

SUMMER VILLAGE OF BIRCHCLIFF
Financial Statements
For The Year Ended December 31, 2025

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Summer Village of Birchcliff

Opinion

We have audited the financial statements of Summer Village of Birchcliff (the Summer Village), which comprise the statement of financial position as at December 31, 2025, and the statements of annual surplus 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.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Summer Village 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditors' 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 auditors' 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 Summer Village'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 Summer Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Summer Village 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

March 19, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Summer Village of Birchcliff

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Summer Village Council to express an opinion on the Summer Village's financial statements.

Mr. Tanner Evans
Chief Administrative Officer

SUMMER VILLAGE OF BIRCHCLIFF

Statement of Financial Position

As At December 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,416,199	\$ 1,591,600
Receivables (Note 2)	<u>151,652</u>	<u>73,911</u>
	<u>1,567,851</u>	<u>1,665,511</u>
LIABILITIES		
Accounts payable and accrued liabilities	69,882	55,599
Deposit liabilities	55,798	42,639
Deferred revenue (Note 3)	22,957	88,219
Due to other Sylvan Summer Villages (Note 4)	<u>219,713</u>	<u>219,713</u>
	<u>368,350</u>	<u>406,170</u>
NET FINANCIAL ASSETS	<u>1,199,501</u>	<u>1,259,341</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,392,046	3,315,214
Prepaid expenses	<u>494</u>	<u>-</u>
	<u>3,392,540</u>	<u>3,315,214</u>
ACCUMULATED SURPLUS (Note 6)	<u>\$ 4,592,041</u>	<u>\$ 4,574,555</u>
Contingent liabilities (Note 8)		

ON BEHALF OF COUNCIL:

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

SUMMER VILLAGE OF BIRCHCLIFF

Statement of Annual Surplus and Accumulated Surplus

For the Year Ended December 31, 2025

	2025 (Budget) (Note 14)	2025 (Actual)	2024 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 448,404	\$ 448,352	\$ 417,098
Sales and user charges (Schedule 4)	91,203	84,543	86,743
Interest	55,000	44,245	61,041
Government transfers for operating (Schedule 3)	32,338	20,838	20,836
Penalties and costs on taxes	7,000	18,914	10,368
Fines	3,213	8,822	100
Licenses and permits	19,611	8,324	6,486
Other	1,138	1,231	2,259
	<u>657,907</u>	<u>635,269</u>	<u>604,931</u>
EXPENSES (including amortization)			
Administration	301,535	303,942	234,591
Wastewater treatment and disposal	81,843	118,394	106,839
Parks and recreation	19,000	96,885	64,116
Roads, streets, walks and lighting	67,000	80,683	86,294
Protective services	42,035	74,275	63,299
Waste management	38,890	42,956	40,597
Environment	11,309	37,193	45,721
Legislative	18,484	19,552	17,310
Disaster and emergency services	3,600	3,617	3,576
Culture: Libraries, halls, museums	1,500	2,070	1,331
	<u>585,196</u>	<u>779,567</u>	<u>663,674</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>72,711</u>	<u>(144,298)</u>	<u>(58,743)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	154,942	161,784	20,703
Land sales	-	-	1,107,362
	<u>154,942</u>	<u>161,784</u>	<u>1,128,065</u>
ANNUAL SURPLUS	227,653	17,486	1,069,322
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,574,555</u>	<u>4,574,555</u>	<u>3,505,233</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 6)	<u>\$ 4,802,208</u>	<u>\$ 4,592,041</u>	<u>\$ 4,574,555</u>

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

SUMMER VILLAGE OF BIRCHCLIFF
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2025

	2025 (Budget) (Note 14)	2025 (Actual)	2024 (Actual)
ANNUAL SURPLUS	\$ 227,653	\$ 17,486	\$ 1,069,322
Acquisition of tangible capital assets	(250,487)	(216,450)	(284,952)
Amortization of tangible capital assets	-	139,618	125,188
	(22,834)	(59,346)	909,558
Use (acquisition) of prepaid expenses	-	(494)	136
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(22,834)	(59,840)	909,694
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,259,341	1,259,341	349,647
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,236,507	\$ 1,199,501	\$ 1,259,341

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

SUMMER VILLAGE OF BIRCHCLIFF
Statement of Cash Flows
For The Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	\$ 17,486	\$ 1,069,322
Non-cash item not included in excess of revenue over expenses:		
Amortization of tangible capital assets	<u>139,618</u>	125,188
	<u>157,104</u>	1,194,510
Changes in non-cash working capital balances related to operations:		
Receivables	(77,741)	(38,103)
Accounts payable and accrued liabilities	14,283	(63,841)
Deferred revenue	(65,262)	73,320
Deposit liabilities	13,159	(28,659)
Prepaid expenses	(494)	136
	<u>(116,055)</u>	(57,147)
Cash flow from operating activities	<u>41,049</u>	1,137,363
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(216,450)</u>	(284,952)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(175,401)	852,411
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,591,600</u>	739,189
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,416,199</u>	<u>\$ 1,591,600</u>

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

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2025

(Schedule 1)

	2025	2024
BALANCE, BEGINNING OF YEAR	\$ 3,095,501	\$ 2,935,737
Acquisition of tangible capital assets	216,450	284,952
Amortization of tangible capital assets	<u>(139,618)</u>	<u>(125,188)</u>
BALANCE, END OF YEAR	<u>\$ 3,172,333</u>	<u>\$ 3,095,501</u>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value) <i>(Note 5)</i>	\$ 3,392,046	\$ 3,315,214
Due to other Sylvan Summer Villages	<u>(219,713)</u>	<u>(219,713)</u>
	<u>\$ 3,172,333</u>	<u>\$ 3,095,501</u>

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

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Property Taxes
For the Year Ended December 31, 2025

(Schedule 2)

	2025 (Budget) (Note 14)	2025 (Actual)	2024 (Actual)
TAXATION			
Real property taxes	\$ 1,028,289	\$ 1,028,237	\$ 933,305
REQUISITIONS			
Alberta School Foundation Fund	579,885	579,885	516,207
NET MUNICIPAL PROPERTY TAXES	\$ 448,404	\$ 448,352	\$ 417,098

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

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Government Transfers
For the Year Ended December 31, 2025

(Schedule 3)

	2025 (Budget) (Note 14)	2025 (Actual)	2024 (Actual)
TRANSFERS FOR OPERATING			
Provincial government conditional transfers	\$ 32,338	\$ 20,838	\$ 20,836
TRANSFERS FOR CAPITAL			
Provincial government conditional transfers	154,942	161,784	20,703
TOTAL GOVERNMENT TRANSFERS	\$ 187,280	\$ 182,622	\$ 41,539

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

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Segmented Information
Year Ended December 31, 2025

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 245,719	\$ 28,659	\$ 32,329	\$ 67,101	\$ 35,844	\$ 38,700	\$ 448,352
Sales and user charge	460	-	-	-	84,083	-	84,543
Interest	44,245	-	-	-	-	-	44,245
Government transfers	20,838	-	-	-	-	-	20,838
All other	-	-	-	-	-	37,291	37,291
	<u>311,262</u>	<u>28,659</u>	<u>32,329</u>	<u>67,101</u>	<u>119,927</u>	<u>75,991</u>	<u>635,269</u>
EXPENSES							
Contracted and general services	118,368	25,020	56,255	67,101	119,927	41,977	428,648
Salaries, wages and benefits	161,963	-	20,565	-	-	14,768	197,296
Materials, goods, and supplies	10,366	3,639	-	-	-	-	14,005
	<u>290,697</u>	<u>28,659</u>	<u>76,820</u>	<u>67,101</u>	<u>119,927</u>	<u>56,745</u>	<u>639,949</u>
NET REVENUE, BEFORE AMORTIZATION	20,565	-	(44,491)	-	-	19,246	(4,680)
Amortization	(13,245)	(70,296)	(1,072)	(13,582)	(41,423)	-	(139,618)
NET REVENUE (DEFICIT)	<u>\$ 7,320</u>	<u>\$ (70,296)</u>	<u>\$ (45,563)</u>	<u>\$ (13,582)</u>	<u>\$ (41,423)</u>	<u>\$ 19,246</u>	<u>\$ (144,298)</u>

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

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Segmented Information
For the Year Ended December 31, 2024

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Roadways	Wastewater & Garbage	All Other	Total
REVENUE							
Taxation	\$ -	\$ 9,581	\$ 65,803	\$ 72,712	\$ 19,745	\$ 249,257	\$ 417,098
Sales and user charges	475	-	-	-	86,268	-	86,743
Interest	61,041	-	-	-	-	-	61,041
Government transfers	20,836	-	-	-	-	-	20,836
All other	-	-	-	-	-	19,213	19,213
	82,352	9,581	65,803	72,712	106,013	268,470	604,931
EXPENSES							
Contracted and general services	80,796	6,081	55,051	72,712	106,013	49,045	369,698
Salaries, wages and benefits	130,165	-	10,752	-	-	13,985	154,902
Materials, goods, and supplies	10,386	3,500	-	-	-	-	13,886
	221,347	9,581	65,803	72,712	106,013	63,030	538,486
NET REVENUE, BEFORE AMORTIZATION	(138,995)	-	-	-	-	205,440	66,445
Amortization	(13,245)	(55,866)	(1,072)	(13,582)	(41,423)	-	(125,188)
NET REVENUE (DEFICIT)	\$ (152,240)	\$ (55,866)	\$ (1,072)	\$ (13,582)	\$ (41,423)	\$ 205,440	\$ (58,743)

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

SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

Year Ended December 31, 2025

1. ACCOUNTING POLICIES

The financial statements of the Summer Village of Birchcliff (the "Summer Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Summer Village are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The entity is comprised of the municipal operations and all the organizations that are owned or controlled by the Summer Village and are, therefore, accountable to Summer Village 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 reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Summer Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) 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 revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Village has used estimates to determine the useful lives of tangible capital assets.

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SUMMER VILLAGE OF BIRCHCLIFF
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(d) Valuation of Financial Assets and Liabilities

The Summer Village's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost and amortized cost
Receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost

(e) Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(f) 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.

(g) Tax Revenue

Property tax revenue is recognized as revenue in the year it is levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and recognized as revenue in the year the local improvement tax is levied.

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SUMMER VILLAGE OF BIRCHCLIFF
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(h) *Asset Retirement Obligations*

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(i) *Contaminated Sites*

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Summer Village is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(j) *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 consolidated Change in Net Financial Assets for the year.

(k) *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, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Engineered structures:	
Wastewater system	20 & 75 years
Roadway system	10 years
Machinery and equipment	10 & 20 years
Buildings	25 years

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

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

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SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

Year Ended December 31, 2025

1. ACCOUNTING POLICIES *(continued)*

(l) New Accounting Standards not yet Adopted

The following standards are effective for fiscal years beginning on or after April 1, 2026.

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

A new presentation standard, PS 1202, will be adopted at the same time that includes changes to the presentation of the statements of financial position, net financial assets or net debt, net assets, including a reconciliation of each component of net assets, and cash flows.

Management is currently assessing the impact of the conceptual framework and the standard on the financial statements.

SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

Year Ended December 31, 2025

2. RECEIVABLES

	2025	2024
Government transfers	\$ 113,815	\$ 17,292
Goods and Services Tax	22,749	21,862
Trade and other	7,552	(464)
Taxes and grants in place of taxes	7,536	35,221
	\$ 151,652	\$ 73,911

3. DEFERRED REVENUE

	2024	Funds Received	Funds Used	2025
Canada Community-Building Fund	\$ 4,603	\$ 17,815	\$ -	\$ 22,418
Other	539	-	-	539
Local Government Fiscal Framework	76,234	78,708	(154,942)	-
Municipal Sustainability Initiative	6,843	-	(6,843)	-
	\$ 88,219	\$ 96,523	\$ (161,785)	\$ 22,957

4. DUE TO OTHER SYLVAN SUMMER VILLAGES

During 2021, the Summer Villages of Jarvis Bay, Norglenwold, Halfmoon Bay, Sunbreaker Cove, and Birchcliff entered into a Co-ownership Agreement ("the Agreement") for the purchase of a new Administration Building. Under the terms of this Agreement each of the five Summer Villages has a 20% interest in the new Administration Building.

In the event that any of the Summer Villages elect to sell either of the buildings, each of the Summer Village will proportionately receive a return of their initial contribution and all remaining proceeds will be divided equally.

	2025	2024
Due to other Sylvan Summer Villages		
Due to Jarvis Bay	\$ 150,522	\$ 150,522
Due to Norglenwold	69,191	69,191
	\$ 219,713	\$ 219,713

SUMMER VILLAGE OF BIRCHCLIFF
Notes to Financial Statements
Year Ended December 31, 2025

5. TANGIBLE CAPITAL ASSETS

	2025 Net Book Value	2024 Net Book Value
Engineered structures		
Wastewater systems	\$ 2,151,206	\$ 2,192,629
Roadways	258,829	270,348
	2,410,035	2,462,977
Land improvements	730,972	579,315
Buildings	175,772	184,561
Machinery and equipment	52,481	63,139
Vehicles	15,686	18,122
Land	7,100	7,100
	\$ 3,392,046	\$ 3,315,214

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 534,656	\$ -	\$ -	\$ -	\$ 534,656
Wastewater systems	2,528,501	-	-	-	2,528,501
	3,063,157	-	-	-	3,063,157
Buildings	219,713	-	-	-	219,713
Machinery and equipment	125,819	-	-	-	125,819
Land	7,100	-	-	-	7,100
Land improvements	755,439	216,450	-	-	971,889
Vehicles	24,358	-	-	-	24,358
	\$ 4,195,586	\$ 216,450	\$ -	\$ -	\$ 4,412,036

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 264,308	\$ 11,519	-	\$ -	\$ 275,827
Wastewater systems	335,872	41,423	-	-	377,295
	600,180	52,942	-	-	653,122
Buildings	35,152	8,789	-	-	43,941
Machinery and equipment	62,680	10,658	-	-	73,338
Land improvements	176,124	64,793	-	-	240,917
Vehicles	6,236	2,436	-	-	8,672
	\$ 880,372	\$ 139,618	\$ -	\$ -	\$ 1,019,990

SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

Year Ended December 31, 2025

6. ACCUMULATED SURPLUS

	2025	2024
Unrestricted surplus (deficit)	\$ (21,334)	\$ 21,211
Restricted surplus		
Operating reserves (Note 7)	218,803	227,800
Capital reserves (Note 7)	1,222,239	1,230,043
Equity in tangible capital assets (Schedule 1)	3,172,333	3,095,501
	<u>\$ 4,592,041</u>	<u>\$ 4,574,555</u>

7. RESERVES

	2025	2024
Operating Reserves		
General contingencies	\$ 173,803	\$ 182,800
Sewer	25,000	25,000
Tax rate stabilization	20,000	20,000
	<u>\$ 218,803</u>	<u>\$ 227,800</u>
Capital Reserves		
Roads	\$ 385,751	\$ 235,751
Environmental	369,450	473,082
Wastewater	300,000	300,000
Infrastructure	100,685	159,710
Fleet	52,000	51,000
Information and technology	14,353	10,500
	<u>\$ 1,222,239</u>	<u>\$ 1,230,043</u>

8. CONTINGENT LIABILITIES

- a) The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Summer Village could become liable for its proportionate shares 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.
- b) The Summer Village is a member of the Sylvan Lake Regional Wastewater Commission. Under the terms of this membership the Summer Village is liable for its proportionate share of any losses incurred by the Commission. Any liability would be accounted for in the year the losses are determined.
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SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

Year Ended December 31, 2025

9. CONTRACTUAL OBLIGATIONS

- a) The Summer Village has entered into an agreement for fire emergency response services with the Town of Sylvan Lake for a four year term commencing January 2024 expiring December 2027. The cost of services will be \$12,975 annually.
 - b) The Summer Village has entered into an agreement for waste and recycle collection services for a five year term commencing January 2023 expiring December 2027. The estimated cost of these services is \$20,000 annually.
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10. 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 be disclosed as follows:

	2025	2024
Total debt limit	\$ 952,904	\$ 907,397
Total debt	219,713	219,713
Total debt limit remaining	\$ 733,191	\$ 687,684
Service on debt limit	\$ 158,817	\$ 151,233
Service on debt	-	-
Total service on debt limit remaining	\$ 158,817	\$ 151,233

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

11. SEGMENTED INFORMATION

The Summer Village provides a range of services to its citizens. 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.

SUMMER VILLAGE OF BIRCHCLIFF
Notes to Financial Statements
Year Ended December 31, 2025

12. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. It is management's opinion that the Summer Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Credit risk

The Summer Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Summer Village's credit risk

Liquidity Risk

Liquidity risk is the risk that the Village will encounter difficulty in meeting obligations associated with its financial liabilities. The Village maintains cash balances to ensure that funds are available to meet current and forecasted financial requirements. Management continues to monitor the Village's liquidity position on a regular basis.

Interest rate risk

Interest rate risk is the risk that the Village's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. The Village is exposed to interest rate risk primarily through its cash and investment balances.

SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

Year Ended December 31, 2025

13. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits (2)	2025	2024
Mayor Dufresne	\$ 5,720	\$ 243	\$ 5,963	\$ 7,213
Councillors				
Zacharias	4,713	128	4,841	4,112
Paulgard	2,990	143	3,133	-
Tirpak	-	-	-	2,340
	\$ 13,423	\$ 514	\$ 13,937	\$ 13,665
Chief Administrative Officer				
Evans	\$ 27,923	\$ 3,331	\$ 31,254	\$ 28,911
Designated officer (Assessor)	\$ 8,100	\$ -	\$ 8,100	\$ 8,100

(1) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

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

14. BUDGET FIGURES

The 2025 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on December 12, 2024. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2025 Budget	2025 Actual
Annual surplus	\$ 227,653	\$ 17,486
Amortization expense	-	139,618
Purchase of tangible capital assets	(250,487)	(216,450)
Transfer (to) from reserves	22,834	16,801
	\$ -	\$ (42,545)

The Summer Village does not provide for amortization in its operating budget.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.