SFPP CORPORATION

Financial Statements

Year ended December 31, 2025

Independent Auditor's Report

Auditor General OF ALBERTA

To the SFPP Corporation Board of Directors

Report on the Financial Statements

Opinion

I have audited the financial statements of SFPP Corporation, which comprise the statement of financial position as at year ended December 31, 2025, and the statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of SFPP Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing SFPP 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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SFPP Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 SFPP 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 SFPP Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause SFPP 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.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

April 20, 2026.
Edmonton, Alberta

SFPP CORPORATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

(in thousands)	**2025**	**2024**
Financial assets		
Cash	$ 74	$ 44
Due from Special Forces Pension Plan (Note 6)	175	147
	249	191
Liabilities		
Due to Alberta Pensions Services Corporation (Note 7)	16	10
Accounts payable and accrued liabilities	273	223
	289	233
Net debt	(40)	(42)
Non-financial assets		
Tangible capital assets (Note 8)	136	189
Prepaid expenses	40	42
	176	231
Net assets before spent deferred capital contributions	136	189
Spent deferred capital contributions (Note 8)	136	189
Net assets	$ -	$ -

Contractual obligations (Note 9)

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

Jason Elliott
Chair, Corporate Board

Approved by Management:

LIZ DOUGHTY
Chief Executive Officer

SFPP CORPORATION
STATEMENT OF OPERATIONS
Year ended December 31, 2025

(in thousands)	2025 Budget	2025 Actual	2024 Actual
Revenue			
Interest Income	$	$ 6	$ 12
Total revenue		6	12
Expenses			
Salaries and benefits	$ 1,985	$ 1,987	$ 1,835
Contract services	2,022	1,747	953
General and administrative	547	505	494
Amortization (Note 8)	70	60	51
Corporate board	103	73	70
Sponsor board	69	25	20
Total expenses	4,796	4,397	3,423
Total net operating costs	4,796	4,391	3,411
Recovery of costs from the SFPP (Note 6)	4,796	4,391	3,411
Annual surplus (deficit)	-	-	-
Net assets at beginning of year	-	-	-
Net assets at end of year	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

SFPP CORPORATION
STATEMENT OF CHANGE IN NET DEBT
Year ended December 31, 2025

(in thousands)	2025		2024
	Budget	**Actual**	**Actual**
Annual surplus (deficit)	$	$ -	$ -
Acquisition of capital assets (Note 8)	-	(7)	(15)
Amortization of tangible capital assets (Note 8)	70	60	51
Disposal of tangible capital assets (Note 8)		(9)	(41)
Change in spent deferred capital contributions	(70)	(44)	5
Change in prepaid expenses	-	2	(1)
Decrease (Increase) in net debt	-	2	(1)
Net debt at beginning of year	-	(42)	(41)
Net debt at end of year	$ -	$ (40)	$ (42)

The accompanying notes are an integral part of these financial statements.

SFPP CORPORATION
STATEMENT OF CASH FLOWS
Year ended December 31, 2025

(in thousands)	**2025**	**2024**
Operating transactions		
Annual surplus (deficit)	$ -	$ -
Non-cash items included in annual surplus (deficit)		
Amortization of tangible capital assets (Note 8)	60	51
Disposal of tangible capital assets (Note 8)	(9)	(9)
Disposal of spent deferred capital contributions (Note 8)	9	9
Amortization of spent deferred capital contributions	(60)	(51)
	-	-
Decrease (Increase) in prepaid expenses	2	(1)
Increase in due from Special Forces Pension Plan (Note 6)	(28)	(147)
Decrease in due to Special Forces Pension Plan (Note 6)	-	(216)
Increase (Decrease) in due to Alberta Pensions Services Corporation (Note 7)	6	(5)
Increase in accounts payable and accrued liabilities	50	111
Cash provided by (applied to) operating transactions	30	(258)
Capital transactions		
Acquisition of tangible capital assets (Note 8)	(7)	(15)
Cash applied to capital transactions	(7)	(15)
Financing transactions		
Increase in spent deferred capital contributions (Note 8)	7	15
Cash provided by financing transactions	7	15
Increase (Decrease) in cash	30	(258)
Cash at beginning of year	44	302
Cash at end of year	$ 74	$ 44

The accompanying notes are an integral part of these financial statements.

1. Authority

SFPP Corporation (Corporation) is a “Provincial Corporation” established on December 11, 2018 by the *Joint Governance of Public Sector Pension Plans Act* (Alberta) (Joint Governance Act) and commenced operations on March 1, 2019. The Corporation operates under the authority of the *Financial Administration Act* (Alberta), *Alberta Public Agencies Governance Act*, and the *Reform of Agencies, Boards and Commissions Compensation Act*.

2. Nature of operations

The Corporation is the trustee and administrator of the Special Forces Pension Plan (SFPP). SFPP is registered under the *Employment Pension Plans Act* (Alberta) (EPPA). The functions of the Corporation include supporting the SFPP Sponsor Board in performing its statutory functions under the Joint Governance Act.

The Corporation and the SFPP Sponsor Board were established prior to the Corporation becoming the trustee of the SFPP on March 1, 2019.

3. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards.

Recovery of costs

All recoveries of costs are reported on the accrual basis of accounting. Accruals for recovery of costs are recognized as the related expenses are incurred.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.
The Corporation’s financial assets and liabilities are generally measured as follows:

Financial statement component	Measurement
Cash	Cost
Due to/from pension plan	Lower of cost or net recoverable value
Accounts payable, accrued liabilities, and accrued salaries and benefits	Cost

3. Summary of significant accounting policies *(cont'd)*

Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation's financial claims on external organizations and individuals.

Cash

Cash comprises cash on hand and demand deposits.

Due to/from pension plan

Amounts due to/from pension plan are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of the Corporation to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Non-financial assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible capital assets

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

3. Summary of significant accounting policies *(cont'd)*

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Computer hardware and software	3 years
Furniture and equipment	5 years
Leasehold improvements	Lease term

Tangible capital assets are written down 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 are accounted for as expenses in the Statement of Operations. The threshold for capitalizing tangible capital assets is $2,000. The threshold for capitalizing software or new systems development is $25,000.

Prepaid expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

Net debt

Net debt reflects the difference between the Corporation's financial assets and liabilities. The net debt will be recovered from the SFPP Plan as authorized by the Joint Governance Act, in a future period when the Corporation realizes benefits associated with the non-financial assets.

Financial instruments

Financial instruments of the Corporation consist of cash, due from/to pension plan, due from/to Alberta Pensions Services Corporation, accounts payable and accrued liabilities and accrued salaries and benefits. Due to their short-term nature, the carrying value of these instruments approximates their fair value.

As the Corporation does not have any transactions involving financial instruments that are classified in the fair value category, there are no remeasurement gains and losses and therefore, a statement of remeasurement gains and losses has not been presented.

4. Future changes in accounting standards

SFPP Corporation will adopt the following new conceptual framework and accounting standards approved by the Public Sector Accounting Board.

- **The Conceptual Framework for Financial Reporting in the Public Sector (effective April 1, 2026)**
  The Conceptual Framework is the foundation for public sector financial reporting standard setting. 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.

4. Future changes in accounting standards (*cont'd*)

- **PS 1202 Financial Statement Presentation (effective April 1, 2026)**
  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.

- **PS 3251 Employee Benefits (effective April 1, 2029)**
  This standard will replace and consolidate two old standards, PS 3250 – Retirement benefits and PS 3255 – Post-employment benefits, Compensated Absences and Termination Benefits. The application of the standard will improve the understandability of the financial reporting of employee benefits and provide better information for accountability purposes.

Management is currently assessing the impact of the conceptual framework and these standards on the financial statements.

5. Budget

The Corporation's 2025 budget was approved by the Corporation's Board of Directors.

6. Recovery of costs *(in thousands)*

The Corporation charges the SFPP for its operating costs, as authorized by the Joint Governance Act.

At December 31, 2025, there was $175 receivable from SFPP (2024 – $147 receivable from SFPP). The receivable at year end is directly related to the timing of the disbursement of funds and capital contributions.

7. Due to Alberta Pensions Services Corporation *(in thousands)*

In addition to plan administration services, Alberta Pensions Services Corporation also provides a limited number of corporate services to the Corporation. The balance of these services at the end of December 31, 2025 was $16 (2024 - $10). The payable at year end is directly related to the timing of the disbursement of funds.

8. Tangible capital assets *(in thousands)*

	Computer hardware & software	Furniture & equipment	Leasehold improvements	**2025** Total	**2024** Total
Estimated useful life	3 years	5 years	Lease term		
Historical Cost					
Beginning of year	$ 83	$ 81	$ 131	$ 295	$ 321
Additions	7	-	-	7	15
Disposals, including write-downs	9	-	-	9	41
	81	81	131	293	295
Accumulated Amortization					
Beginning of year	42	38	26	106	96
Amortization expense	27	14	19	60	51
Effect of disposals	9	-	-	9	41
	60	52	45	157	106
Net Book Value at December 31, 2025	$ 21	$ 29	$ 86	$ 136	
Net Book Value at December 31, 2024	$ 41	$ 43	$ 105		$ 189

Financing for additions was obtained from the SFPP and is recognized as spent deferred capital contributions. The recovery of costs is recognized on the same basis as the tangible capital assets are amortized.

9. Contractual obligations *(in thousands)*

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

In 2023 the Corporation signed a lease amendment effective for the final 7 years of the lease. The minimum annual commitments are as follows:

	Operating
2026	$ 230
2027	236
2028	243
2029	249
2030	63
Thereafter	-
	$ 1,021

The minimum annual commitment includes basic rent and an estimate for operating cost recoveries. Operating cost recoveries will be adjusted for actual costs during the year.
As part of the lease amendment, the Corporation received a revised rent reduction of $75 over the remaining term of the lease.

10. Trust funds under administration *(in thousands)*

Effective March 1, 2019, the Corporation administers trust funds in the SFPP on behalf of the beneficiaries in accordance with the EPPA.

These amounts are held on behalf of others with no power of appropriation and therefore are not reported in these financial statements. At December 31, 2025, trust funds under administration by the Corporation were $5,123,676 (2024 - $4,758,012).

11. Salaries and benefits disclosure *(in thousands)*

The table below provides complete disclosure of salary, vacation and personal leave payout, employer portion of pension contributions and all other compensation paid during the year ended December 31, 2025 to the Chief Executive Officer and Executives.

POSITION	BASE SALARY[1]	OTHER CASH BENEFITS[2]	OTHER NON-CASH BENEFITS[3]	2025 TOTAL	2024 TOTAL
($ thousands)					
Chief Executive Officer	229	49	7	285	272
Chief Finance and Risk Officer[6]	224	9	43	276	151
Chief Pension Officer	211	16	39	266	243
Corporate Affairs and General Counsel[4]	147	12	27	186	-
Chief Strategic Relations Officer[5]	154	12	25	191	-
Chief Strategy Officer[5]	-	-	-	-	243
Executive Director Finance and Risk[6]	-	-	-	-	105
Chief Investment Officer[7]	-	-	-	-	174

(1) Base salary includes regular salary.
(2) Other cash benefits include vacation, payout of personal leave, vehicle allowance and cash in lieu of retirement benefits.
(3) Other non-cash benefits include Corporation's share of contributions to the pension plans based on each individual's pensionable salary, also included are payments made on the employee's behalf including health care and dental coverage, group life insurance, long-term disability insurance, and professional memberships and education resulting in certification.
(4) Corporate Affairs and General Counsel is a new position effective January 1, 2025, and was filled on May 6, 2025.
(5) The Chief Strategy Officer retired effective December 31, 2024. A new position, Chief Strategic Relations Officer, was created effective January 1, 2025, and was filled on February 10, 2025. The incumbent left on December 15, 2025 and was paid a severance of $8,500.
(6) Executive Director of Finance and Risk was reclassified to Chief Finance and Risk Officer on June 6, 2024.
(7) The Chief Investment Officer left SFPP Corporation on July 31, 2024 and the position has remained vacant.

11. Salaries and benefits disclosure (in thousands) *cont'd*

Board remuneration *(in thousands)*

The Board Chair position received remuneration of $13 (2024 - $15). The other board members received a combined total remuneration of $15 (2024 - $17). The remuneration is paid in accordance with the rates approved by the Sponsor Board and is subject to applicable withholdings

12. Defined benefit plans *(in thousands)*

The Corporation participates in two multi-employer defined benefit public sector pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Corporation also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers (SRP) and an additional Reserve Fund. The expense for these pension plans is equivalent to the contributions of $169 (2024 - $132) for the year ended December 31, 2025. This amount is included in salaries and benefits.

An actuarial valuation is performed to assess the financial position of the plan and adequacy of the plan funding. At December 31, 2024, PSPP reported a surplus of $6,473,956 (2023 - surplus of $4,542,500), MEPP reported a surplus of $1,865,997 (2023 - surplus of $1,316,313) and SRP had a deficiency of $25,325 (2023 - deficiency of $21,343).

13. Financial instruments

Liquidity risk is the risk of not being able to meet the Corporation's cash requirements in a timely and cost-effective manner. The Corporation's only source of liquidity is amounts charged to the SFPP (Note 6).

It is management's opinion that the Corporation is not exposed to any risk arising from this financial instrument.

14. Related party transactions *(in thousands)*

Related parties include the Government of Alberta, the Plan and key management personnel, close family members of those individuals, and entities that those individuals or their close family members may have significant control over.

All related party transactions are in the normal course of operations and consist of the recovery of the Corporations operating expenses and tangible assets as disclosed in the financial statements.

Related party transactions also include the purchase of risk management insurance from the Government of Alberta of which $10 (2024 - $9) is included in Prepaid expenses and $38 (2024 - $37) in General and administrative expenses. The Corporation is also required to file an annual information return for the Plan with the Government of Alberta, of which $21 (2024 - $18) is included in general and administration services.

15. Legislative non-compliance

The Chief Executive Officer (CEO)'s compensation erroneously exceeded the maximum salary established under the Public Sector Employers Act (PSEA). In 2025, the salary exceedance is $2,096. Note 11 provides disclosure of salaries and benefits, detailing the compensation of the CEO. The CEO's compensation is non-compliant with the maximum salary requirement set forth in the PSEA.

16. Comparative Figures

Certain 2024 figures have been reclassified, where necessary, to conform to the 2025 presentation.

17. Approval of financial statements

The Corporation's Board of Directors approved the financial statements on April 20, 2026.