

JOHN S. BATIUK REGIONAL WATER COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Management Responsibility for Financial Reporting

The financial statements of John S. Batiuk Regional Water Commission are the responsibility of management and have been prepared using the Canadian Public Sector Accounting Standards, as disclosed in the notes to the financial statements. These financial statements include amounts that are based on the best estimates and judgments of management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriately authorized, accurately recorded, that the assets are properly accounted for and safeguarded and that the financial statements realistically report the Commission's operating and financial results.

The Board has approved the information contained in the financial statements.

Amzad Amiri Professional Corporation has been appointed by the Board to examine the financial statements and provide an independent audit opinion.



Allan Harvey
Commission Manager
April 30, 2026



AMZAD AMIRI PROFESSIONAL CORPORATION

Chartered Professional Accountant

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INDEPENDENT AUDITOR'S REPORT

To The Members of the Board

Qualified Opinion

I have audited the financial statements of the John S. Batiuk Regional Water Commission (the Entity), which comprise the statement of financial position as at December 31, 2025 and December 31, 2024, 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, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the John S. Batiuk Regional Water Commission as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Commission is required to apply PS3280 Asset Retirement Obligations and record the asset retirement obligations liability in its financial statements as at year end. This would affect the Tangible Capital Assets, Asset Retirement Obligations Liability, and Accumulated Surplus as at December 31, 2025. I was unable to obtain sufficient appropriate audit evidence about the asset retirement obligations liability, tangible capital assets and accumulated surplus because the Commission has not consulted a professional to determine the liability to the Commission.

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 our 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility for the Audit of the 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. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information return are free from material misstatement. 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:

- 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.

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.

Amzad Amiri Professional Corporation

Chartered Professional Accountant

Edmonton, Alberta
April 30, 2026

John S. Batiuk Regional Water Commission
Statement of Financial Position
as at December 31, 2025

	2025	2024 (Restated)
FINANCIAL ASSETS		
Cash	\$ 4,606,132	\$ 3,799,902
Investments (Note 3)	11,606,567	10,483,886
Due from commission members (Note 11)	133,120	129,224
Trade and other receivables	317,497	227,829
	\$16,663,316	\$14,640,841
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,446,251	\$ 553,457
	1,446,251	553,457
NET FINANCIAL ASSETS (DEBT)	\$15,217,065	\$14,087,384
NON-FINANCIAL ASSETS		
Tangible Capital assets (Note 4)	\$19,334,317	\$19,904,154
Prepaid expenses	123,760	25,587
	19,458,077	19,929,741
ACCUMULATED SURPLUS	\$34,675,142	\$34,017,125
ACCUMULATED SURPLUS	34,682,453	33,428,143
ACCUMULATED REMEASUREMENT GAINS	(7,311)	588,982
	34,675,142	34,017,125

John S. Batiuk Regional Water Commission
Statement of Operations
For The Year Ended December 31, 2025

	Budget (Unaudited)	2025	2024 (Restated)
REVENUE			
Water Sales to commission members - Note 11	\$ 2,500,000	\$ 2,250,469	\$ 1,983,883
Water Sales to ACE	1,626,313	1,798,604	1,586,979
Total Water Sales	4,126,313	4,049,073	3,570,862
Cost of Water	2,636,696	2,977,653	2,205,370
GROSS PROFIT (26%, 2024- 38%)	1,489,617	1,071,420	1,365,492
EXPENSES			
Honorarium to Board Members - Note 9	27,301	25,200	20,550
Contracted and general services	530,720	893,804	538,362
Materials, goods and utilities	310,407	191,230	195,052
Amortization of capital assets	585,168	569,837	550,394
Other expenses	26,786	71,755	26,433
Realized loss on equity investments	-	-	233,347
Total Expenses	1,480,382	1,751,826	1,564,138
ANNUAL SURPLUS BEFORE OTHER REVENUE	9,235	(680,406)	(198,646)
Other service fees and sales of goods	283,147	40,169	39,523
Interest income	-	245,501	300,858
Realized gain on equity investments	-	1,585,680	-
Other revenue	16,999	63,366	10,814
	300,146	1,934,716	351,195
ANNUAL SURPLUS	309,381	1,254,310	152,549
ACCUMULATED SURPLUS, AT BEGINNING OF YEAR	33,428,143	33,428,143	33,275,594
ACCUMULATED SURPLUS, AT END OF YEAR	\$33,737,524	\$34,682,453	\$33,428,143

John S. Batiuk Regional Water Commission
Statement of Changes in Remeasurement Gains
For The Year Ended December 31, 2025

	2025	2024
Accumulated remeasurement (gains) losses	(355,635)	-
Prior period adjustment Unrealized loss(gain)	(233,347)	584,250
Balance, as restated	(588,982)	584,250
Unrealized gains (losses) attributed to:		
Equity investments - gains - Prior Period Adjustment	-	(939,885)
Equity investments - gains	(989,387)	-
Equity investments realized gain/loss	(989,387) 1,585,680	(939,885) (233,347)
Net remeasurement (gains) losses for the year	596,293	(1,173,232)
Accumulated remeasurement (gains) losses at end of year	7,311	(588,982)

John S. Batiuk Regional Water Commission
Statement of Changes in Net Financial Assets (Debt)
For The Year Ended December 31, 2025

	Budget (Unaudited)	2025	2024
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 309,381	\$ 1,254,310	\$ 152,549
Acquisition of tangible capital assets	-	-	(267,806)
Acquisition of prepaid assets	-	(98,173)	(1,389)
Amortization of tangible capital assets	585,168	569,837	550,397
Realized gain on investments	-	(1,585,680)	-
Unrealized remeasurement gain on investments	-	989,387	588,982
(INCREASE) DECREASE IN NET DEBT	894,549	1,129,681	1,022,733
NET FINANCIAL ASSETS (DEBT), AT BEGINNING OF YEAR	14,087,384	14,087,384	13,064,651
NET FINANCIAL ASSETS (DEBT), AT END OF YEAR	\$14,981,933	\$15,217,065	\$14,087,384

John S. Batiuk Regional Water Commission
Statement of Cash Flows
For The Year Ended December 31, 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING		
Excess (deficiency) of revenues over expenses	\$ 1,254,310	\$ 152,549
Items which do not affect cash:		
Amortization of capital assets	569,837	550,394
Loss on disposal of equity investments	-	233,347
Net change in non-cash working capital balances:		
Decrease (increase) in trade and other receivables	(89,668)	(37,789)
(Increase) decrease in due from members	(3,894)	12,544
(Decrease) increase in accounts payable and accrued liabilities	892,793	325,797
(Increase) decrease in prepaid expenses	(98,173)	(1,389)
	2,525,205	1,235,453
CAPITAL		
Purchase of tangible capital assets	-	(267,806)
	-	(267,806)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investments	(1,718,975)	(143,687)
	(1,718,975)	(143,687)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	806,230	823,960
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	3,799,902	2,975,942
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 4,606,132	\$ 3,799,902

1. NATURE OF THE ORGANIZATION

The John S. Batiuk Regional Water Commission (formerly Capital Region Vegreville Corridor Water Services Commission) commenced operation in 1982 and was formed as a legal entity under the provisions of the *Regional Municipal Services Act* on September 1, 1984. In 1994, the *Regional Municipal Services Act* was consolidated into the *Municipal Government Act* and the Commission is now governed by this enactment. In 1986, the Province turned over all its assets to the Commission under the April 1986 Transfer and Grant Agreement.

The members of the commission are the Town of Bruderheim, Village of Chipman, Town of Lamont, Lamont County, Town of Mundare, Strathcona County, and Town of Vegreville.

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the Commission. Significant aspects of the accounting policies adopted by the Commission as follows:

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by management in accordance with generally accepted accounting principles recommended for governments by the Public Sector Accounting Board.

Basis of Accounting

The budget amounts presented on the statement of operations are taken from the commission's annual budget. Certain budget amounts have been reclassified to conform to the current year's financial statement presentation.

Revenue Recognition

Service fees and sales of goods are recognized as revenue in the period in which the service is delivered or in which the transactions or events occurred that gave rise to the revenue.

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

Valuation of Financial Assets and Liabilities

Financial statement component	Measurement
Cash	Cost
Trade and other receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2025

Investments

Investments in equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized change in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed off the accumulated gains and losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. When there has been a loss in value that is other than temporary decline, the respective investment is written down to recognize the loss.

Tangible Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over the following periods, except in the year of acquisition when no amortization is charged:

Buildings	50 years
Engineering structures	45-80 years
Machinery and equipment	10-45 years

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 year. Actual results could differ from those estimates.

Cash and cash equivalents

The Commission's policy is to present bank balances under cash and cash equivalents.

3. INVESTMENTS

	2025	2025	2024	2024
	Carrying Value \$	Market Value \$	Carrying Value \$	Market Value \$
ATB - Springboard GIC	3,087,449	3,087,449	2,986,908	2,986,907
Raymond James - Bonds and Mutual funds	8,385,367	8,378,055	6,799,686	7,388,669
Accrued Interest	141,063	141,063	108,310	108,310
	<u>11,613,879</u>	<u>11,606,567</u>	<u>9,894,904</u>	<u>10,483,886</u>

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2025

4. TANGIBLE CAPITAL ASSETS

Cost	Land	Building	Eng. Structures	Machinery & Equip	2025	2024
Balance, Beginning of Year	\$ 62,628	\$ 416,078	\$ 34,932,999	\$ 1,036,716	\$ 36,448,421	\$ 36,180,615
Acquisition of Tangible Capital Asset	-	-	-	-	-	267,806
Donated Asset/ Disposal	-	-	-	-	-	-
Balance, End of Year	<u>62,628</u>	<u>416,078</u>	<u>34,932,999</u>	<u>1,036,716</u>	<u>36,448,421</u>	<u>36,448,421</u>
Accumulated Amortization						
Balance, Beginning of Year	-	322,282	15,564,716	657,269	16,544,267	15,993,872
Annual Amortization	-	8,148	550,740	10,948	569,837	550,395
Accumulated amortization on disposal	-	-	-	-	-	-
Balance, End of Year	<u>-</u>	<u>330,430</u>	<u>16,115,456</u>	<u>668,217</u>	<u>17,114,104</u>	<u>16,544,267</u>
Net Book Value	<u>\$ 62,628</u>	<u>\$ 85,648</u>	<u>\$ 18,817,543</u>	<u>\$ 368,499</u>	<u>\$ 19,334,317</u>	<u>\$ 19,904,154</u>
2024 Net Book Value	<u>\$ 62,628</u>	<u>\$ 93,796</u>	<u>\$ 19,368,283</u>	<u>\$ 379,447</u>	<u>\$ 19,904,154</u>	<u>\$ 19,904,154</u>

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2025

5. LONG TERM DEBT

	2025	2024
Debentures	\$ -	\$ -
Less: current portion	-	-
	\$ -	\$ -

The current portion of long term debt amounts to \$ Nil (2024 - \$ Nil).

Section 2 of Alberta Regulation No. 76/2000 requires that debt and debt limits for the commission be disclosed as follows:

	2025	2024
Total debt limit	\$11,967,579	\$ 7,844,116
Total debt	-	-
Amount of debt limit unused	\$11,967,579	\$ 7,844,116
Debt servicing limit	\$ 2,094,326	\$ 1,372,720
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 2,094,326	\$ 1,372,720

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2025

The debt limit is calculated at 2 times revenue of the commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 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 commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the commission. Rather, the financial statements must be interpreted as a whole.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

Net assets invested in capital assets is calculated as follows:

	2025	2024
Tangible Capital assets	\$ 36,448,421	\$ 36,448,421
Accumulated Amortization	(17,114,103)	(16,544,266)
	\$19,334,318	\$19,904,155

7. FINANCIAL INSTRUMENTS

The Commission is exposed to risk on certain financial instruments as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to fulfill an obligation.

The Commission maintains cash and cash equivalents with major financial institutions. Management considers the risk of non-performance of these instruments to be remote. The Commission provides services to the members and Alberta Central East (ACE). The members are municipalities and have cash flows from tax revenues. ACE is the corporation set up to purchase and sell bulk water. The risk of non collection is very minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The commission only invests in Guaranteed Investment Certificate with fixed rates and mutual funds with major investment brokerage firm.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is dependent on receipt of funds from sale of water and continued access to sufficient credit facilities to be able to pay our liabilities as they become due.

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2025

The Commission has adequate funds in hand to ensure timely payment of liabilities.

8. NET ASSETS INTERNALLY RESTRICTED

	2025	2024
Restricted reserve	\$ -	\$ 4,338,371
Line and Buildings reserve	11,606,567	-
Line repairs reserve	1,072,689	-
Building repairs reserve	1,070,704	-
Rate Stabilization reserve	535,696	-
	14,285,656	4,338,371

The restricted reserve is used to provide funds for repairs and rate stabilization. Appropriations to the restricted projects reserves from unrestricted net assets are authorized by the board of directors.

9. HONORARIUM TO BOARD MEMBERS

Honorarium was paid to the board members for attending the monthly board meetings during the year totalling \$ 25,200 .

10. NET ASSETS

The commission manages its capital to ensure that it will be able to continue as a going concern and ensure the consistent delivery of services. The commission's overall strategy remain unchanged from 2024.

The capital structure of the commission consists of net assets internally restricted for operations, grants from provincial government for capital projects and net assets invested in tangible capital assets.

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2025

11. RELATED PARTY TRANSACTIONS

	2025	2024
Town of Bruderheim	\$ 190,550	\$ 167,006
Village of Chipman	88,465	67,602
Town of Lamont	235,995	213,126
Lamont County	236,841	209,037
Town of Mundare	190,133	160,597
Strathcona County	141,947	120,197
Town of Vegreville	1,166,538	1,046,318
	\$ 2,250,469	\$ 1,983,883

Amounts due from the commission members are payable on receipt of the invoice and have arisen from the service fees charged during the year. Amounts due from commission members at the end of the year are as follows:

	2025	2024
Town of Bruderheim	\$ 11,703	\$ 10,589
Village of Chipman	4,191	3,725
Town of Lamont	14,448	15,028
Lamont County	12,375	15,016
Town of Mundare	10,126	8,333
Strathcona County	10,350	8,991
Town of Vegreville	69,927	67,542
	\$ 133,120	\$ 129,224

12. BUDGET FIGURES

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

13. CONTINGENT LIABILITY

The Commission purchases water from Capital Region North East Water Commission (CRNE). The water rate is \$ 1.39 per cubic meter. However, the Commission has paid \$ 1.00 per cubic meter to the CRNE which is the rate charged by EPCOR to CRNE. The Commission has stated that no overhead should be charged to the Commission as the water flows through the pipeline into the reservoir shared by CRNE and the Commission. However, the Commission has paid the difference in the rates to the lawyer as trust fund. The CRNE has sued the Commission for the difference. This matter is being dealt with by the Commission lawyer. The outcome of the case has not been determined yet.

14. APPROVAL OF FINANCIAL STATEMENTS

The Board and management have approved these financial statements.