FINANCIAL STATEMENTS OF

KAWARTHA NORDIC SKI CLUB INCORPORATED

June 30, 2026

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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, 2026, 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, 2026, 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 21, 2026

KAWARTHA NORDIC SKI CLUB INCORPORATED
STATEMENT OF FINANCIAL POSITION
As at June 30, 2026

	2026 $	2025 $
ASSETS		
Current assets		
Cash	118,588	81,210
Guaranteed investment certificates	216,004	230,342
Accounts receivable (note 3)	18,838	9,701
Inventory (note 4)	5,695	2,285
	359,125	323,538
Other assets		
Tangible capital assets (note 5)	369,562	343,167
	728,687	666,705
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	10,366	8,362
Current portion of long-term debt (note 6)	2,105	2,084
	12,471	10,446
Long-term liabilities		
Long-term debt (note 6)	36,707	38,812
	49,178	49,258
Fund balances		
Unrestricted operating fund	292,256	280,562
Invested in capital assets fund	330,750	302,271
Capital investment fund	54,095	31,984
Friends of the Bennett Cabin fund	2,408	2,630
	679,509	617,447
	728,687	666,705

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, 2026

	Unrestricted operating fund	Invested in capital assets	Capital investment fund	Friends of the Bennett Cabin fund	Total 2026	Total 2025
	$	$	$	$	$	$
Balance - beginning of year	280,562	302,271	31,984	2,630	617,447	562,413
Excess (deficiency) of revenues over expenses for the year	69,786	(29,613)	22,111	(222)	62,062	55,034
Capital asset purchases	(56,008)	56,008	-	-	-	-
Reduction of long-term debt	(2,084)	2,084	-	-	-	-
Balance - end of year	292,256	330,750	54,095	2,408	679,509	617,447

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, 2026

	2026 $	2025 $
Revenues		
Memberships	133,355	108,126
Daily use fees	99,167	96,072
Ski rental	46,714	43,637
Capital investment fund fee	22,111	17,951
Instruction	17,641	8,049
Race fees	9,702	3,589
Grants	9,180	-
Donations - operating	8,304	3,602
Fundraising	5,939	1,835
Interest and other	5,311	5,394
Facility rental	1,250	1,250
Donations - Capital improvement fund	-	5,000
	358,674	294,505
Expenses		
Trails and equipment maintenance	90,878	50,281
Administration	70,533	66,623
Athletic development and programs	35,802	39,076
Amortization	29,613	21,151
Cabin maintenance and hydro	21,930	15,687
Equipment rental	19,213	18,090
Insurance	11,206	10,586
Professional fees	8,500	7,000
Advertising and promotion	4,378	5,884
Property taxes	3,926	3,411
Interest on long term debt	411	437
Friends of Bennett Cabin	222	1,245
	296,612	239,471
Excess of revenues over expenses for the year	62,062	55,034

The accompanying notes are an integral part of these financial statements

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KAWARTHA NORDIC SKI CLUB INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended June 30, 2026

	2026 $	2025 $
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess of revenues over expenses for the year	62,062	55,034
Item not affecting cash		
Amortization of tangible capital assets	29,613	21,151
	91,675	76,185
Change in non-cash working capital items		
Increase in accounts receivable	(9,137)	(7,540)
Increase in inventory	(3,410)	(2,285)
Increase in accounts payable and accrued liabilities	2,004	4,466
	81,132	70,826
Investing activities		
Purchase of guranteed investment certificates	(25,000)	(125,000)
Proceeds on sale of guranteed investment certificates	39,338	-
Purchase of tangible capital assets	(56,008)	(14,122)
	(41,670)	(139,122)
Financing activity		
Repayment of long-term debt	(2,084)	(2,062)
Increase (decrease) in cash	37,378	(70,358)
Cash - beginning of year	81,210	151,568
Cash - end of year	118,588	81,210

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. 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.

Interest and other income is recognized as earned.

(b) Grants

Grants are recognized when there is reasonable assurance that the entity has complied with and will continue to comply with all conditions attached to the grant and that the grant will be received. Grants related to operating expenditures are recognized as revenue in the period in which the related expenses are incurred.

(c) 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

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(c) Fund accounting, continued

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(d) Inventory

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

(e) 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
Equipment	3 - 10 years
Well and septic systems	10 years
Trail improvements	15 years
Office trailers	10 years

(f) 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.

(g) 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.

(h) 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.

(i) Cloud computing arrangements

The organization applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are expensed as incurred.

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(j) 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 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 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 of revenues over expenses.

(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.

3. ACCOUNTS RECEIVABLE

	2026 $	2025 $
Accounts receivable	5,964	1,112
Accrued interest	10,075	6,823
Government remittances	2,799	1,766
	18,838	9,701

4. INVENTORY

During the year, inventory in the amount of $1,222 (2025 - $1,774) was expensed in advertising and promotion.

5. TANGIBLE CAPITAL ASSETS

	Cost $	Accumulated amortization $	2026 Net book value $	2025 Net book value $
Land	202,733	-	202,733	202,733
Building	474,720	400,273	74,447	86,931
Equipment	326,828	266,871	59,957	18,969
Automotive	2,800	420	2,380	-
Well and septic systems	56,452	56,452	-	-
Trail improvements	9,198	5,153	4,045	4,534
Office trailers	40,000	14,000	26,000	30,000
	1,112,731	743,169	369,562	343,167

6. LONG-TERM DEBT

	2026 $	2025 $
1% loan, repayable in blended annual payments of $2,495, unsecured, due November 2042.	38,812	40,896
Less principal payments due within one year	2,105	2,084
Due beyond one year	36,707	38,812

Estimated principal repayments are as follows:

	$
2027	2,105
2028	2,126
2029	2,147
2030	2,169
2031	2,191
Subsequent years	28,074
	38,812

7. NET INCOME ALLOCATION

Net income is allocated as follows:

Income			2026 $	2025 $
	Revenues	Expenses	Excess of revenues over expenses 2026	Excess of revenues over expenses 2025
Unrestricted operating fund	336,563	266,777	69,786	54,479
Invested in capital assets	-	29,613	(29,613)	(21,151)
Capital investment fund	22,111	-	22,111	22,951
Friends of the Bennett Cabin fund	-	222	(222)	(1,245)
	358,674	296,612	62,062	55,034

8. 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 $18,838 (2025 - $9,701). 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 rate price 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.