

Financial Statements of

**REDCLIFF CYPRESS
REGIONAL WASTE
MANAGEMENT AUTHORITY**

And Independent Auditor's Report thereon

Years ended December 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Redcliff Cypress Regional Waste Management Authority's (the "Authority") management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Authority's financial position as at December 31, 2025 and the results of its operations for the year then ended.

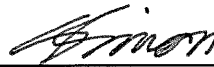
The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Authority's Board of Directors (the "Board") is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Authority's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Board of Directors and Members of the Redcliff Cypress Regional Waste Management Authority, stating the scope of their examination and opinion on the financial statements, follows.







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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Redcliff Cypress Regional Waste Management Authority

Opinion

We have audited the financial statements of Redcliff Cypress Regional Waste Management Authority (the "Authority"), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Authority 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 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.

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 the 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 Authority's internal control.



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- 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 Authority'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 Authority 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Lethbridge, Canada

April 27, 2026

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

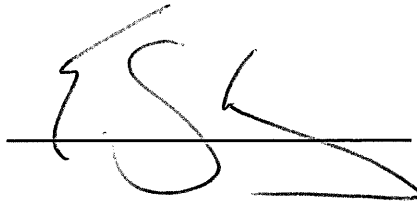
Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents (note 3)	\$ 3,768,878	\$ 2,105,312
Trade and other receivables	626,640	443,216
Investments and marketable securities (note 4)	1,418,873	1,831,397
	<u>5,814,391</u>	<u>4,379,925</u>
Financial liabilities:		
Accounts payable and accrued liabilities	321,102	382,903
Loan payable to Cypress County (note 6)	383,319	485,899
Loan payable to Town of Redcliff (note 6)	383,319	485,899
Asset retirement obligation (note 7)	590,413	574,332
	<u>1,678,153</u>	<u>1,929,033</u>
Net financial assets	4,136,238	2,450,892
Non-financial assets:		
Tangible capital assets (note 5)	12,615,445	13,423,701
Inventory for consumption	8,359	6,287
	<u>12,623,804</u>	<u>13,429,988</u>
Contractual rights (note 11)		
Accumulated surplus (note 8)	\$ 16,760,042	\$ 15,880,880

See accompanying notes to financial statements.

On behalf of the Board:

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statement of Operations

Year ended December 31, 2025 with comparative information for 2024

	Budget (note 12)	2025	2024
Revenue:			
Tonnage charge	\$ 3,293,750	\$ 3,622,909	\$ 3,067,423
Interest earned on reserve investment	30,000	158,180	275,869
Other revenue	416,500	78,649	91,320
Total revenue	3,740,250	3,859,738	3,434,612
Expenses:			
Administrative and management	930,213	892,851	841,872
Repairs and maintenance	224,000	235,431	223,919
Contracted services	258,000	213,304	231,751
Fuel	240,000	136,140	143,583
Contracted engineering	200,000	60,472	54,285
Insurance	50,000	54,078	46,052
Utilities	79,000	46,766	53,052
Office and general	66,100	30,883	166,035
Interest on long-term debt	251,631	25,331	31,228
Small tools and equipment	5,000	4,062	2,321
Professional fees	9,000	3,900	31,009
Scale and equipment contract	11,000	3,213	618
Advertising	7,500	1,659	3,322
Accretion	-	16,081	17,837
Amortization	716,376	1,256,405	945,862
Total expenses	3,047,820	2,980,576	2,792,746
Excess of revenue over expenses	692,430	879,162	641,866
Accumulated surplus, beginning of year	15,880,880	15,880,880	15,239,014
Accumulated surplus, end of year	\$ 16,573,310	\$ 16,760,042	\$ 15,880,880

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2025 with comparative information for 2024

	Budget (note 12)	2025	2024
Excess of revenue over expenses	\$ 692,430	\$ 879,162	\$ 641,866
Acquisition of tangible capital assets	-	(448,149)	(3,221,916)
Amortization of tangible capital assets	716,376	1,256,405	945,862
Net change in inventory for consumption	-	(2,072)	593
Change in net financial assets	1,408,806	1,685,346	(1,633,595)
Net financial asset, beginning of year	2,450,892	2,450,892	4,084,487
Net financial asset, end of year	\$ 3,859,698	\$ 4,136,238	\$ 2,450,892

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statement of Cash Flows

Year ended December 31, 2025 with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 879,162	\$ 641,866
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,256,405	945,862
Accretion of asset retirement obligation	16,081	17,837
	<u>2,151,648</u>	<u>1,605,565</u>
Changes in non-cash assets and liabilities:		
Accounts receivable	(183,424)	240,930
Inventory for consumption	(2,072)	593
Accounts payable and accrued liabilities	(61,801)	(64,862)
	<u>1,904,351</u>	<u>1,782,226</u>
Financing:		
Repayment of due to Town of Redcliff	(102,580)	(99,656)
Repayment of due to Cypress County	(102,580)	(99,656)
	<u>(205,160)</u>	<u>(199,312)</u>
Capital:		
Purchase of tangible capital assets	(448,149)	(3,221,916)
Investing:		
Net sale (purchase) of investments	412,524	(145,844)
Increase (decrease) in cash and cash equivalents	1,663,566	(1,784,846)
Cash and cash equivalents, beginning of year	2,105,312	3,890,158
Cash and cash equivalents, end of year	<u>\$ 3,768,878</u>	<u>\$ 2,105,312</u>

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2025

Nature of operations:

Redcliff Cypress Regional Waste Management Authority's (the "Authority") primary operations consists of the ownership and management of assets for the provision of waste disposal, the dispensing of liabilities and the accumulation of reserves for future replacement of those assets.

1. Significant accounting policies:

These financial statements of Redcliff Cypress Regional Waste Management Authority (the "Authority") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of operations controlled by the Authority and are, therefore, accountable to the Board of Directors (the "Board") for the administration of their financial affairs and resources.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

(c) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Budget amounts:

The budget amounts presented on the statement of operations are taken from the Authority's annual budget.

(e) Investments:

Investments in interest bearing securities are recorded at cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than temporary decline, the respective investment is written down to recognize the loss. As all investments are recorded at amortized cost. There are no other than temporary significant fair value adjustments which are not recognized through the Statement of Operations and as such, no Statement of Remeasurement Gains and Losses is presented.

(f) Revenue recognition:

Revenue from transactions with performance obligations are recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. Fees are collected from the members of the Authority and are recognized over the period of use. The Board has the ability to subsequently restrict the use of this revenue.

Revenue with a single performance obligation over time is recognized over the period as the performance obligation is satisfied.

Interest income is reported as revenue in the period earned.

(g) Contributed services:

Contribution of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Authority's operations and would otherwise have been purchased.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Authority determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Authority expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(I) Tangible capital assets:

Tangible capital assets are recorded at cost and are shown as reduction in unrestricted net assets when acquired unless provided for by debentures, capital grants or restricted net assets.

Amortization is recorded on capital assets and is calculated using the straight-line method using the following annual rates. In the year of acquisition one half of the annual amortization is charged:

Asset	Years
Buildings	25-50
Machinery and equipment	5-20
Land improvements	10-40

Annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

When conditions indicate that a tangible capital asset no longer contributes to the Authority's ability to provide goods and services, or the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the net book value of the tangible capital asset is written down to reflect the decline in the tangible capital assets' value.

(ii) Contributions of tangible capital assets:

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

(iii) Inventory for consumption:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization:

The Authority does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant areas requiring the use of management's estimates include the carrying amount of tangible capital assets, provision for the impairment on the valuation of investments, collection of accounts receivable, and asset retirement obligation.

(k) Asset retirement Obligations:

Asset retirement obligations (ARO) are legal obligations associated with the retirement of a tangible capital assets (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to;

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Future accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2026, the Authority will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(i) The Conceptual Framework for Financial Reporting in the Public Sector:

The Conceptual Framework for Financial Reporting in the Public Sector is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

The revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

(ii) PS 1202 - Financial Statement Presentation:

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. This is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted only if *The Conceptual Framework for Financial Reporting in the Public Sector* is also adopted at the same time.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Cash and cash equivalents:

Cash and cash equivalents consist of:

	2025		2024	
Petty cash	\$	792	\$	792
Investment cash account		527,851		914
General bank account		3,240,235		2,103,606
	\$	3,768,878	\$	2,105,312

4. Investments:

	2025		2024	
	Cost	Market Value	Cost	Market Value
Fixed income securities				
- General Account	\$ 109,000	\$ 112,619	\$ 602,400	\$ 599,054
Fixed income securities				
- Post-closure Account	1,309,873	1,311,672	1,228,997	1,247,347
	\$ 1,418,873	\$ 1,424,291	\$ 1,831,397	\$ 1,846,401

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Tangible capital assets:

	2025		
	Cost	Accumulated amortization	Net book value
Land	\$ 389,222	\$ -	\$ 389,222
Buildings	894,465	198,957	695,508
Equipment	4,584,372	2,076,101	2,508,271
Land improvements	12,743,210	4,120,794	8,622,416
Vehicles	617,155	217,127	400,028
Construction in progress	-	-	-
	\$ 19,228,424	\$ 6,612,979	\$ 12,615,445

	2024		
	Cost	Accumulated amortization	Net book value
Land	\$ 389,222	\$ -	\$ 389,222
Buildings	411,345	90,731	320,614
Equipment	4,563,271	1,736,699	2,826,572
Land improvements	9,830,983	3,356,289	6,474,694
Vehicles	552,922	172,855	380,067
Construction in progress	3,032,532	-	3,032,532
	\$ 18,780,275	\$ 5,356,574	\$ 13,423,701

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Loans payable:

	2025	2024
Loan to Cypress County	\$ 383,319	\$ 485,899
Loan to Town of Redcliff	383,319	485,899
	\$ 766,638	\$ 971,798

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 211,180	\$ 20,805	\$ 231,985
2027	217,376	14,609	231,985
2028	223,754	8,231	231,985
2029	114,328	1,665	115,993
	\$ 766,638	\$ 45,310	\$ 811,948

The debenture debt consists of loans from Cypress County and the Town of Redcliff that bear interest at a rate of 2.913% (2024 - 2.913%). These loans mature in 2029. Interest on long-term debt amounted to \$26,825 (2024 - \$32,673).

7. Asset retirement obligations:

	2025	2024
Asset retirement obligations, beginning of year	\$ 574,332	\$ 556,495
Accretion expense	16,081	17,837
	\$ 590,413	\$ 574,332

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on a quote from a third-party who completed a survey and supplemental sampling at the landfill.

Asset retirement obligations are expected to be settled over the next 8 to 18 years.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Accumulated surplus:

	Unrestricted surplus	Internally restricted surplus (ii)	Equity in tangible capital assets (i)	2025	2024
Beginning balance	-	4,003,309	11,877,571	15,880,880	15,239,014
Excess of revenues over expenses	879,162	-	-	879,162	641,866
Amortization of tangible capital assets	1,256,405	-	(1,256,405)	-	-
Accretion expense	16,081	-	(16,081)	-	-
Principle repayment on loans	(205,160)	-	205,160	-	-
Purchase of tangible capital assets	(448,149)	-	448,149	-	-
	-	-	-	-	-
Transfers	(1,498,339)	1,498,339	-	-	-
	\$ -	\$ 5,501,648	11,258,394	16,760,042	\$ 15,880,880

(i) Equity in tangible capital assets:

	2025	2024
Tangible capital assets (note 5)	19,228,424	18,780,275
Accumulated amortization (note 5)	(6,612,979)	(5,356,574)
ARO liability (note 7)	(590,413)	(574,332)
Loans payable (note 6)	(766,638)	(971,798)
	11,258,394	11,877,571

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Accumulated surplus (continued):

(ii) Landfill internally restricted surplus:

Restricted net assets comprise of funds set aside for future pit excavation, treatment of waste, and building and equipment replacements. When capital expenditures are incurred restricted net assets will be transferred to unrestricted net asset to offset the purchases.

9. Related party balances and transactions:

The Town of Redcliff and Cypress County are members of the Authority, and as such, have been identified as related parties. At December 31, 2025, the Authority has \$383,319 (2024 - \$485,899) due to Cypress County and \$383,319 (2024 - \$485,899) due to the Town of Redcliff. These amounts are interest bearing at 2.913% (2024 - 2.913%). The interest paid in the current year to Cypress County was \$13,413 (2024 - \$16,337) and to the Town of Redcliff was \$13,413 (2024 - \$16,337). For additional information see note 6.

During the year, the Authority received tonnage revenue from the Town of Redcliff totaling \$273,573 (2024 - \$275,113) and from Cypress County totaling \$288,327 (2024 - \$276,956). All transactions entered into by the related parties were in the normal course of operations and were recorded at the exchange value which is the amount of consideration established and agreed to by the related parties, representing normal rates charged on similar transactions to unrelated parties.

Included in receivables is \$17,063 (2024 - \$15,703) tonnage charge from the Town of Redcliff, and \$13,874 (2024 - \$14,092) tonnage charge from Cypress County.

Included in payables is \$136 (2024 - \$88) that is due to the Town of Redcliff.

10. Financial risks and concentration of risks:

The Authority is subject to credit risk through trade accounts receivable. At December 31, 2025, the Authority had trade accounts receivable of \$626,640 (2024 - \$443,216). At December 31, 2025 the Authority had one customer (2024 - one) representing approximately 52% (2024 - 26%) of total trade accounts receivable.

It is management's opinion that unless otherwise noted, the Authority is not exposed to any significant interest, currency, or market risk arising from its financial instruments.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2025

11. Contractual rights

Contractual rights are rights of the Authority to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. The Authority has entered into agreements to lease lands, properties to the third parties, those contracts or agreements can be terminated or renewed before or at the time of their expiration, the anticipated amounts will be received or receivable for each of the next three years are as follows:

	Surface Leases
2026	5,750
2027	5,750
Total	11,500

12. Budget:

The budget information presented in these financial statements is based upon the 2025 operating and capital budgets approved by the Board and Management on December 11, 2024.

13. Approval of financial statements:

The Board and Management approved these financial statements.