

**SUMMER VILLAGE OF HORSESHOE BAY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**



SUMMER VILLAGE OF HORSESHOE BAY

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Summer Village of Horseshoe Bay 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 at 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 judgements. Such amounts have been determined on a reasonable basis in order to ensure that 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 Council carries out its responsibilities for review of the financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

The external auditors have full access to the council with and without the presence of management. The council has approved the financial statements.

The financial statements have been audited by JMD Group LLP, Chartered Professional Accountants, independent external auditors appointed by the council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Summer Village's financial statements.

Debbie Tyson, CAO

April 11, 2026



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the financial statements of Summer Village of Horseshoe Bay (the municipality), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net financial assets and cash flows and schedules 1 to 6 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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:

- 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.

St Paul, Alberta
April 11, 2026



Chartered Professional Accountants

SUMMER VILLAGE OF HORSESHOE BAY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
Assets		
Cash (Note 2)	\$ 208,630	\$ 116,313
Temporary investments (Note 3)	75,000	175,000
Interest receivable	783	2,228
Receivable from other governments	277,818	177,902
Taxes receivable (Note 4)	3,629	942
Credit Union equity	1,327	1,273
	<u>567,187</u>	<u>473,658</u>
Liabilities		
Accounts payable and accrued liabilities	12,525	14,263
Due to other governments	5,500	4,114
Deferred revenue (Note 5)	392,256	319,733
	<u>410,281</u>	<u>338,110</u>
Net financial assets	<u>156,906</u>	<u>135,548</u>
Non-financial assets		
Tangible capital assets (Schedule 2)	1,321,267	1,390,913
Prepaid expenses	830	1,039
	<u>1,322,097</u>	<u>1,391,952</u>
Accumulated surplus (Schedule 1, Note 8)	<u>\$ 1,479,003</u>	<u>\$ 1,527,500</u>
Contingencies (Note 13)		

APPROVED ON BEHALF OF THE SUMMER VILLAGE OF HORSESHOE BAY:

 Mayor

 CAO

SUMMER VILLAGE OF HORSESHOE BAY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget <i>(unaudited)</i>	2025	2024
REVENUES			
Net municipal taxes <i>(Schedule 3)</i>	\$ 113,910	\$ 113,911	\$ 103,019
Sales and user fees	1,000	3,750	676
Government transfers for operating <i>(Schedule 4)</i>	394,191	212,813	120,907
Investment income	3,000	6,116	6,080
Penalties and costs of taxes	800	1,355	913
Licenses and permits	200	150	50
Other	2,000	2,635	1,463
	515,101	340,730	233,108
EXPENSES			
Legislative	16,300	12,021	10,927
Administration	55,500	51,842	46,395
Protective services	9,800	10,729	9,284
Transportation	85,300	77,433	98,602
Waste management	14,600	13,919	13,333
Planning and development	384,900	202,744	97,528
Parks and recreation	59,200	35,049	28,819
	625,600	403,737	304,888
Deficiency of revenues over expenses - before other	(110,499)	(63,007)	(71,780)
Other			
Government transfers for capital <i>(Schedule 4)</i>	100,000	14,510	19,361
Deficiency of revenues over expenses	(10,499)	(48,497)	(52,419)
Accumulated surplus, beginning of year	1,527,500	1,527,500	1,579,919
Accumulated surplus, end of year	\$ 1,517,001	\$ 1,479,003	\$ 1,527,500

SUMMER VILLAGE OF HORSESHOE BAY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget <i>(unaudited)</i>	2025	2024
Deficiency of revenues over expenses	\$ (10,499)	\$ (48,497)	\$ (52,419)
Acquisition of tangible capital assets	(75,000)	(10,050)	(10,666)
Amortization of tangible capital assets	83,011	79,696	82,930
	8,011	69,646	72,264
Use (acquisition) of prepaid expenses	-	209	(614)
	8,011	69,855	71,650
Increase (decrease) in net financial assets	(2,488)	21,358	19,231
Net financial assets - beginning of year	135,548	135,548	116,317
Net financial assets - end of year	\$ 133,060	\$ 156,906	\$ 135,548

SUMMER VILLAGE OF HORSESHOE BAY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Net inflow (outflow) of cash related to the following activities:		
Operating		
Deficiency of revenues over expenses	\$ (48,497)	\$ (52,419)
Item not affecting cash:		
Amortization of tangible capital assets	79,696	82,930
	<u>31,199</u>	<u>30,511</u>
Decrease (increase) in:		
Taxes and grants in place of taxes receivable	(2,687)	1,212
Receivable from other governments	(99,916)	(38,929)
Accounts receivable	-	25
Interest receivable	1,445	(2,228)
Prepaid expenses	209	(614)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(1,738)	4,525
Due to other governments	1,386	(286)
Deferred revenue	72,523	114,142
	<u>(28,778)</u>	<u>77,847</u>
	<u>2,421</u>	<u>108,358</u>
Capital		
Purchase of tangible capital assets	(10,050)	(10,666)
Investing		
Decrease (increase) in temporary investments	100,000	(175,000)
Decrease (increase) in long term investments	(54)	(60)
Decrease (increase) in restricted cash	(37,587)	8,055
	<u>62,359</u>	<u>(167,005)</u>
Change in cash during the year	54,730	(69,313)
Cash - beginning of year	28,046	97,359
Cash - end of year	\$ 82,776	\$ 28,046
Cash is made up of:		
Cash (Note 2)	\$ 208,630	\$ 116,313
Less restricted portion	(125,854)	(88,267)
	<u>\$ 82,776</u>	<u>\$ 28,046</u>

SUMMER VILLAGE OF HORSESHOE BAY
 SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
Balance, beginning of year	\$ 61,587	\$ 75,000	\$ 1,390,913	\$ 1,527,500	\$ 1,579,919
Deficiency of revenues over expenses	(48,497)	-	-	(48,497)	(52,419)
Purchase of tangible capital assets	(10,050)	-	10,050	-	-
Annual amortization expense	79,696	-	(79,696)	-	-
Change in accumulated surplus	<u>21,149</u>	<u>-</u>	<u>(69,646)</u>	<u>(48,497)</u>	<u>(52,419)</u>
Balance, end of year	\$ 82,736	\$ 75,000	\$ 1,321,267	\$ 1,479,003	\$ 1,527,500

SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Land	Land Improvements	Buildings	Engineered Structures	Equipment	2025	2024
Cost							
Balance beginning of year	\$ 175,269	\$ 80,222	\$ 107,622	\$ 2,024,747	\$ 37,289	\$ 2,425,149	\$ 2,414,483
Acquisition of tangible capital assets	-	-	10,050	-	-	10,050	10,666
Balance, end of year	175,269	80,222	117,672	2,024,747	37,289	2,435,199	2,425,149
Accumulated amortization							
Balance, beginning of year	-	47,162	44,051	933,700	9,323	1,034,236	951,306
Annual amortization	-	2,463	2,838	70,666	3,729	79,696	82,930
Balance, end of year	-	49,625	46,889	1,004,366	13,052	1,113,932	1,034,236
Net book value of tangible capital assets	\$ 175,269	\$ 30,597	\$ 70,783	\$ 1,020,381	\$ 24,237	\$ 1,321,267	\$ 1,390,913
2024 Net book value of tangible capital assets	\$ 175,269	\$ 33,061	\$ 63,570	\$ 1,091,046	\$ 27,967	\$ 1,390,913	

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Budget <i>(unaudited)</i>	2025	2024
Taxation			
Residential land and improvement	\$ 157,370	\$ 157,371	\$ 143,503
Commercial property	2,863	2,863	2,513
	<u>160,233</u>	<u>160,234</u>	<u>146,016</u>
Requisitions			
Alberta School Foundation	46,323	46,323	42,997
Net taxes for general municipal purposes	<u>\$ 113,910</u>	<u>\$ 113,911</u>	<u>\$ 103,019</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

	Budget <i>(unaudited)</i>	2025	2024
Transfers for operating			
Provincial government	\$ 394,191	\$ 212,813	\$ 120,907
Transfers for capital			
Provincial government	100,000	14,510	19,361
Total government transfers	<u>\$ 494,191</u>	<u>\$ 227,323</u>	<u>\$ 140,268</u>

SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 5 - EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget <i>(unaudited)</i>	2025	2024
Expenses			
Salaries, wages and benefits	\$ 46,620	\$ 43,263	\$ 40,884
Contracted and general services	444,110	231,894	143,104
Purchases from other governments	23,962	23,143	19,553
Material, goods, supplies and utilities	19,500	16,035	10,112
Transfers to other governments	8,397	9,706	8,305
Amortization of tangible capital assets	83,011	79,696	82,930
Total expenses	\$ 625,600	\$ 403,737	\$ 304,888

SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Total
Revenues							
Net municipal taxes	\$ 113,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,911
Sales and user fees	125	-	-	-	3,625	-	3,750
Government transfers	12,422	-	-	200,391	-	-	212,813
Investment income	6,116	-	-	-	-	-	6,116
Other	1,505	-	-	-	2,635	-	4,140
	134,079	-	-	200,391	6,260	-	340,730
Expenses							
Salaries and wages	43,263	-	-	-	-	-	43,263
Contracted and general services	19,968	1,096	750	201,141	8,939	-	231,894
Purchases from other governments	-	4,086	5,857	-	-	13,200	23,143
Good and supplies	471	-	160	-	15,404	-	16,035
Transfers to other governments	-	5,546	-	1,603	2,557	-	9,706
	63,702	10,728	6,767	202,744	26,900	13,200	324,041
Net revenue before amortization and other	70,377	(10,728)	(6,767)	(2,353)	(20,640)	(13,200)	16,689
Amortization and other							
Amortization expense	(162)	-	(70,666)	-	(8,149)	(719)	(79,696)
Capital transfers	2,400	-	-	-	12,110	-	14,510
	2,238	-	(70,666)	-	3,961	(719)	(65,186)
Net revenues	\$ 72,615	\$ (10,728)	\$ (77,433)	\$ (2,353)	\$ (16,679)	\$ (13,919)	\$ (48,497)

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. Significant Accounting Policies

The financial statements of the Summer Village of Horseshoe Bay are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the summer village are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the reporting entity. This entity is only comprised of the municipal operations as there are no other organizations that are owned or controlled by the summer village and are, therefore, accountable to the summer village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Such estimates include allowance for uncollectable receivables and providing for amortization of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued and subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

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SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. Significant Accounting Policies *(continued)*

Cash

Cash is defined as cash in bank accounts adjusted for outstanding items.

Investments

Investments are recorded at amortized cost. 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.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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.

Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the summer village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance.

Deferred Revenue

Deferred revenues represent government transfers (collected or allocated), donations, and other amounts that have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. Significant Accounting Policies (continued)

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability, if any, is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Asset Retirement

A liability, if any, 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 summer village 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 summer village reviews the carrying amount of the liability. The summer village 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 summer village 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.

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SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. Significant Accounting Policies (continued)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(a) 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	25 - 50
Engineered structures	
Roadway system	10 - 40
Bridge	50
Machinery and equipment	10
Land improvements	15 - 25

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(b) Contributions of Tangible Capital Assets

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

(c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risk 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.

2. Cash

	2025	2024
Credit Union chequing	\$ 3,577	\$ 7,275
Credit Union savings	205,054	109,038
	\$ 208,631	\$ 116,313

Included in cash is a restricted amount of \$125,854 (2024 - \$88,267) comprised of deferred revenue received and not yet expended.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

3. Temporary investments

	2025	2024
Redeemable GIC at 3.35%	\$ -	\$ 100,000
Redeemable GIC at 3% - matures August 26, 2026	75,000	75,000
	\$ 75,000	\$ 175,000

Included in temporary investments is a restricted amount of \$NIL (2024 - \$100,000) comprised of deferred revenue received and not yet expended. The restricted surplus of \$75,000 (2024 - \$75,000) is included in temporary investments.

4. Taxes Receivable

	2025	2024
Current	\$ 3,629	\$ 942

5. Deferred Revenue

	2024	Received or receivable	Recognized	2025
MSI - capital	\$ 51,600	\$ 935	\$ 14,510	\$ 38,025
ACP - Inter-municipal Collaboration	181,467	201,553	200,391	182,629
Gas Tax Fund	200	-	200	-
Canada Community Building Fund	9,719	10,120	-	19,839
LGFF - capital	70,220	72,338	-	142,558
Recreation fund	6,527	2,678	-	9,205
	\$ 319,733	\$ 287,624	\$ 215,101	\$ 392,256

Deferred revenue is funding received by or allocated to (in receivable) the municipality in the current and previous years from various provincial government programs which have not yet been spent. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Funds received and unexpended are supported by restricted cash and temporary investments.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

6. 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 Horseshoe Bay be disclosed as follows:

	2025	2024
Total debt limit	\$ 511,095	\$ 349,662
Total debt	-	-
Amount of debt limit unused	511,095	349,662
Debt servicing limit	85,183	58,277
Debt servicing	-	-
Amount of debt servicing limit unused	85,183	58,277

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.

7. Equity in Tangible Capital Assets

	2025	2024
Tangible capital assets (Schedule 2)	\$ 2,435,199	\$ 2,425,149
Accumulated amortization (Schedule 2)	(1,113,932)	(1,034,236)
	\$ 1,321,267	\$ 1,390,913

8. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2025	2024
Unrestricted surplus	\$ 82,736	\$ 61,587
Restricted surplus	75,000	75,000
Equity in tangible capital assets (<i>Note 7</i>)	1,321,267	1,390,913
	\$ 1,479,003	\$ 1,527,500

The restricted surplus was established by By-law 145/2024 as a general operating and/or capital reserve.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

9. Segmented Disclosure

The Summer Village of Horseshoe Bay provides a range of services to its ratepayers. For each 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 Schedule of Segmented Disclosure (Schedule 6).

10. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2025	2024
Mayor - Laberge	\$ 2,700	\$ 516	\$ 3,216	\$ -
Councillor - Amyotte	4,050	121	4,171	-
Councillor - Martin	1,500	715	2,215	-
	<u>\$ 8,250</u>	<u>\$ 1,352</u>	<u>\$ 9,602</u>	<u>\$ -</u>
CAO - Contract position - Tyson	\$ 27,600	\$ 381	\$ 27,981	\$ 25,851
Assessor - Contract position	\$ 5,680	\$ -	\$ 5,680	\$ 5,600

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Benefits and allowances include employer portion of CPP and travel reimbursements.

11. Related Party Transactions

The spouse of the CAO has been appointed to the regional assessment review board and was paid a per diem of \$750 (2024 - \$600) to attend a training session. The amount recorded was measured at the exchanged amount, being the amount of consideration established and agreed by the related parties.

12. Credit Facilities

The Summer Village of Horseshoe Bay has a prime plus 1% authorized operating line with a \$30,000 limit with Servus Credit Union. No balance was outstanding at December 31, 2025.

The summer village also has a Servus Credit Union MasterCard with a limit of \$5,000. Interest is calculated on principal owing beyond one month at the rate of 16.99%.

These credit facilities are issued on the credit and security of the summer village at large.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

13. Contingencies

The Summer Village of Horseshoe Bay has delegated their powers and duties under the Emergency Management Act to the Town of St. Paul No. 19 under an Emergency Management Agreement, with the term expiring December 31, 2028. The Summer Village of Horseshoe Bay is responsible to pay all unrecoverable costs incurred by the Town in implementing an Emergency Response within the boundaries of the Summer Village of Horseshoe Bay. Any liability incurred would be accounted for as a current transaction in the year an emergency response occurs.

The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Summer Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

14. Commitments

Effective January 1, 2020 under the terms of a cost sharing agreement with the County of St. Paul No. 19, Town of St. Paul, and Town of Elk Point, the summer village contributes to the Regional Recreation Class A facilities operating expenses. The annual contribution by the Summer Village for 2025 was \$2,557 (2024 - \$2,557).

The Summer Village has entered into an agreement with a third party to provide assessment services until 2028.

The Summer Village had entered into a Fire Protection agreement with a local municipality until 2025. This agreement is presently being negotiated.

The Summer Village has entered into a road maintenance, snow removal and weed control agreement with a local municipality until 2027.

15. Financial Instruments

The summer village's financial instruments consist of cash, temporary investments, receivables, long-term investment, accounts payable and accrued liabilities and deferred revenue. It is management's opinion that the summer village is not exposed to significant interest or currency risks arising from these financial instruments.

The summer village is subject to credit risk with respect to taxes receivable. Credit risk arises from the possibility that taxpayers may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers minimizes the credit risk.

16. Contaminated Sites Liability

The summer village has adopted PS3260 Liability for Contaminated Sites. The summer village did not identify any financial liabilities in 2025 (2024 - \$Nil) as a result of this standard.

17. Asset Retirement Obligation

The summer village has adopted PS3280 - Asset Retirement Obligations. The summer village did not identify any financial obligations in 2025 (2024 - Nil) as a result of this standard.

18. Approval of Financial Statements

Council and Management have approved these financial statements.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

19. Budget Amounts

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

20. Recent Accounting Pronouncements Published But Not Yet Adopted

Conceptual Framework for Financial Reporting in the Public Sector

This standard describes the concepts underlying the development and use of accounting principles in government financial statements. It also identifies the objectives of government financial statements that are generally acceptable to the users and preparers of the statements. It applies to years beginning on or after April 1, 2026.

PS Section 1202, Financial Statement Presentation

This standard responds to the need for understandable financial statements. The new reporting model will consist of:

- a statement of financial position;
- a statement of net financial assets (net financial liabilities);
- a statement of operations;
- a statement of changes in net assets (net liabilities);
- a statement of cash flows; and
- accompanying notes and schedules.

21. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.