

GREGORY
HARRIMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

November 10, 2025

To the Board of Chestermere Regional Community Association

Dear Sir/Madam:

We have finalized the audit of the Chestermere Regional Community Association for the year ended June 30, 2025. We would like to take this opportunity to thank the staff for their cooperation and assistance during the course of this audit. The objective of an audit is to obtain reasonable assurance that the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly, an audit would not usually identify all such matters. However, we encountered some weaknesses in the control systems that should be addressed. These weaknesses have been identified solely as a result of the audit and are not the result of a detailed study of the accounting systems of the Chestermere Regional community Association. The matter identified is as follows.

1. The Association does not have a Capital Asset Listing as outlined by their Property and Equipment Policy.

It is important for an organization to maintain a listing of capital assets recorded on the Statement of Financial Position. This helps to ensure that the balance on the Financial Statements is accurate. This listing should be reviewed annually to ensure that obsolete items are disposed of, and that the capital asset balance is complete. Maintaining a capital asset listing also assists in budgeting for future capital purchases and ensuring sufficient insurance.

The purpose of the audit was for the auditor to express an opinion on the financial statements.

The audit included consideration of internal control relevant to the preparation of the financial statements 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 internal control.

The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.

If you have any questions or require assistance with the implementation of any of the above recommendations, please do not hesitate to contact our office. This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours truly,

Erin Gregory, CPA, CA
Gregory, Harriman & Associates LLP
Chartered Professional Accountants



GREGORY
HARRIMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

November 10, 2025

To the Members of the Board of Directors of
Chestermere Regional Community Association
201 West Chestermere Drive
Chestermere, Alberta
T1X 1B2

Dear Members of the Board of Directors:

We have been engaged to audit the financial statements of Chestermere Regional Community Association for the year ending June 30, 2025. Canadian auditing standards require that we communicate the following information with you in relation to your audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

1. Due to the lack of segregation of duties, we have determined that we are unable to rely on the internal controls that are in place.

Significant Accounting Principles

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The accounting policies used by Chestermere Regional Community Association are described in Note 2, Summary of Significant Accounting Policies, in the financial statements.

Significant Unusual Transactions

We are not aware of any significant or unusual transactions entered into by Chestermere Regional Community Association Board that you should be informed about.

Accounting Estimates

Management is responsible for the accounting estimates included in the financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and,
- Other audit evidence.

Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes. The most sensitive accounting estimates in order of significance are as follows:

1. Some estimates were made, particularly related to year end accruals. These were related to normal operations and are not individually significant.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to Chestermere Regional Community Association's financial statements or independent auditors' report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or,
- Wording of the auditors' report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Consultation with Other Accountants (Second Opinions)

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion". When an entity requests that another accountant provide a written report or oral advice on the application of accounting principles to a specific transaction or the type of opinion that may be rendered on the entity's financial statements, we are required to ensure that the accountant has ensured that the reporting accountant has knowledge of all facts and circumstances and has conducted the engagement in accordance with Canadian auditing standards on the Reports on the Application of Accounting Principles.

We are not aware of any consultations that have taken place with other accountants.

Significant Risks

The following is a list of the significant risks that we identified during the engagement as well as our audit responses:

	Description of each significant risk	Audit response
Revenue Recognition	There is risk of inaccurate recording of revenue at year end. Grant revenue is higher risk due to the significant dollar value as well as the grant conditions required to be satisfied.	Our procedures, including discussions with management, analysis of grant revenue and deferred revenue confirmed no indication of fraud or material misstatement with regards to revenue recognition.
Property and Equipment	Identified as high due to the significant account balance, as well as the fact the Board has set a new capital policy which the Association is required to adhere to.	The value of additions were reviewed through our review of projects and vouching invoices to the funds spent on the projects. Amortization rates we reviewed for reasonability. We found no indication of fraud or material misstatement.
Management Override	There is risk of management override or manipulation of the control systems that management has in place to ensure the individual financial transactions occur and are recorded properly	We performed fraud-related inquiries, reviewed journal entries for unusual items, and evaluated management's significant judgments and estimates. We have obtained sufficient appropriate audit evidence and did not identify any specific additional risks or significant issues relating to management override of controls during our audit.

Issues Discussed

During the normal course of business, the auditor generally discusses, among other matters, the application of accounting principles and auditing standards, and fees, etc. with management during the initial or recurring appointment of the auditor. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

Difficulties Encountered During the Audit

We did not encounter any significant difficulties during our audit that should be brought to the attention of the Board of Directors.

New Developments in Accounting Standards

There were no new developments to report.

This communication is prepared solely for the information of the Board of Directors and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board of Directors sign their acknowledgement in the spaces provided below. Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.



Yours truly,



Erin Gregory, CPA, CA
Gregory, Harriman & Associates LLP
Chartered Professional Accountants

Acknowledgement of the Board of Directors:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Per: 	Title: <u>Treasurer</u>	Date: <u>Nov 11/25</u>
Per: 	Title: <u>Secretary</u>	Date: <u>Nov. 11/2025</u>

November 10, 2025

Gregory, Harriman & Associates
Professional Accountants
#104, 331 - 3rd Avenue
Strathmore, Alberta
T1P 1T5

Dear Sir/Madam:

In connection with your audit of the financial statements as of June 30, 2025, and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Chestermere Regional Community Association, in conformity with Canadian accounting standards for not-for-profit organizations (unless otherwise specified), we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the financial statements of the financial position, results of operations, and cash flows in conformity with Canadian accounting standards for not-for-profit organizations (unless otherwise specified).
2. We are responsible for adopting sound accounting policies, establishing and maintaining adequate internal controls to, among other things, help assure the preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations, and preventing and detecting fraud and error.
3. We have made available to you all:
 - a) financial records and related data; and,
 - b) minutes of the meetings of trustees, and committees of trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
4. There have been no:
 - a) irregularities or fraud involving management or employees who have significant roles in the internal control structure;
 - b) irregularities or fraud involving other employees that could have a material effect on the financial statements; or,
 - c) communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. The following have been properly recorded or disclosed in the financial statements:
 - a) related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees;
 - b) arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements; and,
 - c) agreements to repurchase assets previously sold.
7. Chestermere Regional Community Association's management are unaware of:
 - a) wilful or accidental violations or possible violations of laws or regulations the effect of which should be considered for disclosure in the financial statements or as a basis for recording a loss contingency; or,
 - b) other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
8. We have disclosed to the auditor:
 - a) all significant facts relating to any frauds or suspected frauds known to management that may have affected the entity;
 - b) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
 - c) disclosure of all significant facts related to fraud or suspected fraud; and,
 - d) disclosure of its assessment of the risk that the financial statements may be materially wrong as a result of fraud.
9. There are no claims or assessments that are probable of assertion and must be disclosed.
10. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements identified and discussed with us in the course of the audit have been recorded, except for those summarized in the accompanying schedule of proposed adjusting journal entries not recorded. In our opinion, the effects of not recording such identified financial statement misstatements and/or unadjusted errors are both individually and in aggregate, immaterial to the financial statements of the Corporation taken as a whole.
11. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
12. Chestermere Regional Community Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.

13. Provision has been made for any material loss to be sustained in the fulfilment of, or from inability to fulfill any sales commitments.
14. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
15. Chestermere Regional Community Association has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
16. Chestermere Regional Community Association has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

17. With regard to environmental matters:

Liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements;

There are no liabilities or contingencies that have not already been disclosed to the auditor;

The carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements; and,

Commitments have been measured and disclosed, as appropriate, in the financial statements.

18. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

19. With regard to accounts receivable:

Accounts receivable are correctly described in the records and represent valid claims as at the year end against the persons or companies indicated;

The accounts receivable are free from hypothecation assignment; and,

Adequate allowance has been made for any losses from uncollectible accounts, costs or expenses which may be incurred with respect to services rendered prior to the year end.

20. With regard to temporary and portfolio investments:

All investments which are owned by the Chestermere Regional Community Association are recorded in the accounts;

Chestermere Regional Community Association has good title to all investments recorded in the accounts and these investments are free from hypothecation;

These investments were valued at cost;

All income earned on the investments for the year has been recorded in the accounts;

Where there has been a loss in value of a portfolio or long term investment, which is other than a temporary decline, adequate provision for loss has been recorded in the accounts; and,

Where the value of temporary investments has declined below the carrying value by a significant amount, the securities have been recorded at market value.

21. With regard to capital assets and amortization:

All charges to capital asset accounts during the year represent actual additions to capital assets and expenditures of a capital nature were charged to the respective operating and capital fund during the year;

Capital assets sold or dismantled has been properly accounted for in the books of the Chestermere Regional Community Association;

The provision for the amortization of assets over their estimated useful lives has been charged consistent with prior years; and,

Chestermere Regional Community Association has good title to the properties represented by the balance carried on the capital asset accounts, and there are no liens, mortgages or other charges against any of the capital assets shown on the books of the Chestermere Regional Community Association.

22. With regard to liabilities and commitments:

Adequate provision has been made in the accounts for all liabilities incurred by the Chestermere Regional Community Association for the year ended;

At the year end there were no contingent liabilities, which were of a material nature that have not been disclosed;

Chestermere Regional Community Association has complied with all covenants, conditions or other requirements of all outstanding debt; and,

At the year end the Chestermere Regional Community Association had no unusual commitments or contractual obligations of any sort, which were not in the ordinary course of business or which might have an adverse effect upon the organization.

23. We have reviewed and approved all of the following where applicable:

- a) journal entries you prepared or changed;
- b) account codes you determined or changed;
- c) transactions you classified; and,
- d) accounting records you prepared or changed.

Yours truly,

Chestermere Regional Community Association

Per:

Signature

Treasurer

Title

Andrea Fleming

Please print name

Per:

Signature

Secretary

Title

Vicki Schneider

Please print name

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

Financial Statements

Year Ended June 30, 2025

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

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Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Chestermere Regional Community Association

Qualified Opinion

We have audited the financial statements of Chestermere Regional Community Association (the "Association"), which comprise the statement of financial position as at June 30, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies ("financial information").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2025, current assets and net assets as at June 30, 2025. Our audit opinion on the financial statements for the year ended June 30, 2024 was modified accordingly because of the possible effects of this limitation of scope.

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 Association 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 qualified audit 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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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:

- 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 Association'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 Association'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 Association 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.

Gregory, Harriman & Associates LLP

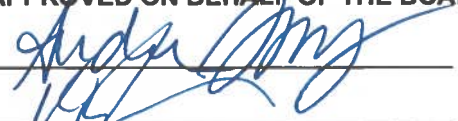
Strathmore, Alberta
November 10, 2025

Gregory, Harriman & Associates LLP
Chartered Professional Accountants

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION**Statement of Financial Position****June 30, 2025**

	2025	2024
ASSETS		
CURRENT		
Cash (Note 3)	\$ 1,102,227	\$ 1,129,669
Accounts receivable	111,520	63,629
Goods and Services Tax receivable	18,880	4,957
Prepaid expenses	46,748	32,003
	1,279,375	1,230,258
PROPERTY AND EQUIPMENT (Note 4)	5,088,939	5,065,594
	\$ 6,368,314	\$ 6,295,852
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 333,951	\$ 116,761
Deferred revenue (Note 5)	100,029	145,720
	433,980	262,481
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	4,251,661	4,484,743
	4,685,641	4,747,224
NET ASSETS	1,682,673	1,548,628
	\$ 6,368,314	\$ 6,295,852
COMMITMENTS (Note 7)		

APPROVED ON BEHALF OF THE BOARD



Director



Director

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION**Statement of Operations****Year Ended June 30, 2025**

	2025	2024
REVENUE		
Arena	\$ 1,016,618	\$ 955,967
Program and facility rental	644,128	515,298
Grants	287,250	343,062
Amortization of deferred capital contributions (Note 6)	233,082	233,205
Memberships	77,235	88,912
Fundraising and other revenue	54,243	46,818
Interest income	19,291	15,277
	2,331,847	2,198,539
EXPENSES		
Wages and benefits	907,941	808,394
Office and building	696,100	608,914
Amortization	275,168	275,167
Arena	143,739	105,954
Program and event costs	76,283	27,994
Professional fees	51,410	43,400
Service and bank charges	26,281	24,987
Advertising and communication	15,930	7,138
Fundraising and development	4,020	1,058
Training	794	794
Goods and Services Tax expense	73	59
Bad debts	63	2
	2,197,802	1,903,861
EXCESS OF REVENUE OVER EXPENSES	\$ 134,045	\$ 294,678

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2025

	2025	2024
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 1,548,628	\$ 1,253,950
Excess of revenue over expenses	<u>134,045</u>	<u>294,678</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 1,682,673</u>	<u>\$ 1,548,628</u>

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION**Statement of Cash Flows****Year Ended June 30, 2025**

	2025	2024
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 134,045	\$ 294,678
Items not affecting cash:		
Amortization of property and equipment	275,168	275,167
Amortization of deferred capital contributions	(233,082)	(233,205)
	<u>176,131</u>	<u>336,640</u>
Changes in non-cash working capital:		
Accounts receivable	(47,894)	43,686
Prepaid expenses	(14,745)	(7,494)
Inventory	-	919
Accounts payable and accrued liabilities	217,187	46,826
Goods and Services Tax receivable	(13,923)	(37,210)
Deferred revenue	(45,690)	123,789
	<u>94,935</u>	<u>170,516</u>
Cash flow from operating activities	<u>271,066</u>	<u>507,156</u>
INVESTING ACTIVITY		
Purchase of property and equipment	(298,508)	(24,809)
INCREASE (DECREASE) IN CASH FLOW	(27,442)	482,347
Cash - beginning of year	<u>1,129,669</u>	<u>647,322</u>
CASH - END OF YEAR	\$ 1,102,227	\$ 1,129,669

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2025

1. PURPOSE OF ASSOCIATION

The Chestermere Regional Community Association (the "Association") is a not-for-profit, charitable organization formed under the Societies Act of the Province of Alberta. The Association provides its members and the community with a multi-purpose recreational complex in Chestermere, Alberta and surrounding area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue Recognition

The Association follows the deferral method of accounting for both donations and grant contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted non-capital contributions are recorded as deferred revenue and recognized as revenue in the periods in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes as designated by external parties. Externally restricted capital contributions are recorded as deferred revenue until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to deferred capital contributions in the period the asset is acquired. Capital donations of assets that would otherwise be purchased are accounted for as externally restricted capital contributions, and are recorded at fair value when fair value can be reasonably estimated. Deferred capital contributions are recognized as revenue in the periods in which the related capital assets are amortized. The related portion of amortization expense and the earned capital contributions revenue are matched to indicate how the related amortization expense has been funded. Deferred capital contributions relating to capital assets disposed, are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Memberships, programs, facility rentals and arena fees are recognized in the period to which the related services are provided.

Cash

Cash consists of balances held with banks.

(continues)

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2025

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

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Building	25 years	straight-line method
Building	2.5%	declining balance method
Furniture and fixtures	10%	declining balance method
Outdoor highway sign	10%	declining balance method
Equipment	10%	declining balance method
Grounds and landscaping	8%	declining balance method
Parking Lot	8%	declining balance method

The half year rule is in effect in the year of acquisition. No amortization is taken in the year of disposition or if the asset is not ready for use.

Unrestricted Net Assets

These amounts are not restricted and are available for any purpose approved by the Members of the Board.

Contributed Services and Materials

Volunteers contribute a significant number of hours each year to assist the Association in carrying out its services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Association records donated goods and services, primarily relating to equipment and materials or services at the estimated fair market value of such contributions, if reasonably determinable and those items or services would otherwise have been purchased.

Government Assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as unamortized capital contributions and is amortized on the same basis and accounting to the same rates as the related fixed assets or to income as eligible expenditures are incurred.

Government assistance for operations are recorded when there is a reasonable assurance that the Association has complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Income Taxes

Chestermere Regional Community Association is a registered charity and is exempt from income taxes under Section 149 (1)(f) of the Income Tax Act (Canada). It is required to meet certain requirements concerning disbursements to maintain this status.

(continues)

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2025

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

Financial Instruments Policy

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Measurement Uncertainty

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of approximations, which have been made using careful judgment by management. Actual results could differ from those approximations.

The useful lives and related amortization of capital assets is an area where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

3. CASH

	2025	2024
Savings account	\$ 702,019	\$ 585,802
Bank accounts	400,208	543,867
	\$ 1,102,227	\$ 1,129,669

The Association holds funds that are restricted in use and are to be utilized in the next fiscal period as funding for specific projects. As these projects have not been completed for which the funding has been received \$100,029 (Note 5) is not available for general use.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Buildings	\$ 7,179,817	\$ 2,588,786	\$ 4,591,031	\$ 4,730,592
Furniture and fixtures	615,304	431,101	184,203	204,670
Equipment	284,723	164,957	119,766	86,970
Outdoor highway sign	127,160	99,128	28,032	31,145
Grounds and landscaping	23,950	12,710	11,240	12,217
Parking Lot	154,667	-	154,667	-
	\$ 8,385,621	\$ 3,296,682	\$ 5,088,939	\$ 5,065,594

The building was built by the Association on land under a 50 year lease agreement between the Association and Municipal District of Rocky View No. 44, expiring on December 31, 2029, with a renewal option of 50 years. Subsequent to the end of the lease term, the title of the building transfers over to the Municipal District of Rocky View No. 44.

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION**Notes to Financial Statements****Year Ended June 30, 2025**

5. DEFERRED REVENUE

	2024	Increases	Decreases	2025
Community Facility Enhancement Program Grant	\$ -	\$ 64,390	\$ -	\$ 64,390
Youth Outreach Program Grants	77,211	20,000	(66,835)	30,376
Membership	7,977	5,142	(8,191)	4,928
Casino	60,532	-	(60,197)	335
	<u>\$ 145,720</u>	<u>\$ 89,532</u>	<u>\$ (135,223)</u>	<u>\$ 100,029</u>

The Community Facility Enhancement Program Grant, Youth Outreach Program Grants, and Casino funds represent unspent contributions received for future capital and operating projects expected to be spent in the next fiscal period.

Deferred membership revenue represents membership fees received in advance for the next fiscal period.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. Deferred capital contributions is comprised of unamortized capital grants received relating to the building and equipment.

	2024	Increases	Decreases	2025
Deferred capital contributions	<u>\$ 4,484,743</u>	<u>\$ -</u>	<u>\$ (233,082)</u>	<u>\$ 4,251,661</u>

7. COMMITMENTS

The Association's multi-purpose recreation complex is situated on land under lease from the Municipal District of Rocky View No. 44 ("Rocky View") that expires on December 31, 2029, with an option to renew for 50 years. The Association is not obligated to make any lease payments to Rocky View during the term of the lease. Upon the expiration of the lease, title of the building built by the Association will transfer to Rocky View.

CHESTERMERE REGIONAL COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2025

8. FINANCIAL INSTRUMENTS

The Associations financial instruments consist of: cash, accounts receivable, and accounts payable and accrued liabilities. The risks attached to these financial instruments are as follows:

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Association is exposed to financial risk from interest rate differentials between market interest rates and the rates used on their financial instruments.

Fair Value

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities, correspond closely to their carrying amount because of their short term maturity dates.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association meets its liquidity requirement by preparing and monitoring detailed forecast of cash flow from operations, investing and financial activities and seeking grants for specific projects and activities.

There has been no change to the Association's risk exposures from 2024.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

10. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors have approved these financial statements.
