

**TOWN OF BOW ISLAND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

## **Management's Responsibility**

To the Members of Council:

Management of the Town of Bow Island (the "Town") is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within these financial statements. Management believes that the financial statements present fairly the Town'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 compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure 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 maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Town Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Council with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by MNP LLP, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.

**April 27, 2026**



**Chief Administrative Officer**

## **Independent Auditor's Report**

To the Members of Council:

### **Qualified Opinion**

We have audited the financial statements of Town of Bow Island (the "Town"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net financial debt, remeasurement gains and losses, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters 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 Town as at December 31, 2025, and the results of its operations, changes in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

As described in notes of the financial statements, information was not available to determine the future costs associated with potential asset retirement obligations. It is currently not known what adjustments might be necessary to tangible capital assets, asset retirement obligations, accretion expense, excess of revenue and expenses, accumulated surplus and cash flows from operations as at December 31, 2025.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Town 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 qualified 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*MNP LLP*

**Medicine Hat, Alberta**

**April 27, 2026**

**Chartered Professional Accountants**

**Town of Bow Island**  
**Statement of Financial Position**

As at December 31, 2025

	2025	2024
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	3,349,580	3,424,444
Receivables		
Taxes and grants in place of taxes (Note 3)	19,656	165,122
Trade and other accounts receivable (Note 3)	825,844	1,042,335
Land held for resale	1,723,409	1,240,272
Investments (Note 4)	10	10
	5,918,499	5,872,183
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	420,115	530,410
Liability for funds held in trust (Note 2)	308,065	258,459
Deposit liabilities	269,757	223,951
Deferred revenue (Note 5)	261,608	318,324
Employee benefit obligations (Note 6)	166,903	141,700
Long-term debt (Note 7)	2,597,892	2,602,640
Asset retirement obligation (Note 8)	3,219,788	3,150,786
	7,244,128	7,226,270
<b>NET FINANCIAL DEBT</b>	(1,325,629)	(1,354,087)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule II)	23,682,160	22,432,838
Inventory for consumption	220,815	288,284
Prepaid expenses	79	436
	23,903,054	22,721,558
<b>ACCUMULATED SURPLUS</b>	22,577,425	21,367,471
ACCUMULATED SURPLUS IS COMPRISED OF:		
ACCUMULATED OPERATING SURPLUS (Schedule I, Note 11)	22,577,425	21,367,471
ACCUMULATED REMEASUREMENT GAINS (LOSSES)	-	-

Approved on behalf of Council

  
Mayor

  
Councillor

The accompanying notes are an integral part of these financial statements

**Town of Bow Island**  
**Statement of Operations**

For the year ended December 31, 2025

	Budget (unaudited)	2025	2024
<b>REVENUE</b>			
Net municipal taxes (Schedule III)	2,266,443	<b>2,270,715</b>	2,208,486
User fees and sales of goods	1,364,300	<b>1,441,842</b>	1,379,987
Land sales	665,000	<b>632,469</b>	525,515
Government transfers for operating (Schedule IV)	499,186	<b>591,038</b>	524,728
Franchise and concession contracts	398,000	<b>398,283</b>	369,382
Rental	204,150	<b>230,158</b>	215,361
Licenses and permits	26,150	<b>46,409</b>	81,056
Other	183,550	<b>183,277</b>	40,814
Investment income	80,000	<b>108,264</b>	163,105
Penalties and costs of taxes	19,800	<b>20,935</b>	22,242
Gain on disposal of tangible capital assets	377,000	<b>250,841</b>	22,327
	6,083,579	<b>6,174,231</b>	5,553,003
<b>EXPENSES</b>			
Legislative	95,450	<b>88,610</b>	87,658
Administrative	1,196,913	<b>1,261,693</b>	935,235
Police, fire, disaster, ambulance and bylaw enforcement	252,460	<b>254,995</b>	334,780
Roads, streets, walks, lighting	1,633,281	<b>1,503,349</b>	1,533,651
Water supply and distribution	1,036,121	<b>1,233,277</b>	1,116,378
Wastewater treatment and disposal	395,495	<b>500,382</b>	509,278
Waste management	238,790	<b>249,366</b>	406,391
Other environmental use and protection	31,200	<b>25,444</b>	71,762
Family and community support services	46,457	<b>14,198</b>	14,198
Planning and development	104,526	<b>242,996</b>	231,594
Recreation and culture	726,026	<b>798,630</b>	748,064
Other	80,908	<b>67,492</b>	67,019
	5,837,627	<b>6,240,432</b>	6,056,008
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	245,952	<b>(66,201)</b>	(503,005)
<b>OTHER</b>			
Government transfers for capital (Schedule IV)	1,236,186	<b>1,165,361</b>	2,661,310
Contributions from other organizations	90,000	<b>110,794</b>	317,189
	1,326,186	<b>1,276,155</b>	2,978,499
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,572,138	<b>1,209,954</b>	2,475,494
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	21,367,471	<b>21,367,471</b>	18,891,977
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	22,939,609	<b>22,577,425</b>	21,367,471

The accompanying notes are an integral part of these financial statements