FINANCIAL STATEMENTS OF

KAWARTHA NORDIC SKI CLUB INCORPORATED

June 30, 2025

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Kawartha Nordic Ski Club Incorporated

We have reviewed the accompanying financial statements of Kawartha Nordic Ski Club Incorporated that comprise the statement of financial position as at June 30, 2025, and the statements of changes in fund balances, operations 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 Canadian accounting standards for not-for-profit organizations, 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.

Conclusion
Based on our review, 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 Kawartha Nordic Ski Club Incorporated as at June 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.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 in the financial statements which describes that Kawartha Nordic Ski Club Incorporated adopted Canadian accounting standards for not-for-profit organizations on July 1, 2024 with a transition date of July 1, 2023. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at June 30, 2024 and July 1, 2023, and the statements of changes in fund balances, operations and cash flows for the year ended June 30, 2024 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unreviewed.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 17, 2025

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KAWARTHA NORDIC SKI CLUB INCORPORATED
STATEMENT OF FINANCIAL POSITION
As at June 30, 2025

	June 30, 2025 $	June 30, 2024 $	July 1, 2023 $
ASSETS			
Current assets			
Cash	81,210	151,568	141,752
Accounts receivable (note 4)	9,701	2,161	2,903
Guaranteed investment certificates	230,342	105,342	101,149
Inventory (note 5)	2,285	-	-
	323,538	259,071	245,804
Other assets			
Tangible capital assets (note 6)	343,167	350,196	379,445
	666,705	609,267	625,249
LIABILITIES AND FUND BALANCES			
Current liabilities			
Accounts payable and accrued liabilities	8,362	3,896	5,699
Current portion of long-term debt (note 7)	2,084	2,062	2,043
	10,446	5,958	7,742
Long-term liabilities			
Long-term debt (note 7)	38,812	40,896	42,958
	49,258	46,854	50,700
Fund balances			
Unrestricted operating fund	280,562	242,267	240,105
Invested in capital assets fund	302,271	307,238	334,444
Capital investment fund	31,984	9,033	-
Friends of the Bennett Cabin fund	2,630	3,875	-
	617,447	562,413	574,549
	666,705	609,267	625,249

The accompanying notes are an integral part of these financial statements

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KAWARTHA NORDIC SKI CLUB INCORPORATED
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended June 30, 2025

	Unrestricted operating fund $	Invested in capital assets $	Capital investment fund $	Friends of the Bennett Cabin fund $	Total June 30, 2025 $	Total June 30, 2024 $
Balance - beginning of year	242,267	307,238	9,033	3,875	562,413	574,549
Excess (deficiency) of revenues over expenses for the year (note 8)	54,479	(21,151)	22,951	(1,245)	55,034	(12,136)
Capital asset purchases	(14,122)	14,122	-	-	-	-
Reduction of long-term debt	(2,062)	2,062	-	-	-	-
Balance - end of year	280,562	302,271	31,984	2,630	617,447	562,413

The accompanying notes are an integral part of these financial statements

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KAWARTHA NORDIC SKI CLUB INCORPORATED

STATEMENT OF OPERATIONS

For the year ended June 30, 2025

	June 30, 2025 $	June 30, 2024 $
Revenues		
Memberships	108,126	127,427
Daily use fees	96,072	39,302
Ski rental	43,637	22,777
Capital investment fund fee	17,951	9,033
Instruction	8,049	1,765
Interest and other	5,394	4,728
Donations - Capital improvement fund	5,000	-
Donations - operating	3,602	6,646
Race fees	3,589	21,094
Fundraising	1,835	96
Facility rental	1,250	750
Credit card fee	-	2,650
	294,505	236,268
Expenses		
Administration	66,623	67,093
Trails and equipment maintenance	50,281	44,771
Athletic development and programs	39,076	32,879
Amortization	21,151	52,549
Equipment rental	18,090	15,000
Cabin maintenance and hydro	15,687	14,642
Insurance	10,586	10,549
Professional fees	7,000	2,457
Advertising and promotion	5,884	3,045
Property taxes	3,411	3,145
Friends of Bennett Cabin	1,245	-
Interest on long term debt	437	452
Miscellaneous	-	1,822
	239,471	248,404
Excess (deficiency) of revenues over expenses for the year (note 8)	55,034	(12,136)

The accompanying notes are an integral part of these financial statements

KAWARTHA NORDIC SKI CLUB INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

	June 30, 2025 $	June 30, 2024 $
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	55,034	(12,136)
Item not affecting cash		
Amortization of tangible capital assets	21,151	52,549
	76,185	40,413
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(7,540)	742
Increase in inventory	(2,285)	-
Increase (decrease) in accounts payable and accrued liabilities	4,466	(1,803)
	70,826	39,352
Investing activities		
Purchase of guranteed investment certificates	(125,000)	(4,193)
Purchase of tangible capital assets	(14,122)	(23,300)
	(139,122)	(27,493)
Financing activity		
Repayment of long-term debt	(2,062)	(2,043)
Increase (decrease) in cash	(70,358)	9,816
Cash - beginning of year	151,568	141,752
Cash - end of year	81,210	151,568

The accompanying notes are an integral part of these financial statements

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1. NATURE OF OPERATIONS

Kawartha Nordic Ski Club Incorporated was incorporated on July 6, 1976 without share capital under the provisions of the Ontario Not-for-Profit Corporations Act. The organization was formed to establish, maintain and conduct a cross country ski club.

2. FIRST-TIME ADOPTION OF ACCOUNTING STANDARDS FOR NON-PROFIT ORGANIZATIONS

The organization has elected to apply the standards in Part III of the CPA Canada Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended June 30, 2025 were prepared in accordance with the accounting principles and provisions set out in First-Time Adoption, Section 1500, for first-time adopters of this basis of accounting.

There was no impact to fund balances as a result of adopting Canadian accounting standards for not-for-profit organizations.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

The organization uses the restricted fund method of accounting. Restricted contributions, which includes restricted donations, are recognized as revenue of the appropriate fund when received or receivable. Unrestricted contributions, including donations and fundraising, are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Memberships are recognized in the year to which the membership relates.

Daily use fees, race fees and instruction are recognized when service has been performed.

Ski rental and facility rental are daily use rentals and are recognized at the time the daily service is provided.

Capital investment fund fee represents a designated fee collected from memberships and daily use fees and is recognized concurrently with the recognition of the related fee.

Investment income is recognized as earned.

3. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(b) Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the organization, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are classified as follows:

(i) Operating fund - includes results of day-to-day operating transactions;
(ii) Investment in capital assets fund - includes the organization's assets, liabilities, revenue and expenses related to tangible capital assets;
(iii) Capital investment fund - internally restricted fund held for future capital investments; and
(iv) Friends of the Bennett Cabin fund - externally restricted fund that includes contributions to be used towards maintaining the Bennett Cabin and the related expenses.

(c) Inventory

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

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	5 - 10 years
Office trailers	10 years
Equipment	3 - 10 years
Trail improvements	15 years
Well and septic systems	10 years

(e) Use of estimates

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 assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include the useful lives of capital assets and accrued liabilities. Actual results could differ from those estimates.

3. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) *Contributed services*

Volunteers contribute a significant amount of hours to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(g) *Income taxes*

The organization qualifies as a not-for-profit organization as defined by the Income Tax Act, Canada under s149 and, as such, is exempt from income taxes.

(h) *Financial instruments*

(i) *Measurement of financial instruments*

The organization 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 organization 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 expenses in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable and guranteed investment certificates.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities and long-term debt.

(ii) *Impairment*

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses.

3. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(h) Financial instruments, continued

(iii) *Transaction costs*

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

4. **ACCOUNTS RECEIVABLE**

	June 30, 2025 $	June 30, 2024 $	July 1, 2023 $
Accounts receivable	7,935	1,531	2,052
Government remittances	1,766	630	851
	9,701	2,161	2,903

5. **INVENTORY**

During the year, inventory in the amount of $1,774 (2024 - $nil) was expensed in advertising and promotion.

6. **TANGIBLE CAPITAL ASSETS**

	Cost $	Accumulated amortization $	June 30, 2025 Net book value $	June 30, 2024 Net book value $	July 1, 2023 Net book value $
Land	202,733	-	202,733	202,733	202,733
Building	474,720	387,789	86,931	96,767	92,191
Office trailers	40,000	10,000	30,000	34,000	38,000
Equipment	273,619	254,650	18,969	10,783	32,073
Trail improvements	9,198	4,664	4,534	4,294	5,490
Well and septic systems	56,452	56,452	-	1,619	8,958
	1,056,722	713,555	343,167	350,196	379,445

7. LONG-TERM DEBT

	June 30, 2025 $	June 30, 2024 $	July 1, 2023 $
1% loan, repayable in blended annual payments of $2,495, unsecured, due November 2042.	40,896	42,958	45,001
Less principal payments due within one year	2,084	2,062	2,043
Due beyond one year	38,812	40,896	42,958

Estimated principal repayments are as follows:

	$
2026	2,084
2027	2,105
2028	2,126
2029	2,147
2030	2,169
Subsequent years	30,265
	40,896

8. ALLOCATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

	Revenues	Expenses	Excess (deficiency) of revenues over expenses 2025	Excess (deficiency) of revenues over expenses 2024
Unrestricted operating fund	271,554	217,075	54,479	27,505
Invested in capital assets	-	21,151	(21,151)	(52,549)
Capital investment fund	22,951	-	22,951	9,033
Friends of the Bennett Cabin fund	-	1,245	(1,245)	3,875
	294,505	239,471	55,034	(12,136)

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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) Credit risk

The organization does have credit risk in accounts receivable of $9,701 (2024 - $2,161). 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 organization 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 organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

(b) Interest rate risk

The organization is exposed to interest price rate risk on the fixed rate guaranteed investment certificates and long-term debt. Interest rate price risk is the risk that the value of the financial instruments will fluctuate do to changes in market interest rates. Management mitigates interst rate price risk on guaranteed investment certificates by staggering the maturity dates. The organization does not use derivatives. In the opinion of management the interest rate price risk exposure to the organization is low and is not material.

It is management's opinion that the organization is not exposed to other significant risks arising from it's financial instruments.

10. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year deficiency of revenues.