

Consolidated Financial Statements of

**REGIONAL RECREATION CORPORATION
OF WOOD BUFFALO**

Year ended December 31, 2025

Consolidated Financial Statements of

Regional Recreation Corporation of Wood Buffalo

Year ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Regional Recreation Corporation of Wood Buffalo (the "Corporation") are the responsibility of the Corporation's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies followed by the Corporation are described in Note 2 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors met with management and the external auditors to discuss the consolidated financial statements and any significant financial reporting or internal control matters prior to the Board of Directors approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Corporation. The Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

For: Regional Recreation Corporation of Wood Buffalo


Graig Walsh (Mar 3, 2026 10:18:28 MST)

Graig Walsh
Chief Executive Officer


Kathrine Covell (Mar 2, 2026 19:02:23 MST)

Kathrine Covell, CPA, CA
Chief Financial Officer

March 2, 2026

Independent Auditor's Report

To the Board of Directors of the
Regional Recreation Corporation of Wood Buffalo

Opinion

We have audited the consolidated financial statements of the Regional Recreation Corporation of Wood Buffalo (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025, and the results of its operations, its remeasurement gains and losses, changes in its net assets, and its 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 ("Canadian GAAS"). 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 GAAS 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 GAAS, 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 Corporation'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 Corporation'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 Corporation 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Deloitte LLP

Chartered Professional Accountants
March 2, 2026

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO
Consolidated Statement of Financial Position

December 31, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 5,953,591	\$ 7,235,761
Accounts receivable	694,690	582,349
Prepaid expenses and deposits	1,009,676	140,654
Inventories	381,182	318,347
	8,039,139	8,277,111
Capital assets (Note 5, 12)	2,249,028	2,505,077
	10,288,167	10,782,188
Liabilities		
Current		
Accounts payable and accrued liabilities	1,674,727	1,434,695
Accrued payroll liabilities	1,283,528	1,046,165
Deposits and funds held in trust (Note 9)	273,086	338,784
Due to the Regional Municipality of Wood Buffalo (Note 4)	405,735	877,975
Current portion of deferred revenue (Note 6)	2,439,085	1,839,901
	6,076,161	5,537,520
Deferred revenue (Note 6)	325,032	430,584
Deferred capital contributions (Note 7)	1,081,269	1,716,942
Unamortized deferred capital contributions (Note 8)	753,094	1,045,039
	8,235,556	8,730,085
Net assets		
Unrestricted surplus	597,437	507,829
Invested in capital assets	1,370,936	1,460,036
Internally restricted - WB kids (Note 9)	84,238	84,238
	2,052,611	2,052,103
	\$ 10,288,167	\$ 10,782,188

Credit facility (Note 10)

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:

Chris Pirie

Chris Pirie (Mar 3, 2026 14:07:21 MST)

Director

RC

Director

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO
Consolidated Statement of Operations

For the Year Ended December 31, 2025

	Budget	2025	2024
Revenues:			
Contributions from the Regional Municipality of Wood Buffalo (Note 12)	\$ 17,176,976	\$ 16,800,605	\$ 16,166,984
Memberships	5,189,840	5,471,126	5,344,832
Hospitality (food and beverage) (Note 12)	4,182,035	4,653,914	3,825,489
Facility and equipment rental (Note 12)	4,200,802	4,278,370	4,211,282
User fees and admissions	2,472,601	2,217,450	2,235,593
Events (Note 15)	1,729,958	2,094,527	1,207,180
Sponsorships and donations	981,351	1,087,882	1,038,333
Programs	1,040,183	1,020,663	1,037,666
Other revenue (Note 13)	538,020	697,803	906,839
Pro-shop merchandise sales	691,500	633,305	719,821
Amortization of deferred capital contributions (Note 8)	230,000	291,945	239,456
	38,433,266	39,247,590	36,933,475
Cost of goods sold:			
Events and hospitality (Note 11)	3,671,342	4,037,163	2,694,907
Pro-shop merchandise sales	472,900	472,914	516,378
Sponsorship fulfillment	228,122	161,658	119,892
	4,372,364	4,671,735	3,331,177
Excess of revenues over cost of goods sold	34,060,902	34,575,855	33,602,298
Expenses:			
Wages and benefits	22,719,988	23,245,009	23,022,046
Utilities (Note 12)	3,592,659	3,327,429	3,091,339
Supplies	2,162,405	2,064,894	2,089,448
Subcontractors	789,500	1,107,688	991,113
Communication and information technology	903,496	830,096	880,624
Insurance (Note 12)	900,000	749,005	803,421
Amortization of capital assets	610,000	703,392	602,413
Repairs and maintenance	797,850	657,728	569,267
Lifecycle	69,300	459,893	335,388
Advertising and promotion	295,950	275,211	274,489
Bank charges and penalties	258,000	245,825	233,505
Travel and meals (Note 12)	228,025	207,514	204,759
Professional fees	232,000	253,294	187,743
Training	159,440	128,763	135,066
Equipment and miscellaneous rentals	164,994	150,384	120,283
Licenses, fees and permits (Note 12)	80,881	76,708	48,069
Office and general	94,664	49,137	12,891
Bad debts	1,750	43,885	434
	34,060,902	34,575,855	33,602,298
Deficiency of revenues over expenses	\$ -	\$ -	\$ -

See accompanying notes to consolidated financial statements

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO
Consolidated Statement of Changes in Net Assets

For the Year Ended December 31, 2025

	Unrestricted Surplus	Invested in Capital Assets	Internally Restricted - WB Kids Fund	2025
Balance, Beginning of Year	\$ 507,829	\$ 1,460,036	\$ 84,238	\$ 2,052,103
Invested in Capital Assets - net	89,608	(89,100)	-	508
Balance, End of Year	\$ 597,437	\$ 1,370,936	\$ 84,238	\$ 2,052,611

	Unrestricted Surplus	Invested in Capital Assets	Internally Restricted - WB Kids Fund	2024
Balance, Beginning of Year	\$ 678,296	\$ 1,289,569	\$ 84,238	\$ 2,052,103
Invested in Capital Assets - net	(170,467)	170,467	-	-
Balance, End of Year	\$ 507,829	\$ 1,460,036	\$ 84,238	\$ 2,052,103

See accompanying notes to consolidated financial statements

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO
Consolidated Statement of Cash Flow

For the Year Ended December 31, 2025

	2025	2024
Cash provided by (used in):		
Operating:		
Deficiency of revenues over expenses	\$ -	\$ -
Non-cash items included in annual deficit		
Amortization of deferred capital contributions	(291,945)	(239,456)
Amortization of capital assets	703,392	602,413
Changes in non-cash operating working capital items:		
Accounts receivable	(112,341)	62,774
Inventories	(62,835)	(32,601)
Prepaid expenses and deposits	(869,022)	145,735
Due to/from the Regional Municipality of Wood Buffalo	(472,240)	28,634
Accounts payable and accrued liabilities	98,344	(502,620)
Accrued payroll liabilities	237,363	67,791
Deposits and funds held in trust	(65,698)	(83,360)
Deferred revenue	493,632	(415,236)
Cash provided by operating transactions	(341,350)	(365,926)
Capital:		
Purchase of capital assets	(3,085,048)	(3,904,150)
Cash applied to capital transactions	(3,085,048)	(3,904,150)
Financing:		
Contributions received for the purchase of capital assets	2,144,228	2,944,805
Cash provided by financing transactions	2,144,228	2,944,805
Change in cash and cash equivalents during the year	(1,282,170)	(1,325,271)
Cash and cash equivalents, beginning of year	7,235,761	8,561,032
Cash and cash equivalents, end of year	\$ 5,953,591	\$ 7,235,761

See accompanying notes to consolidated financial statements

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

1. Nature of the organization

The Regional Recreation Corporation of Wood Buffalo (the "Corporation") is a not-for-profit corporation that was incorporated on June 10, 2013, under the Canada Not-for-profit Corporations Act and is not subject to any federal or provincial income taxes.

The Corporation has one member – the Regional Municipality of Wood Buffalo (the "Municipality").

The Corporation was established by the Municipality to operate MacDonald Island Park, Anzac Recreation Centre (indoor operations only), Fort Chipewyan Aquatics Centre (aquatics programming only), Conklin Multiplex (indoor operations only), and any additional recreational and cultural facilities as the Municipality may from time to time request.

The Municipality provides operating and capital contributions to the Corporation on an annual basis to support the Corporation's activities. The Municipality and the Corporation have a 15-year operating agreement that commenced July 1, 2018.

2. Significant accounting policies

The consolidated financial statements of the Corporation are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Corporation are as follows:

Basis of presentation

The financial statements have been prepared by management in accordance with the PS 4200 series of the Canadian public sector accounting standards ("PSAS").

The financial statements include the accounts of the Corporation and its controlled not-for-profit organization, MacDonald Island Park Corporation ("MIPC"). MIPC is a Part IX corporation that was incorporated on February 5, 2004, under the Companies Act (Alberta) and is not subject to federal or provincial income taxes. On October 28, 2013, the Corporation was appointed the sole member of MIPC. MIPC is currently inactive.

Controlled not-for-profit organizations.

The Corporation consolidates controlled not-for-profit organizations.

Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, amounts due to the Municipality, accounts payable and accrued liabilities, accrued payroll liabilities and deposits and funds held in trust. All of these instruments are initially recorded at fair value and subsequently measured at cost or amortized cost. The Corporation has properly classified all financial instruments in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3450, Financial Instruments ("Section PS 3450").

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

2. Significant accounting policies (continued)

With respect to financial assets measured at cost or amortized cost, the Corporation recognizes in the consolidated statement of operations an impairment loss, if any, when there are indicators of impairment, and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted capital contributions are recorded as deferred contributions until the amount is invested to acquire capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the year in which the related amortization expense of the funded capital asset is recorded.

Contributions of materials and services that would otherwise have been purchased are recorded at their fair value. The fair value of services provided by the Municipality has been reflected in the financial statements of the Corporation, unless otherwise noted. Volunteers assist the Corporation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Revenues from memberships, user fees, admissions, and sales of goods and services are recognized when services are performed or the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable. Proceeds from the sale of lifetime golf memberships are deferred and recognized as revenue over a period of ten years. Revenues from sponsorships are recognized over the terms of the sponsorship agreements. Rental revenue is recognized in the month earned, in accordance with the tenants' rental agreements.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments with original maturities of three months or less.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. Assets are amortized on a straight-line basis over the estimated useful life as follows:

Automobile	5-10 years
Computer hardware and software	1-5 years
Equipment	2-15 years
Furniture and fixtures	3-10 years
Golf course improvements	20-30 years
Building and building improvements	5-50 years

Capital assets are written down to its residual value when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs over any residual value are accounted for as expenses in the consolidated statement of operations.

Contributed services

Contributed services are recorded at fair value when such value can be reasonably estimated, and the services are used in the normal course of operations and would otherwise have been purchased.

Use of estimates

The preparation of financial statements in conformity with PSAS 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 amounts of revenues and expenses during the reporting period. The precise determination of many assets and liabilities is dependent upon future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to consolidated financial statements.

Significant estimates include the carrying value and useful lives of capital assets, unamortized deferred capital contributions, amortization period of certain deferred revenues, and valuation allowances for receivables and inventories. Actual results could differ from those estimates.

Contingent liabilities

The Corporation may, in the normal course of operations, be subject to claims and legal proceedings. Management is not aware of any matters that are expected to have a material effect on the financial statements.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

3. Cash and cash equivalents

Included in cash and cash equivalents is an amount of \$1,098,466 (2024 - \$1,750,049) which has been externally restricted by the Municipality and required to be placed into a separate interest-bearing account used solely for the agreed upon capital projects. This amount is the unspent amount related to capital contributions from the Municipality plus interest and is available for use within one year.

4. Due to/from related parties

The amount due to/from the Municipality relates to normal trade accounts receivable, normal trade accounts payable, and certain transactions that are processed by the Municipality on behalf of the Corporation. The amount due to/from the Municipality is unsecured, non-interest bearing and without scheduled repayment terms expected to be settled on a current basis.

5. Capital assets

	2025		2024	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 2,209,701	\$ 1,425,549	\$ 784,152	\$ 986,238
Building and building improvements	985,905	323,968	661,937	555,626
Furniture and fixtures	23,893	10,951	12,942	15,331
Computer software	1,239,079	617,925	621,154	733,710
Computer hardware	137,887	37,010	100,877	128,455
Automotive	149,513	81,547	67,966	85,717
	\$ 4,745,978	\$ 2,496,950	\$ 2,249,028	\$ 2,505,077

The Corporation is responsible for the operations and maintenance of the MacDonald Island Park, Anzac Recreation Centre (indoor only), Conklin Multiplex (indoor only), and aquatics programming at the Fort Chipewyan Aquatics Centre. These facilities are owned by the Municipality and these capital assets are not included in these financial statements. In addition, the Corporation is responsible for capital improvements to the golf course.

6. Deferred revenue

Deferred revenue balance consists of the following:

	2025	2024
Fitness memberships and programs	\$ 1,352,663	\$ 977,772
Sponsorship agreements	680,539	867,778
Box office	427,205	27,178
Gift certificates	93,303	113,606
Golf memberships	77,010	128,651
Hospitality rebates	72,932	92,932
Facility rentals	60,465	62,568
	2,764,117	2,270,485
Less current portion	2,439,085	1,839,901
	\$ 325,032	\$ 430,584

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

Included in the non-current liability portion of deferred revenue is \$271,853 (2024 - \$357,157) relating to sponsorship agreements, \$248 (2024 - \$495) relating to lifetime golf memberships and \$52,932 (2024 - \$72,932) relating to hospitality rebates.

7. Deferred capital contributions

Deferred capital contributions represent unspent funds contributed to the Corporation by the Municipality and other externally restricted capital funds that are to be used for future upgrades and improvements as follows:

	January 1, 2025	Amounts Received	Transfers to Related Party (Note 12)	Transfers (Note 8)	December 31, 2025
Capital facility upgrades	\$ 1,315,658	\$ 2,073,500	\$ (2,779,901)	\$ -	\$ 609,257
Interest on grant received for capital projects	276,284	70,728	-	-	347,012
Provincial Grants	125,000	-	-	-	125,000
	\$ 1,716,942	\$ 2,144,228	\$ (2,779,901)	\$ -	\$ 1,081,269
	January 1, 2024	Amounts Received	Transfers to Related Party (Note 12)	Transfers (Note 8)	December 31, 2024
Capital facility upgrades	\$ 2,061,888	\$ 2,675,200	\$ (3,421,430)	\$ -	\$ 1,315,658
Interest on grant received for capital projects	131,679	144,605	-	-	276,284
Federal Grants	15,741	-	-	(15,741)	-
Provincial Grants	-	125,000	-	-	125,000.00
Capital portion of operating grant deferred	57,178	-	(43,400)	(13,778)	-
	\$ 2,266,486	\$ 2,944,805	\$ (3,464,830)	\$ (29,519)	\$ 1,716,942

8. Unamortized deferred capital contributions

	2025	2024
Balance, beginning of year	\$ 1,045,039	\$ 1,254,976
Transfers from deferred capital contributions (Note 7)	-	29,519
Amounts recognized as revenue	(291,945)	(239,456)
Balance, end of year	\$ 753,094	\$ 1,045,039

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

9. Externally and internally restricted – WB Kids Fund

In 2010, the Corporation established the WB Kids Fund (the “Fund”) where up to 5% of funds raised through facility sponsorships will be set aside in the Fund to provide subsidized access fees to community members that will allow participation in RRC activities and other activities within the community of Wood Buffalo. The Fund will focus on ensuring that those who wish to participate in sport, recreation, leisure, culture, and corporate events will be able to do so without financial barriers. The Fund is accessible through an approved application process. Where the 5% contribution is included in sponsorship agreement terms, the amounts are considered to be externally restricted. The Fund on the Statement of Financial Position totals \$151,353 (2024 - \$206,452).

10. Credit facilities

On September 23, 2019, the Corporation amended a banking agreement that includes a revolving demand credit facility available in the amount of \$1,000,000 (2024 - \$1,000,000) which bears interest at prime less 0.5% per annum. At December 31, 2025, this facility had not been drawn upon. In addition, the Corporation has access to a \$300,000 (2024 - \$300,000) Visa business facility which is drawn upon from time to time. Accounts receivable have been pledged as security on these facilities.

11. Events and hospitality cost of goods sold

	<u>2025</u>	<u>2024</u>
Events	\$ 2,273,413	\$ 627,434
Hospitality	1,555,413	1,307,539
Tournament	195,104	711,424
Sundry	13,233	48,510
	<u>\$ 4,037,163</u>	<u>\$ 2,694,907</u>

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

12. Related party transactions

The following transactions with the Municipality and the Library Board are included within the financial statements of the Corporation:

	<u>2025</u>	<u>2024</u>
Regional Municipality of Wood Buffalo - Revenues		
Operating contributions	\$ 16,800,605	\$ 16,166,984
Hospitality (food and beverage)	153,544	66,721
Facility and equipment rental	95,233	31,898
Advertising	27,173	27,205
Regional Municipality of Wood Buffalo - Expenses		
Insurance	604,597	695,420
Utilities	402,205	335,722
Travel and Meals	33,600	33,740
License, fees and permits	8,823	8,374
Regional Municipality of Wood Buffalo Library Board - Revenues		
Service agreement revenue	755,250	742,005
Facility and equipment rental	3,287	566
Hospitality (food and beverage)	390	9,591
Advertising	-	225
Wood Buffalo Economic Development Corporation - Revenues		
Facility and equipment rental	980	8,258
Hospitality (food and beverage)	617	9,924

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, capital contributions in the amount of \$2,073,500 (2024 - \$2,675,200) were received from the Municipality for capital upgrades. During the year, \$2,779,901 (2024 - \$3,421,430) was spent on capital upgrades, and subsequently capital assets with a carrying value of \$2,779,901 (2024 - \$3,421,430) were transferred to the Municipality in 2025. Included in capital additions are \$142,197 (2024 - \$158,107) that are included in accounts payable and accrued liabilities at year-end.

Capital grant funding of \$956,269 (2024 - \$1,591,942) is deferred for further years.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

13. Financial instruments

Credit risk

The Corporation has credit risk on its cash and cash equivalents, and accounts receivable. The cash and cash equivalents represent deposits with Canadian chartered banks. The accounts receivable represents amount due from the Corporation's customers in the normal course of its operations. The Corporation carries out a review of accounts receivable on a continuing basis and maintains an allowance for the doubtful accounts, if necessary.

Liquidity risk

The Corporation has liquidity risk on its accounts payable and accrued liabilities, accrued payroll liabilities, amounts due to the Municipality, and deposits and funds held in trust. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements and is supported by the Municipality pursuant to a 15-year operating agreement that commenced on July 1, 2018.

Based on management's assessment, the Corporation is not exposed to significant currency, interest, or market risk arising from its financial instruments.

14. Non-monetary transactions

The Corporation entered contracts with several local organizations to provide construction services, advertising, program materials and event services in exchange for advertising, programming, and sponsorship recognition in the facility. In 2025, non-monetary transactions in the consolidated statement of operations include \$89,605 (2024 - \$82,019) of cost of sales, \$71,061 (2024 - \$87,452) expenses and \$160,666 (2024 - \$169,470) of revenue.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

15. Major Sport Event Grant

The Corporation was the recipient of a Major Sport Event Grant from the Government of Alberta, dated February 11, 2025. The Grant, totaling \$57,000 (2024 - \$nil), is restricted for the Approved Purpose of hosting the 2025 Baseball Canada 18U National Championships.

Grant revenue is recognized in the Statement of Operations as the related eligible expenditures are incurred, in accordance with the terms of the agreement. As at December 31, 2025, \$57,000 (2024 - \$nil) has been recognized as revenue. The unspent balance of \$nil is presented as deferred revenue on the Statement of Financial Position.

Interest income earned on funds held pending expenditure for the Approved Purpose is considered an addition to the Grant. For the year, interest earned totaled \$931 (2024 - \$nil). All such interest is restricted for use on the Approved Purpose.

Management affirms that the Grant funds and any related interest have been used solely for the Approved Purpose and have not been expended on any ineligible expenses as identified in the Major Sport Event Hosting Program Guidelines.

Full breakdown of all revenue and expenses for the 2025 Baseball Canada 18U National Championships are as follows:

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2025

15. Major Sport Event Grant (continued)

	<u>2025</u>
Revenues:	
Major Sport Event grant	\$ 57,931
Sponsorships	47,500
Ticket sales	43,147
Municipal grant	36,000
In-kind services	14,860
Merchandise/concession	9,148
	<u>208,586</u>
Expenses:	
Transportation	45,158
Facility rentals	29,000
Staffing	18,642
In-kind services	14,860
Live streaming/announcing	14,380
Equipment	12,456
Banquet and barbeque food and beverage	12,157
Officials accommodations	9,518
Hosting fees	7,500
Officials food and beverage	6,825
Marketing and advertising	6,464
Contingency	5,207
Banquet and barbeque entertainment and rentals	5,000
Team welcome package	4,912
Sponsorship fulfillment	2,862
Volunteer swag and honorariums	2,317
Photographer	2,000
Volunteer food and beverage	1,680
Security	1,104
Opening and closing ceremonies	701
	<u>202,743</u>
Excess of revenues over expenses	<u>\$ 5,843</u>

16. Economic dependence

The Corporation's primary source of funding for operations is the Municipality. The Corporation's ability to continue viable operations is dependent on this funding.