

BATTLE RIVER FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Directors of the Battle River Foundation:

Report on the Financial Statements

Opinion

I have audited the financial statements of the Battle River Foundation (the Entity), which comprise the statement of financial position as at December 31, 2025, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Battle River Foundation as at December 31, 2025, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

M.D. of Wainwright
February 16, 2026



Brian King Professional Corporation
Chartered Professional Accountant

BATTLE RIVER FOUNDATION

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2025

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,906,024	2,158,134
Term deposits (Note 3)	600,000	-
Interest receivable	693	-
Goods and Services Tax rebate	24,668	21,399
Prepaid expenses	29,075	25,417
Inventories	25,583	32,136
	<u>2,586,043</u>	<u>2,237,086</u>
CAPITAL ASSETS (Note 4)	<u>2,978,768</u>	<u>3,138,236</u>
	<u>5,564,811</u>	<u>5,375,322</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	89,152	86,321
Current employee benefits	111,168	96,695
Future employee benefits (Note 6)	73,626	61,502
	<u>273,946</u>	<u>244,518</u>
NET ASSETS		
INVESTMENT IN CAPITAL ASSETS	2,978,768	3,138,236
UNRESTRICTED FUNDS	2,312,097	1,992,568
	<u>5,290,865</u>	<u>5,130,804</u>
	<u>5,564,811</u>	<u>5,375,322</u>

BATTLE RIVER FOUNDATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Asset Fund	2025 Total	2024 Total
REVENUE				
Residential Care				
Residents' accommodation	1,568,585	-	1,568,585	1,490,875
Recoveries from activities	32,750	-	32,750	16,050
Utilities recovered	59,589	-	59,589	56,461
Laundry	45,539	-	45,539	33,395
	<u>1,706,463</u>	<u>-</u>	<u>1,706,463</u>	<u>1,596,781</u>
Donations	15,440	-	15,440	3,370
Guest accommodation	12,334	-	12,334	12,779
Interest	73,624	-	73,624	110,890
Miscellaneous	11,545	-	11,545	10,604
Other grant revenue	1,500	-	1,500	1,500
Lodge Assistance Program	439,460	-	439,460	375,150
Municipal requisitions	567,653	-	567,653	547,191
	<u>2,828,019</u>	<u>-</u>	<u>2,828,019</u>	<u>2,658,265</u>
OPERATING EXPENDITURES (Schedule)	<u>2,463,016</u>	<u>204,942</u>	<u>2,667,958</u>	<u>2,611,122</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>365,003</u>	<u>(204,942)</u>	<u>160,061</u>	<u>47,143</u>

BATTLE RIVER FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2025

	2025			2024
	Investment in Capital Assets	Unrestricted Funds	Total	Total
Balance, Beginning of year	3,138,236	1,992,568	5,130,804	5,083,661
Excess of revenue over expenditures	(204,942)	365,003	160,061	47,143
Acquisition of capital assets	45,474	(45,474)	-	-
Balance, End of year	<u>2,978,768</u>	<u>2,312,097</u>	<u>5,290,865</u>	<u>5,130,804</u>

BATTLE RIVER FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	160,061	47,143
Amortization	204,942	209,603
	<u>365,003</u>	<u>256,746</u>
CHANGES IN WORKING CAPITAL ACCOUNTS		
Grants receivable	-	7,700
Interest receivable	(693)	2,407
Goods and Services Tax receivable	(3,269)	959
Prepaid expenses	(3,658)	(6,985)
Inventory	6,553	844
Accounts payable	2,831	(8,860)
Current employee benefits	14,473	9,768
Future employee benefits	12,124	10,791
	<u>393,364</u>	<u>273,370</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(45,474)	(45,405)
(Increase) Decrease in Term Deposits	(600,000)	277,841
	<u>(645,474)</u>	<u>232,436</u>
TOTAL INCREASE (DECREASE) IN CASH RESOURCES	(252,110)	505,806
CASH BALANCE, BEGINNING OF YEAR	2,158,134	1,652,328
CASH BALANCE, END OF YEAR	<u>1,906,024</u>	<u>2,158,134</u>
CASH IS COMPRISED OF		
Notice on demand accounts	1,659,131	1,659,131
Cash on hand	246,893	499,003
	<u>1,906,024</u>	<u>2,158,134</u>
SUPPLEMENTAL INFORMATION		
Interest received	<u>74,317</u>	<u>108,483</u>

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

1. PURPOSE OF THE ORGANIZATION

The Battle River Foundation is incorporated as a non-profit society under the Alberta Society's Act. Its principal purpose is to maintain and operate a seniors lodge for the citizens of the area. The foundation is exempt from income tax as a registered charity under the income tax act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a restricted fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by contributors or in accordance with the directives issued by the Board of Directors. Three funds are maintained; the Operating Fund, Capital Fund and Internally Restricted Fund.

The Operating Fund is used to account for all revenue and expenditures related to general and ancillary operations of the Foundation.

The Capital Fund is used to account for capital asset of the organization and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt.

The Internally Restricted Fund is established at the discretion of the board to set aside funds for future operating and capital expenditures. Transfers to and/or from unrestricted fund balance are reflected as an adjustment to the unrestricted fund balances while transfers to an/or from property and equipment are shown as an adjustment to investment in property and equipment.

Cash and cash equivalents

Cash equivalents are comprised of highly liquid term deposits that are readily convertible to cash with maturities that are less than three months from the date of acquisition.

Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Property and equipment is recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

Government contributions for the acquisition of property and equipment are reported as capital revenue and do not reduce the related property and equipment costs.

Property and equipment is being amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, renovations and improvements	2.5%
Parking lot	4.0%
Emergency generator	5.0%
Boiler room equipment	10.0%
Kitchen equipment	10.0%
Furniture and fixtures	15.0%
Automotive equipment	15.0%

Equity in co-operative associations

Patronage equities are accounted for on the equity method based on annual allocations.

Investment in Property and Equipment

Investment in property and equipment represents the Foundation's net investment in its total property and equipment, after deducting the portion financed by third parties through mortgage debts. Investment in property and equipment also includes and capital revenues received but unexpended at year-end, and is reduced by any capital expenditures incurred but not funded at year-end.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

When preparing financial statements according to ASNPO, the Foundation makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

Residential care revenue is recognized as revenue of the General Fund in the year in which the related accommodation is provided.

Contributed Materials and Services

The foundation is supported by volunteers. Contributed services are not reflected in the financial statements due to the difficulty in determining their fair value.

Financial Instrument Measurement

The foundation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

3. TERM DEPOSITS

Term deposits consist of deposits at ATB Financial bearing interest at 2.81% and mature during the 2026 fiscal year.

4. CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	1	-	1	1
Buildings, renovations and improvements	5,634,173	3,023,803	2,610,370	2,729,276
Parking and sidewalks	320,870	211,457	109,413	121,414
Emergency generator	200,193	120,116	80,077	90,087
Machinery and equipment	475,627	304,945	170,682	186,590
Kitchen equipment	52,568	51,448	1,120	2,241
Furniture and fixtures	427,014	419,909	7,105	8,627
Automotive equipment	112,068	112,068	-	-
	7,222,514	4,243,746	2,978,768	3,138,236

5. BANK INDEBTEDNESS

Revolving line of credit due to ATB Financial, authorized amount of \$200,000, repayable on demand plus interest monthly at prime plus minus .25%, secured by a general security agreement over term deposits.

6. EMPLOYEE FUTURE BENEFITS

The foundation has a policy with regards to the payout of accumulated sick leave for long term employee's that is unfunded. The final employee payout is based on years of service, accumulated sick leave and the employee's final rate of pay.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

7. MUNICIPAL REQUISITIONS

Municipal requisitions received were as follows:

	<u>2025</u>	<u>2024</u>
Municipal District of Wainwright	390,262	372,451
Town of Wainwright	160,439	158,235
Village of Chauvin	3,859	3,715
Village of Edgerton	5,048	4,925
Village of Irma	8,045	7,865
	<u>567,653</u>	<u>547,191</u>

8. INCOME TAXES

The Foundation is registered as a charitable organization under the *Income Tax Act* and as such is exempt from taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the *Income Tax Act*, the Foundation must meet certain requirements with the *Income Tax Act*. In the opinion of management, these requirements have been met.

9. ECONOMIC DEPENDENCE

During the year, the foundation received \$567,653 (2024 - \$547,191) in municipal requisitions and \$439,460 (2024 - \$375,150) from Ministry of Assisted Living and Social Services. The ability of the organization to continue as a viable operation is dependent upon continued funding from these sources.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

10. FINANCIAL INSTRUMENTS

The Foundation uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk and liquidity risk.

The Foundation does not use any derivative financial instruments to mitigate these risks.

Credit risk

Credit risks arise from three sources: cash and cash equivalents, accounts receivable, and term deposits. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. The investments include investments issued by high-credit quality financial institutions, and we consider the risk of non-performance of these instruments to be remote.

Interest rate risk

The Foundation is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income.

Liquidity risk

Liquidity risk exposure is dependent on the receipt of funds from provincial government grants, rental fees and other sources to enable the Foundation to pay its liabilities as they become due.

BATTLE RIVER FOUNDATION

SCHEDULE OF OPERATING EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Asset Fund	2025 Total	2024 Total
RESIDENT CARE				
Food and provisions	295,366	-	295,366	277,541
Housekeeping and janitorial	25,337	-	25,337	27,514
Kitchen Supplies	25,222	-	25,222	25,694
Linen	14,627	-	14,627	12,452
Lodge activities	7,576	-	7,576	8,829
Vehicle	2,954	-	2,954	4,907
	<u>371,082</u>	<u>-</u>	<u>371,082</u>	<u>356,937</u>
OCCUPANCY				
Building repairs and maintenance	57,504	-	57,504	44,606
Cable	35,219	-	35,219	32,089
Electricity	65,344	-	65,344	63,080
Equipment maintenance and small tools	90,421	-	90,421	51,951
Grounds maintenance	19,659	-	19,659	16,071
Heating	45,593	-	45,593	62,827
Insurance	23,292	-	23,292	22,260
Water and sewer	37,185	-	37,185	35,864
	<u>374,217</u>	<u>-</u>	<u>374,217</u>	<u>328,748</u>
STAFFING				
Salaries and employee benefits	1,619,606	-	1,619,606	1,626,344
Staff travel and training	12,774	-	12,774	13,060
Workers' compensation	33,043	-	33,043	28,051
	<u>1,665,423</u>	<u>-</u>	<u>1,665,423</u>	<u>1,667,455</u>
ADMINISTRATIVE				
Board expense	16,600	-	16,600	16,149
Dues and memberships	5,060	-	5,060	4,770
Interest and bank charges	1,899	-	1,899	1,825
Miscellaneous	4,240	-	4,240	3,772
Office supplies	10,631	-	10,631	9,003
Professional fees	4,950	-	4,950	5,380
Promotions	6,247	-	6,247	4,620
Telephone	2,667	-	2,667	2,860
	<u>52,294</u>	<u>-</u>	<u>52,294</u>	<u>48,379</u>
AMORTIZATION				
	-	204,942	204,942	209,603
OPERATING EXPENDITURES				
	<u>2,463,016</u>	<u>204,942</u>	<u>2,667,958</u>	<u>2,611,122</u>