SUMMER VILLAGE OF KAPASIWIN

Financial Statements

Year Ended December 31, 2025

SUMMER VILLAGE OF KAPASIWIN
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Year Ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

Emily House

Ms. Emily House, CAO

Onoway, Alberta
April 23, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Kapasiwin

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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- 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.

Seniuk & Marcato

Seniuk and Marcato,
Chartered Professional Accountants

Edmonton, Alberta
April 23, 2026

SUMMER VILLAGE OF KAPASIWIN
Statement of Financial Position
December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash *(Note 2)*	$ 112,461	$ 153,314
Restricted cash *(Note 2)*	104,514	104,514
Taxes and grants in place of taxes receivable *(Note 3)*	15,426	5,036
Grants and receivables from other governments *(Note 4)*	395,690	329,103
	628,091	591,967
LIABILITIES		
Accounts payable	11,244	14,826
Deferred income *(Note 6)*	461,359	418,414
	472,603	433,240
NET FINANCIAL ASSETS	155,488	158,727
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 5)*	972,272	981,528
ACCUMULATED SURPLUS *(Schedule 4)*	$ 1,127,760	$ 1,140,255

APPROVED ON BEHALF OF COUNCIL

Mayor

Councilor

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2025

	Budget (Unaudited) 2025	2025	2024
REVENUES			
Net municipal taxes (Schedule 1)	$ 100,528	**$ 100,538**	$ 93,043
User fees	100	**25**	50
Government transfers for operating (Schedule 2)	7,994	**6,494**	40,014
Investment income	8,000	**7,536**	13,809
Penalties and costs of taxes	900	**2,345**	760
Licenses and permits	100	**546**	202
Other	-	**35**	-
	117,622	**117,519**	147,878
EXPENSES			
Administration and legislative	52,976	**56,781**	54,530
Protective services	32,512	**32,271**	30,626
Transportation services	23,700	**40,215**	54,787
Environmental services	6,369	**4,879**	6,489
Land use planning, zoning and development	1,200	**5,504**	601
Parks and recreation	4,415	**16,546**	32,651
	121,172	**156,196**	179,684
DEFICIT FROM OPERATIONS	(3,550)	**(38,677)**	(31,806)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	6,398	**26,182**	53,017
ANNUAL SURPLUS (DEFICIT)	2,848	**(12,495)**	21,211
ACCUMULATED SURPLUS - BEGINNING OF YEAR	1,140,255	**1,140,255**	1,119,044
ACCUMULATED SURPLUS - END OF YEAR	$ 1,143,103	**$ 1,127,760**	$ 1,140,255

The accompanying notes form an integral part of these financial statements

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

	Budget 2025	2025	2024
ANNUAL SURPLUS (DEFICIT)	$ 2,848	**$ (12,495)**	$ 21,211
Amortization of tangible capital assets	-	**35,438**	33,154
Purchase of tangible capital assets	(30,000)	**(26,182)**	(53,017)
	(30,000)	**9,256**	(19,863)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(27,152)	**(3,239)**	1,348
NET FINANCIAL ASSETS - BEGINNING OF YEAR	158,727	**158,727**	157,379
NET FINANCIAL ASSETS - END OF YEAR	$ 131,575	**$ 155,488**	$ 158,727

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus (deficit) for the year	$ **(12,495)**	$ 21,211
Item not affecting cash:		
Amortization of tangible capital assets	**35,438**	33,154
	22,943	54,365
Changes in non-cash working capital:		
Grants and receivables from other governments	**(66,587)**	(42,415)
Current taxes and grants in place of taxes	**(10,390)**	(2,226)
Accounts payable	**(3,582)**	6,941
Deferred income	**42,945**	(16,409)
	(37,614)	(54,109)
Cash flow from (used by) operating activities	**(14,671)**	256
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	**(26,182)**	(53,017)
Cash flow used by capital activities	**(26,182)**	(53,017)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	**-**	54,721
Cash flow from investing activities	**-**	54,721
INCREASE (DECREASE) IN CASH FLOW	**(40,853)**	1,960
Cash - beginning of year	**153,314**	151,354
CASH - END OF YEAR *(Note 2)*	$ **112,461**	$ 153,314

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Property and Other Taxes *(Schedule 1)*
Year Ended December 31, 2025

	Budget (Unaudited) 2025	2025	2024
TAXATION			
Real property tax	$ 195,624	**$ 195,627**	$ 181,213
REQUISITIONS			
Alberta school foundation	95,096	**95,089**	88,170
NET MUNICIPAL TAXES	$ 100,528	**$ 100,538**	$ 93,043

Schedule of Government Transfers *(Schedule 2)*

	Budget (Unaudited) 2025	2025	2024
TRANSFERS FOR OPERATING			
Provincial Government	$ 7,994	**$ 6,494**	$ 40,014
	7,994	**6,494**	40,014
TRANSFERS FOR CAPITAL			
Provincial Government	6,398	**26,182**	53,017
TOTAL GOVERNMENT TRANSFERS	$ 14,392	**$ 32,676**	$ 93,031

Schedule of Expenditures by Object *(Schedule 3)*
Year Ended December 31, 2025

	Budget (Unaudited) 2025	2025	2024
EXPENSES			
Salaries, wages & benefits	$ 3,200	**$ 2,279**	$ 2,107
Contracted and general services	106,772	**108,559**	116,078
Materials, goods and utilities	11,200	**9,920**	28,345
Amortization	-	**35,438**	33,154
Total Expenditures by Object	$ 121,172	**$ 156,196**	$ 179,684

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Changes in Accumulated Surplus ***(Schedule 4)***
Year Ended December 31, 2025

	Unrestricted Surplus	Equity in Tangible Capital Assets	**Total 2025**	Total 2024
BALANCE, BEGINNING OF YEAR	$ 158,727	$ 981,528	**$ 1,140,255**	$ 1,119,044
Excess (deficiency) of revenues over expenses	(12,495)	-	**(12,495)**	21,211
Current year funds used to purchase of tangible capital assets	(26,182)	26,182	**-**	-
Annual amortization expense	35,438	(35,438)	**-**	-
	(3,239)	(9,256)	**(12,495)**	21,211
BALANCE, END OF YEAR	$ 155,488	$ 972,272	**$ 1,127,760**	$ 1,140,255

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Segmented Disclosure
Year Ended December 31, 2025

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2025
REVENUE							
Net municipal taxes	$ 100,538	$ -	$ -	$ -	$ -	$ -	$ **100,538**
Government transfers	5,994	-	-	-	500	-	**6,494**
User fees and sales of goods	25	-	-	-	-	-	**25**
Investment income	7,536	-	-	-	-	-	**7,536**
Other revenues	2,380	-	-	546	-	-	**2,926**
	116,473	-	-	546	500	-	**117,519**
EXPENSES							
Contracted and general services	50,672	32,271	12,731	5,504	2,502	4,879	**108,559**
Salaries, wages & benefits	-	-	2,279	-	-	-	**2,279**
Materials, goods and utilities	-	-	9,211	-	709	-	**9,920**
Amortization	6,109	-	15,994	-	13,335	-	**35,438**
	56,781	32,271	40,215	5,504	16,546	4,879	**156,196**
Excess (deficiency) of revenue over expenses before other	59,692	(32,271)	(40,215)	(4,958)	(16,046)	(4,879)	**(38,677)**
OTHER							
Government transfers for capital	-	-	-	-	26,182	-	**26,182**
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 59,692	$ (32,271)	$ (40,215)	$ (4,958)	$ 10,136	$ (4,879)	$ **(12,495)**

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Tangible Capital Assets **(Schedule 6)**
Year Ended December 31, 2025

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2025				
Cost				
Land	$ 354,259	$ -	$ -	$ **354,259**
Land improvements	382,562	-	-	**382,562**
Buildings	193,735	-	-	**193,735**
Engineered structures	446,173	26,182	-	**472,355**
Machinery and equipment	69,960	-	-	**69,960**
	1,446,689	26,182	-	**1,472,871**
Accumulated Amortization				
Land improvements	(70,995)	(13,335)	-	**(84,330)**
Buildings	(42,719)	(3,797)	-	**(46,516)**
Engineered structures	(291,759)	(15,994)	-	**(307,753)**
Machinery and equipment	(59,688)	(2,312)	-	**(62,000)**
	(465,161)	(35,438)	-	**(500,599)**
Net Book Value	$ 981,528	$ (9,256)	$ -	$ **972,272**
For the year ended December 31, 2024				
Cost				
Land	$ 354,259	$ -	$ -	$ **354,259**
Land improvements	346,367	36,195	-	**382,562**
Buildings	193,735	-	-	**193,735**
Engineered structures	439,609	6,564	-	**446,173**
Assets under construction	1,300	-	(1,300)	**-**
Machinery and equipment	58,402	10,258	1,300	**69,960**
	1,393,672	53,017	-	**1,446,689**
Accumulated Amortization				
Land improvements	(58,700)	(12,295)	-	**(70,995)**
Buildings	(38,922)	(3,797)	-	**(42,719)**
Engineered structures	(275,983)	(15,776)	-	**(291,759)**
Machinery and equipment	(58,402)	(1,286)	-	**(59,688)**
	(432,007)	(33,154)	-	**(465,161)**
Net Book Value	$ 961,665	$ 19,863	$ -	$ **981,528**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

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

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

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

Financial instruments

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

Use of Estimates

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

Examples of significant estimates include:

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

(continues)

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

Segment Disclosures

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

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

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

Cash and short term investments

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

Investments

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

Land Inventory for Resale

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

Loans Receivable

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

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

Debt Charges Recoverable

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

Local Improvements

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

Tangible Capital Assets

Tangible capital assets are stated at cost which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	30 years
Buildings	50 years
Machinery and equipment	5 - 10 years
Engineered structures	10 - 50 years

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

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

Contributions of Tangible Capital Assets

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

Impairment of long lived assets

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

Cultural and Historical Tangible Capital Assets

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

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

Non-Financial Assets

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

Deferred Revenue

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

Deposits

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

Long term Debt

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

Reserves and Equity in Tangible Capital Assets

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

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

Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality's Council in accordance with legislation and the Municipality's Council-approved policies. The purpose is to raise the funds required to provide municipal services and to meet requisition obligations. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.
The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

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

Revenue

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

Requisition Over-levy and Under-levy

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

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

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

Government Transfers

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

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

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(continues)

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

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

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

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

Contaminated Sites Liability

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

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

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

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

2. CASH AND RESTRICTED CASH

(continues)

2. CASH AND RESTRICTED CASH *(continued)*

	2025	2024
Cash	$ **112,461**	$ 153,314
Restricted cash	**104,514**	104,514
	$ **216,975**	$ 257,828

The statements exclude cash account held in trust that are administered for the benefit of external parties of $0 (2024 - $1,488)

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6.)

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2025	2024
Current taxes and grants in place of taxes	$ **10,390**	$ 5,036
Arrears taxes and grants in place of taxes	**5,036**	-
	$ **15,426**	$ 5,036

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2025	2024
Municipal Sustainability Initiative - capital grant receivable	$ **225,103**	$ 225,103
Canada Community Building Fund - grant receivable	**40,824**	34,366
Local Government Fiscal Framework - grant receivable	**124,977**	62,308
Subtotal	**390,904**	321,777
Goods and services tax refundable	**4,786**	7,326
	$ **395,690**	$ 329,103

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Land	$ 354,259	$ -	**$ 354,259**	$ 354,259
Land improvements	408,744	84,330	**324,414**	311,567
Engineered structures	446,173	307,753	**138,420**	154,414
Buildings	193,735	46,517	**147,218**	151,016
Machinery and equipment	69,960	61,999	**7,961**	10,272
	$ 1,472,871	$ 500,599	**$ 972,272**	$ 981,528

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

6. DEFERRED REVENUE

Deferred revenue is comprised of:

2025	2024 Balance	Allocations	Disbursements	2025 Balance
Grant Funding				
Canada Community-Building Fund	$ 37,689	$ 6,458	$ -	**$ 44,147**
Municipal Sustainability Initiative - Capital	217,225	-	(26,182)	**191,043**
Local Government Fiscal Framework - Capital	62,308	62,669	-	**124,977**
Basic Municipal Transportation Grant	101,192	-	-	**101,192**
	418,414	69,127	(26,182)	**461,359**
Other Deferred Revenue				
	$ 418,414	$ 69,127	$ (26,182)	**$ 461,359**

2024	2023 Balance	Allocations	Disbursements	2024 Balance
Grant Funding				
Canada Community-Building Fund	64,661	6,398	(33,370)	**37,689**
Municipal Sustainability Initiative - Capital	268,892	-	(51,667)	**217,225**
Local Government Fiscal Framework - Capital	-	62,308	-	**62,308**
Basic Municipal Transportation Grant	101,192	-	-	**101,192**
	434,745	68,706	(85,037)	**418,414**
Other Deferred Revenue				
Prepaid Taxes	78	-	(78)	-
	434,823	68,706	(85,115)	**418,414**

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

7. 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 Kapasiwin, be disclosed as follows:

	2025	2024
Total debt limit	$ **176,279**	$ 221,817
Total debt	**-**	-
Amount of debt limit unused	**176,279**	221,817
Debt servicing limit	**29,380**	36,970
Debt servicing	**-**	-
Amount of debt servicing limit unused	$ **29,380**	$ 36,970

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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2025	2024
Tangible capital assets (Note 5.)	$ **1,472,871**	$ 1,446,690
Accumulated amortization (Note 5.)	**(500,599)**	(465,162)
	$ **972,272**	$ 981,528

9. SEGMENTED DISCLOSURE

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

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

10. SALARY AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits & allowances (2)	**2025** ***Total***	2024 Total
T. Wiles - Mayor	$ -	$ -	**$ -**	$ -
J. McIver - Deputy Mayor	-	-	**-**	-
T. Kirby - Councillor	-	-	**-**	-
Chief Administrative Officer	30,070	-	**30,070**	29,194
Designated Officer (1)	2,758	-	**2,758**	3,538
	$ 32,828	$ -	**$ 32,828**	$ 32,732

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

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

11. FINANCIAL INSTRUMENTS

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

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality's risk exposure and concentration as of December 31, 2024.

Credit risk

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

Liquidity risk

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

Interest rate risk

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

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

12. RELATED PARTY TRANSACTIONS

The Municipality made payments of $3,268 (2024 - $2,243) to individuals related to councillors for grass cutting and groundskeeping services. These transactions are subject to normal trade terms, and were measured at the exchange amount, being the amount of consideration established and agreed by the related parties.

13. CONTAMINATED SITES LIABILITY

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

14. ASSET RETIREMENT OBLIGATIONS

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

15. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

16. BUDGET AMOUNTS

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