

HIGH RIVER AGRICULTURAL SOCIETY

FINANCIAL STATEMENTS

September 30, 2025

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September 30, 2025

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the board of directors of
High River Agricultural Society

We have reviewed the accompanying financial statements of High River Agricultural Society that comprise the statement of financial position as at September 30, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Basis for Qualified Conclusion

In common with many not-for-profit organizations, High River Agricultural Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of High River Agriculture Society and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows of operations.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of High River Agricultural Society as at September 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

High River, Alberta
November 28, 2025

TRANSCEND LLP

Chartered Professional Accountants

HIGH RIVER AGRICULTURAL SOCIETY

STATEMENT OF OPERATIONS

Year ended September 30, 2025

	2025	2024
REVENUES		
Event	\$ 712,646	\$ 637,503
Rental	274,081	178,420
Memberships	24,495	16,525
Raffle Income	24,325	15,835
Fundraising - General	14,657	11,810
Leasing Income	6,809	167,613
	1,057,013	1,027,706
EXPENDITURES, Schedule 1	1,233,977	1,073,669
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(176,964)	(45,963)
OTHER INCOME (EXPENSE)		
Government Grants	58,207	70,591
Interest	2	42
Net goods and service tax ineligible for rebate	(4,784)	(3,998)
	53,425	66,635
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (123,539)	\$ 20,672

The accompanying notes form an integral part of the financial statements

HIGH RIVER AGRICULTURAL SOCIETY

STATEMENT OF FINANCIAL POSITION

September 30, 2025

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash (Note 5)	\$ 111,265	\$ 185,888
Accounts receivable	64,297	25,292
Inventory	700	650
Prepaid expenses	24,198	22,047
Due from government agencies	4,884	-
	205,344	233,877
PROPERTY, PLANT AND EQUIPMENT (Note 4)	3,172,844	3,097,809
	\$ 3,378,188	\$ 3,331,686

ON BEHALF OF THE BOARD

_____ Member

_____ Member

The accompanying notes form an integral part of the financial statements

HIGH RIVER AGRICULTURAL SOCIETY

STATEMENT OF FINANCIAL POSITION, continued

September 30, 2025

	2025	2024
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,856	\$ 9,363
Due to government agencies	-	526
Current portion of long-term debt	66,660	39,537
	77,516	49,426
DEFERRED CONTRIBUTIONS (Note 6)	24,717	-
LONG-TERM DEBT (Note 7)	247,213	129,979
	349,446	179,405
NET EQUITY INVESTED IN CAPITAL ASSETS	2,858,969	2,931,467
NET RESTRICTED ASSETS	2,635	11,328
UNRESTRICTED NET ASSETS	167,138	209,486
	3,028,742	3,152,281
	\$ 3,378,188	\$ 3,331,686

The accompanying notes form an integral part of the financial statements

HIGH RIVER AGRICULTURAL SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

Year ended September 30, 2025

	NET EQUITY INVESTED IN CAPITAL ASSETS	NET RESTRICTED ASSETS	UNRESTRIC1 ED NET ASSETS	Total 2025	Total 2024
BALANCE, BEGINNING OF YEAR	\$ 2,931,467	\$ 11,328	\$ 209,486	\$ 3,152,281	\$ 3,131,609
Excess (deficiency) of revenues over expenditures	(188,128)	(8,693)	73,282	(123,539)	20,672
Capital asset additions	259,986	-	(259,986)	-	-
Payment of long-term debt	54,169	-	(54,169)	-	-
Advance of long-term debt	(198,525)	-	198,525	-	-
BALANCE, END OF YEAR	\$ 2,858,969	\$ 2,635	\$ 167,138	\$ 3,028,742	\$ 3,152,281

The accompanying notes form an integral part of the financial statements

HIGH RIVER AGRICULTURAL SOCIETY

STATEMENT OF CASH FLOWS

Year ended September 30, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (123,539)	\$ 20,672
Adjustment for Amortization	184,952	122,235
	61,413	142,907
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(39,005)	29,654
Decrease (increase) in inventory	(50)	160
Decrease (increase) in prepaid expenses	(2,151)	(1,231)
Decrease (increase) in due from government agencies	(5,410)	(37)
Increase (decrease) in accounts payable and accrued liabilities	1,492	(13,496)
Increase (decrease) in deferred revenue	24,717	-
	41,006	157,957
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(231,986)	(92,320)
Donated property, plant and equipment	(28,000)	-
	(259,986)	(92,320)
FINANCING ACTIVITIES		
Repayment of long-term debt	(54,168)	(228,399)
Proceeds of long-term debt	198,525	80,000
	144,357	(148,399)
INCREASE (DECREASE) IN CASH	(74,623)	(82,762)
CASH, BEGINNING OF YEAR	185,888	268,650
CASH, END OF YEAR	\$ 111,265	\$ 185,888

The accompanying notes form an integral part of the financial statements

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

1. BASIS OF PRESENTATION

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

2. PURPOSE OF THE SOCIETY

High River Agricultural Society (the "Society") is a not-for-profit organization and a registered charity, as well as registered with the Alberta Government as an agricultural society and operates under the Alberta Societies Act. As a registered charity, the Society is exempt from the payment of income tax under subsection 149 (1) of the Income Tax Act. The primary purpose of the Society is providing and maintaining agricultural facilities and hosting agricultural related activities in the High River area.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Society applies the Canadian accounting standards for not-for-profit organizations.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand less any bank overdraft amounts.

INVENTORY

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

PROPERTY, PLANT AND EQUIPMENT

Property and equipment is stated at cost, or deemed cost, less accumulated amortization and is amortized over its estimated useful life on a straight-line basis, excluding the year of disposal at the following rates:

Buildings	2.5%
Grandstand	2.5%
Equipment	10%
Fences and pens	10%
Furniture and fixtures	10%
Water distribution system	10%
Vehicles	30%
Computer equipment	55%

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

CONTRIBUTED CAPITAL ASSETS

The Society receives donated capital assets from time to time. These are recorded in the financial statements at their fair value on the date of contribution, when a fair value can be reasonably determined. When the fair value of a contributed capital asset cannot be reasonably determined, it is recognized at a nominal value.

LONG-LIVED ASSETS

Long-lived assets consists of equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Society performs impairment testing on long-lived assets for held for use whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of discounted future cash flows from their use and disposal. Impairment is measured as the amount by which the assets' carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment included in earnings for the year.

NET ASSETS

a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.

b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.

c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

LEASES

Leases which transfer substantially all of the benefits and risks of ownership are classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

REVENUE RECOGNITION

The Society 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 as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

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.

Externally restricted contributions for the purchase of property, plant and equipment that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant and equipment. Externally restricted contributions for the purchase of property, plant and equipment that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Membership revenue is recorded upon payment and recorded in the period it relates to.

Event and rental revenues are recorded when invoices are sent the customers.

GOVERNMENT ASSISTANCE

Government assistance is recorded when there is a reasonable assurance the the Society has complied with and will continue to comply with all the necessary conditions to obtain the assistance.

CONTRIBUTED SERVICES

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

INCOME TAXES

Under section 149(1)(f) of the Income Tax Act, the Society is exempt from income taxes on income earned in the normal course of business.

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS

- (i) The Society initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Society subsequently measures all its financial assets and financial liabilities at cost or 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 excess (deficiency) of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, accounts receivable and notes receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable, and long-term debt.

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 160,000	\$ -	\$ 160,000	\$ 160,000
Buildings	3,199,127	763,939	2,435,188	2,481,420
Grandstand	509,390	126,592	382,798	395,533
Equipment	230,839	216,725	14,114	26,780
Fences and pens	83,642	76,951	6,691	15,055
Furniture and fixtures	17,561	9,619	7,942	8,890
Water distribution system	28,887	26,576	2,311	5,200
Vehicles	230,922	67,122	163,800	4,402
Computer equipment	1,984	1,984	-	529
	\$ 4,462,352	\$ 1,289,508	\$ 3,172,844	\$ 3,097,809

During the year ended September 30, 2025, the Society recognized \$28,000 [2024 - \$nil] in contributed capital assets, which are included in Property, Plant and Equipment. These contributions consist of:

- A vehicle received from an individual donor for the use in Agricultural programs, events and activities, with an estimated fair value of \$18,000.
- Light plants (two) with an estimated fair value totaling \$10,000, from an individual donor to be used in Agricultural events and programs.

The contributed assets are amortized over their estimated useful lives, consistent with the Society's policy for purchased capital assets.

5. CASH AND BANK INDEBTEDNESS

	2025	2024
Bank	\$ 108,630	\$ 174,560
AGLC Casino Bank Account	2,635	11,328
	\$ 111,265	\$ 185,888

The Society has an overdraft borrowing facility on its chequing account with a limit of \$150,000 (2024 - \$150,000). Interest is charged at prime rate plus 1.5% for an effective interest rate 6.70% as of September 30, 2025 (2024 - 8.45%). Security for this borrowing facility and the mortgages referred to in Note 8 are provided by a General Security Agreement providing first charge and a security interest in the Society's assets, a Certificate of Non-Restriction, mortgages in the amounts of \$1,100,000 and \$150,000 on the Society's land and buildings having a net book value of \$2,595,188 (2024 - \$2,632,951) and insurance policies with the bank named as co-insured.

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent contributed capital assets and restricted contributions related to property, plant and equipment. The amounts are amortized to revenue over the estimated useful life of the asset the contribution relates to.

	<u>2025</u>	<u>2024</u>
Deferred contributions	<u>\$ 24,717</u>	<u>\$ -</u>

7. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
John Deere vehicle loan payable in monthly installments of \$2,691 including interest at 3.75%. The loan matures in February 2032.	<u>\$ 183,895</u>	<u>\$ -</u>
Mortgage payable in monthly installments of \$2,085 including interest at 6.40%. The loan matures in January 2027.	<u>74,978</u>	<u>94,516</u>
Loan from Foothills MD payable in monthly installments of \$1,667 with no interest due on the loan. The loan matures in July 2028.	<u>55,000</u>	<u>75,000</u>
	<u>313,873</u>	<u>169,516</u>
Less current portion	<u>66,660</u>	<u>39,537</u>
Due beyond one year	<u>\$ 247,213</u>	<u>\$ 129,979</u>

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

7. LONG-TERM DEBT, continued

Principal repayment terms are approximately:

2026	\$	66,660
2027		100,973
2028		42,843
2029		28,906
2030		30,009
2031		44,482
	\$	<u>313,873</u>

Financial covenant requirements for the mortgage and overdraft facility detailed in Note 4 as follows:

- ♦ Debt service coverage ratio maintained at a minimum of 1:1 and is calculated as cash flow divided by debt service
- ♦ Debt to equity ratio not to exceed a ratio of 3:1

As at September 30, 2025, the Society is in compliance with these covenants.

8. GOVERNMENT ASSISTANCE

	2025	2024
Grants	\$ 58,207	\$ 70,591

The Agricultural Society Grant is provided in accordance with the Agriculture and Rural Development Grant Regulation which encourages improvement in agricultural and enhanced quality of life in the community by creating educational programs, events or services based on the communities needs.

HIGH RIVER AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) LIQUIDITY RISK

The Society does have a liquidity risk in the accounts payable and accrued liabilities of \$10,856 (2024 - \$9,363). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Society is low and is not material.

(b) CREDIT RISK

The Society does have credit risk in accounts receivable of \$64,297 (2024 - \$25,292). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Society maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Society is low and is not material.

(c) INTEREST RATE RISK

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate.

(d) FAIR VALUE

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Society is a going concern and thus expects to fully repay the outstanding amounts.

HIGH RIVER AGRICULTURAL SOCIETY**SCHEDULE OF EXPENDITURES****Year ended September 30, 2025**

	2025	2024
Amortization	\$ 184,952	\$ 122,235
Bad debts	640	4,885
Employee benefits	4,808	7,464
Donations	2,995	200
Event costs	508,605	451,645
Rental costs	7,727	6,150
Fuel and lubrication	8,748	6,955
Equipment rental	3,176	1,940
Insurance	27,598	28,305
Interest and bank charges	13,985	5,910
Interest on long-term debt	9,687	15,176
Meals and entertainment	1,149	3,290
Memberships	1,047	-
Office	13,288	11,144
Professional fees	28,885	21,336
Property taxes	-	(3,174)
Repairs and maintenance	70,732	76,465
Supplies	13,630	13,073
Telephone	2,048	1,653
Utilities	102,416	89,716
Wages and benefits	227,861	209,301
	\$ 1,233,977	\$ 1,073,669