

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

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Summer Village of Sunbreaker Cove

Opinion

We have audited the financial statements of Summer Village of Sunbreaker Cove (the Summer Village), 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.

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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Independent Auditors' Report to the Mayor and Council of Summer Village of Sunbreaker Cove
(continued)

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
April 13, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Members of Council of the Summer Village of Sunbreaker Cove

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 judgments 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 SUNBREAKER COVE

Statement of Financial Position

As At December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 758,365	\$ 753,436
Receivables (Note 2)	807,841	808,374
	<u>1,566,206</u>	<u>1,561,810</u>
LIABILITIES		
Accounts payable and accrued liabilities	193,073	48,935
Deposit liabilities	66,000	76,500
Deferred revenue (Note 3)	31,559	3,669
Due to other Sylvan Summer Villages (Note 4)	226,713	226,713
Long term debt (Note 5)	442,417	457,513
	<u>959,762</u>	<u>813,330</u>
NET FINANCIAL ASSETS	<u>606,444</u>	<u>748,480</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	4,613,733	4,468,044
Prepaid expenses	246	-
	<u>4,613,979</u>	<u>4,468,044</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 5,220,423</u>	<u>\$ 5,216,524</u>
Contingent liabilities (Note 8)		

ON BEHALF OF COUNCIL:

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

SUMMER VILLAGE OF SUNBREAKER COVE
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2025

	2025 (Budget) (Note 13)	2025 (Actual)	2024 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 403,685	\$ 403,687	\$ 377,426
Sales and user charges (Schedule 4)	126,953	137,319	117,212
Interest	30,000	28,202	50,612
Government transfers for operating (Schedule 3)	17,583	17,615	17,597
Penalties and costs on taxes	5,514	11,130	6,899
Licenses and permits	5,713	9,379	7,261
Fines	1,831	7,550	900
Other	-	602	3,022
	591,279	615,484	580,929
EXPENSES			
Administration	219,282	193,710	155,869
Roads, streets, walks and lighting	64,187	89,331	53,852
Waste water treatment and disposal	69,656	76,074	87,478
Protective services	34,523	55,214	47,546
Parks and recreation	63,707	51,581	23,821
Garbage	35,628	34,758	30,336
Environment and planning	72,258	17,057	22,456
Legislative	20,371	14,901	14,963
Disaster and emergency services	3,832	3,404	3,372
Library	882	1,285	863
Amortization	-	134,270	128,115
	584,326	671,585	568,671
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	6,953	(56,101)	12,258
OTHER REVENUE			
Government transfers for capital (Schedule 3)	60,000	60,000	181,697
ANNUAL SURPLUS	66,953	3,899	193,955
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,216,524	5,216,524	5,022,569
ACCUMULATED SURPLUS, END OF YEAR	\$ 5,283,477	\$ 5,220,423	\$ 5,216,524

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

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

	2025 (Budget) (Note 13)	2025 (Actual)	2024 (Actual)
ANNUAL SURPLUS	\$ 66,953	\$ 3,899	\$ 193,955
Acquisition of tangible capital assets	(409,785)	(279,959)	(393,837)
Amortization of tangible capital assets	20,371	134,270	128,115
	(322,461)	(141,790)	(71,767)
Use (acquisition) of prepaid expenses	-	(246)	119
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(322,461)	(142,036)	(71,648)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	748,480	748,480	820,128
NET FINANCIAL ASSETS, END OF YEAR	\$ 426,019	\$ 606,444	\$ 748,480

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

SUMMER VILLAGE OF SUNBREAKER COVE**Statement of Cash Flows****For The Year Ended December 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	\$ 3,899	\$ 193,955
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	<u>134,270</u>	128,115
	<u>138,169</u>	322,070
Changes in non-cash working capital balances related to operations:		
Receivables	532	(23,690)
Accounts payable and accrued liabilities	144,138	5,768
Deferred revenue	27,891	(95,973)
Deposit liabilities	(10,500)	17,500
Prepaid expenses	<u>(246)</u>	119
	<u>161,815</u>	(96,276)
Cash flow from operating activities	<u>299,984</u>	225,794
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(279,959)</u>	(393,837)
FINANCING ACTIVITIES		
Repayment of long term debt	<u>(15,096)</u>	(14,648)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	4,929	(182,691)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>753,436</u>	936,127
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 758,365</u>	<u>\$ 753,436</u>

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

SUMMER VILLAGE OF SUNBREAKER COVE
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2025

(Schedule 1)

	Unrestricted surplus	Restricted surplus (Note 7)	Equity in tangible capital assets	2025	2024
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 82,066	\$ 1,350,640	\$ 3,783,818	\$ 5,216,524	\$ 5,022,569
Annual surplus	3,899	-	-	3,899	193,955
Tangible capital asset purchases	(60,000)	(219,959)	279,959	-	-
Amortization of tangible capital assets	134,270	-	(134,270)	-	-
Repayment of long-term debt	(15,096)	-	15,096	-	-
Transfers	(78,355)	78,355	-	-	-
ACCUMULATED SURPLUS - END OF YEAR	\$ 66,784	\$ 1,209,036	\$ 3,944,603	\$ 5,220,423	\$ 5,216,524

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

SUMMER VILLAGE OF SUNBREAKER COVE**Schedule of Property Taxes****(Schedule 2)****For the Year Ended December 31, 2025**

	2025 (Budget) (Note 13)	2025 (Actual)	2024 (Actual)
TAXATION			
Real property taxes	\$ 837,600	\$ 839,824	\$ 765,023
REQUISITIONS			
Alberta School Foundation Fund	433,915	436,137	387,597
NET MUNICIPAL PROPERTY TAXES	\$ 403,685	\$ 403,687	\$ 377,426

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

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

(Schedule 3)

	2025 (Budget) (Note 13)	2025 (Actual)	2024 (Actual)
TRANSFERS FOR OPERATING			
Provincial government conditional transfers	\$ 17,583	\$ 17,615	\$ 17,597
TRANSFERS FOR CAPITAL			
Provincial government conditional transfers	60,000	60,000	181,697
TOTAL GOVERNMENT TRANSFERS	\$ 77,583	\$ 77,615	\$ 199,294

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

SUMMER VILLAGE OF SUNBREAKER COVE
Schedule of Segmented Information
For the Year Ended December 31, 2025

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 146,766	\$ 46,187	\$ 51,067	\$ 89,331	\$ -	\$ 70,336	\$ 403,687
Sales and user charges	525	-	-	-	136,794	-	137,319
All other	602	-	7,550	-	-	20,509	28,661
Interest	28,202	-	-	-	-	-	28,202
Government transfers	17,615	-	-	-	-	-	17,615
	<u>193,710</u>	<u>46,187</u>	<u>58,617</u>	<u>89,331</u>	<u>136,794</u>	<u>90,845</u>	<u>615,484</u>
EXPENSES							
Contracted & general services	57,771	55,187	43,117	89,331	96,999	18,947	361,352
Salaries, wages & benefits	125,253	-	15,500	-	-	10,690	151,443
Interest on long-term debt	-	-	-	-	13,833	-	13,833
Materials, goods, supplies & utilities	10,686	-	-	-	-	-	10,686
	<u>\$ 193,710</u>	<u>\$ 55,187</u>	<u>\$ 58,617</u>	<u>\$ 89,331</u>	<u>\$ 110,832</u>	<u>\$ 29,637</u>	<u>\$ 537,314</u>
NET REVENUE, BEFORE AMORTIZATION							
Amortization	-	(9,000)	-	-	25,962	61,208	78,170
	<u>(9,980)</u>	<u>(30,995)</u>	<u>(813)</u>	<u>(48,533)</u>	<u>(43,950)</u>	<u>-</u>	<u>(134,271)</u>
NET REVENUE	<u>\$ (9,980)</u>	<u>\$ (39,995)</u>	<u>\$ (813)</u>	<u>\$ (48,533)</u>	<u>\$ (17,988)</u>	<u>\$ 61,208</u>	<u>\$ (56,101)</u>

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

SUMMER VILLAGE OF SUNBREAKER COVE

Schedule of Segmented Information

For the Year Ended December 31, 2024

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 83,708	\$ 24,684	\$ 50,018	\$ 53,852	\$ 1,532	\$ 163,632	\$ 377,426
Sales and user charges	930	-	-	-	116,282	-	117,212
Interest	50,612	-	-	-	-	-	50,612
All other	3,022	-	900	-	-	14,160	18,082
Government transfers	17,597	-	-	-	-	-	17,597
	<u>155,869</u>	<u>24,684</u>	<u>50,918</u>	<u>53,852</u>	<u>117,814</u>	<u>177,792</u>	<u>580,929</u>
EXPENSES							
Contracted services & general services	\$ 45,851	\$ 24,684	\$ 42,816	\$ 53,852	\$ 103,533	\$ 27,014	\$ 297,750
Salaries, wages & benefits	99,662	-	8,102	-	-	10,405	118,169
Interest on long-term debt	-	-	-	-	14,281	-	14,281
Materials, goods, & supplies	10,356	-	-	-	-	-	10,356
	<u>155,869</u>	<u>24,684</u>	<u>50,918</u>	<u>53,852</u>	<u>117,814</u>	<u>37,419</u>	<u>440,556</u>
NET REVENUE, BEFORE AMORTIZATION							
Amortization	-	-	-	-	-	140,373	140,373
	<u>(9,980)</u>	<u>(30,787)</u>	<u>(813)</u>	<u>(42,585)</u>	<u>(43,950)</u>	<u>-</u>	<u>(128,115)</u>
NET REVENUE (DEFICIT)							
	\$ <u>(9,980)</u>	\$ <u>(30,787)</u>	\$ <u>(813)</u>	\$ <u>(42,585)</u>	\$ <u>(43,950)</u>	\$ <u>140,373</u>	\$ <u>12,258</u>

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

SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

1. ACCOUNTING POLICIES

The financial statements of the Summer Village of Sunbreaker Cove (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.

Expenditures 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 SUNBREAKER COVE

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
Trade and other receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized 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. Cash and cash equivalents consists of an operating account at a financial institution.

(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 SUNBREAKER COVE
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.

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SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

1. ACCOUNTING POLICIES *(continued)*

(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:

Land improvements	15 years
Engineered structures:	
Wastewater system	75 years
Roadway system	15 years
Machinery, equipment and furnishings	10 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.

(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 SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

2. RECEIVABLES

	2025	2024
Wastewater collection system fees	\$ 647,449	\$ 671,616
Other governments	109,972	94,057
Goods and Services Tax rebate	25,911	25,104
Taxes and grants in place of taxes	24,509	17,597
	<u>\$ 807,841</u>	<u>\$ 808,374</u>

Wastewater collection system fees receivable are repayable from residents in annual installments of \$28,949 over twenty five years from the time of connection.

3. DEFERRED REVENUE

	2024	Allocations	Funds Expended	2025
Canada Community-Building Fund	\$ 3,472	\$ 12,956	\$ -	\$ 16,428
Local Government Fiscal Framework	-	74,934	(60,000)	14,934
Municipal Sustainability Initiative	197	-	-	197
	<u>\$ 3,669</u>	<u>\$ 87,890</u>	<u>\$ (60,000)</u>	<u>\$ 31,559</u>

Included in the both the deferred revenue and other governments receivable (Note 2) are \$16,428 for the Community-Building Fund program and \$14,934 for the Local Government Fiscal Framework Program.

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		
Summer Village of Jarvis Bay	\$ 157,522	\$ 157,522
Summer Village of Norglenwold	69,191	69,191
	<u>\$ 226,713</u>	<u>\$ 226,713</u>

SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

5. LONG TERM DEBT

	2025	2024
Government of Alberta debenture repayable in semi-annual instalments of \$7,565 including interest at a rate of 3.39% maturing in 2046.	\$ 225,982	\$ 233,265
Government of Alberta debenture repayable in semi-annual instalments of \$6,910 including interest at a rate of 2.702% maturing in 2046.	216,435	224,248
	\$ 442,417	\$ 457,513

Principal repayment terms are approximately:

	Principal	Interest	Total
2026	\$ 15,557	\$ 13,392	\$ 28,949
2027	16,033	12,916	28,949
2028	16,524	12,425	28,949
2029	17,030	11,919	28,949
2030	17,551	11,398	28,949
Thereafter	359,722	96,554	456,276
	\$ 442,417	\$ 158,604	\$ 601,021

SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

6. TANGIBLE CAPITAL ASSETS

	2025 Net Book Value	2024 Net Book Value
Engineered structures		
Wastewater systems	\$ 3,117,960	\$ 3,161,910
Roadways	946,569	717,218
	4,064,529	3,879,128
Land improvements	179,245	205,998
Buildings	175,770	184,558
Land	179,100	179,100
Vehicles	11,900	13,748
Machinery and equipment	3,189	5,512
	\$ 4,613,733	\$ 4,468,044

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 856,988	\$ 276,849	-	-	\$ 1,133,837
Wastewater systems	3,296,280	-	-	-	3,296,280
	4,153,268	276,849	-	-	4,430,117
Buildings	219,713	-	-	-	219,713
Machinery and equipment	26,678	-	-	-	26,678
Land	179,100	-	-	-	179,100
Land improvements	444,831	3,110	-	-	447,941
Vehicles	18,479	-	-	-	18,479
	\$ 5,042,069	\$ 279,959	-	\$ -	\$ 5,322,028

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 139,770	\$ 47,498	-	-	\$ 187,268
Wastewater systems	134,370	43,950	-	-	178,320
	274,140	91,448	-	-	365,588
Buildings	35,155	8,788	-	-	43,943
Machinery and equipment	21,166	2,323	-	-	23,489
Land improvements	238,833	29,863	-	-	268,696
Vehicles	4,731	1,848	-	-	6,579
	\$ 574,025	\$ 134,270	-	\$ -	\$ 708,295

SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

7. RESERVES

	<u>2025</u>	<u>2024</u>
Operating Reserves		
Rate Rider Receivable	\$ 647,449	\$ 671,616
General operating	<u>270,000</u>	<u>250,000</u>
	<u>\$ 917,449</u>	<u>\$ 921,616</u>
Capital Reserves		
Infrastructure	\$ 107,866	\$ 295,539
Sewer	80,156	35,985
Planning and development	68,089	62,500
General capital	25,000	25,000
Shared equipment and facilities	<u>10,476</u>	<u>10,000</u>
	<u>\$ 291,587</u>	<u>\$ 429,024</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.

9. CONTRACTUAL OBLIGATIONS

The Summer Village has entered into an agreement for basic assessment services with Wild Rose Assessment Services Inc. for a five year term commencing April 2025 through March 2030. The cost of assessment services will be \$7,000 annually over the five years.

The Summer Village has entered into an agreement for waste collection services for a five year term commencing January 2023 expiring December 2027. The estimated cost of these services is \$14,000 annually.

10. 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 SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and long term debt. It is management's opinion that the Summer Village is not exposed to significant currency 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. Interest rate risk on the Village's long-term debt is managed through fixed interest rates.

12. 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:

	<u>2025</u>	<u>2024</u>
Total debt limit	\$ 923,226	\$ 871,394
Total debt	<u>(669,130)</u>	<u>(684,226)</u>
Total debt limit remaining	\$ 254,096	\$ 187,168
Service on debt limit	\$ 153,871	\$ 145,232
Service on debt	<u>(28,949)</u>	<u>(28,949)</u>
Total service on debt limit remaining	\$ 124,922	\$ 116,283

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.

SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

13. BUDGET FIGURES

The 2025 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on December 13, 2024. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2025 Budget	2025 Actual
Annual surplus	\$ 66,953	\$ 3,899
Purchase of tangible capital assets	(409,785)	(279,959)
Amortization of tangible capital assets	-	134,270
Long-term debt repayment	(15,096)	(15,096)
Transfer (to) from reserves	357,928	141,604
	<u>\$ -</u>	<u>\$ (15,282)</u>

14. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits (2)	2025	2024
Mayor				
Bruni (Jul - Dec)	\$ 1,980	\$ -	\$ 1,980	\$ -
Willmon (Jan - Jun)	1,755	-	1,755	3,960
Councillors				
Willmon	1,500	-	1,500	-
Poratto	825	-	825	1,537
Bruni	800	-	800	1,813
Kimball	-	-	-	724
Beets	-	-	-	407
	<u>\$ 6,860</u>	<u>\$ -</u>	<u>\$ 6,860</u>	<u>\$ 8,441</u>
Chief Administrative Officer				
Evans	\$ 21,037	\$ 2,509	\$ 23,546	\$ 21,782
Designated officer (Assessor)	\$ 7,400	\$ -	\$ 7,400	\$ 7,400

(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.

SUMMER VILLAGE OF SUNBREAKER COVE

Notes to Financial Statements

Year Ended December 31, 2025

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
