal Framework - Capital	-	90,342	(44,082)	46,260
Alberta Community Partnership - Innovative Communities Fund	120,233	-	(73,433)	46,800
	191,981	104,938	(130,230)	166,689
<b>Other Deferred Revenue</b>				
Prepaid Taxes	19,326	-	(6,942)	12,384
	\$ 211,307	\$ 104,938	\$ (137,172)	\$ 179,073

	2023			2024
2024	Balance	Allocations	Disbursements	Balance
<b>Grant Funding</b>				
Canada Community-Building Fund	61,092	14,205	(72,096)	3,201
Municipal Sustainability Initiative - Capital	386,555	-	(318,008)	68,547
Local Government Fiscal Framework - Capital	-	86,171	(86,171)	-
Alberta Community Partnership - Innovative Communities Fund	150,000	-	(29,767)	120,233
	597,647	100,376	(506,042)	191,981
<b>Other Deferred Revenue</b>				
Prepaid Taxes	1,348	17,978	-	19,326
	598,995	118,354	(506,042)	211,307

Grant funding is comprised of the funds noted above and is allocated to the Municipality by the Provincial Government as approved by the individual restricted funding agreements. These grants are restricted to specific projects that must be approved per the agreement and are scheduled for completion in the next few years. These funds are recognized as revenue in the period they are used for the purpose specified. Unexpended funds related to the advances, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

**SUMMER VILLAGE OF VAL QUENTIN**

**Notes to Financial Statements**

**Year Ended December 31, 2025**

**8. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00 for the Summer Village of Val Quentin, be disclosed as follows:

	2025	2024
Total debt limit	\$ 879,359	\$ 830,814
Total debt	-	-
Amount of debt limit unused	879,359	830,814
Debt servicing limit	146,560	138,469
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 146,560	\$ 138,469

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk, if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statements must be interpreted as a whole.

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

Equity in tangible capital assets is comprised of:

	2025	2024
Tangible capital assets (Note 6.)	\$ 3,021,539	\$ 2,965,440
Accumulated amortization (Note 6.)	(787,787)	(689,739)
	\$ 2,233,752	\$ 2,275,701

**10. SEGMENTED DISCLOSURE**

The Summer Village of Val Quentin provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 5).

	2025	2024
A. Chairman - Council	3,475	3,475
B. Mayor - Deputy Mayor	2,700	2,700
C. Director - Mayor	8,880	8,880
D. Councillor - Council	5,325	5,325
E. Municipal Clerk	1,675	1,675
F. Municipal Administrator	28,375	28,375
G. Municipal Council	0,850	0,850
H. Unassigned Council	89,700	89,700

11. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Municipality is not exposed to significant currency risks arising from these financial instruments. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Municipality manages risk exposure on these items similar to other receivables and payables.

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality's risk exposure and concentration as of December 31, 2025.

Credit risk

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will be unable to meet its financial obligations as they come due. The Municipality is exposed to this risk primarily through its accounts payable. Liquidity risk is managed through the monitoring of cash balances and the timing of property tax collections and other municipal revenues to ensure sufficient funds are available to meet obligations when due.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Municipality's financial position, potentially increasing borrowing costs or reducing investment income. This risk can indirectly impact taxpayers through higher future funding requirements. It is management's assessment that the municipality is not exposed to this risk in any significant manner.

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant other risks arising from these financial instruments.

12. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & allowances (2)	2025 Total	2024 Total
A. Christiansen - Councillor	\$ 3,475	\$ -	\$ 3,475	\$ 4,825
B. Ronaldson - Deputy Mayor	2,700	-	2,700	-
K. Dion - Mayor	8,850	-	8,850	8,175
K. Galusha - Councillor	2,325	-	2,325	-
R. Montpellier - Councillor	3,675	-	3,675	5,475
Chief Administrative Officer	58,875	-	58,875	44,989
Designated Officer (1)	9,869	-	9,869	4,916
	\$ 89,769	\$ -	\$ 89,769	\$ 68,380

(continues)

**SUMMER VILLAGE OF VAL QUENTIN**

**Notes to Financial Statements**

**Year Ended December 31, 2025**

12. SALARY AND BENEFITS DISCLOSURE *(continued)*

	Salary (1)	Benefits & allowances (2)	<b>2025 Total</b>	2024 Total
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Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, contract payments, and any other direct cash remuneration.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

13. COMMITMENTS

The Summer Village is part of the Tri-Village Regional Sewer Services Commission to provide sewage services to participating municipalities. All participating municipalities are committed to contribute their proportionate costs annually as per the agreement terms. The Summer Village is responsible for approximately 13% of the annual operating costs and debenture payments.

Related to this commitment in the current year were wastewater treatment and disposal operating costs of \$102,190 (2024 - \$98,218) and debenture payments for sewer and lagoon revitalization of \$32,954 (2024 - \$32,954). Future annual debenture commitments including the principal and interest amount are as follows:

2026	\$	32,954
2027		32,954
2028		32,954
2029		32,954
2030		32,954
Thereafter		194,872
	<b>\$</b>	<b><u>359,642</u></b>

14. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2025 (2024 – Nil) as a result of this standard.

15. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2025 (2024 – Nil) as a result of this standard.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

17. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.