CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

FINANCIAL STATEMENTS

MARCH 31, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Cross Country Ski Association of Manitoba Inc.:

Qualified Opinion
We have audited the financial statements of Cross Country Ski Association of Manitoba Inc. (the Association), which comprise the statement of financial position as at March 31, 2026, and the statement of operations and net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2026 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
In common with many not-for-profit organizations, the Association derives revenue from program/events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these transactions was limited to the amount recorded in the records of the Association. Therefore, we are not able to determine whether any adjustments might be necessary to program/events revenue, difference between revenues and expenses, and cash flows from operating activities for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025 and net assets as at March 31, 2026 and 2025 and April 1, 2024. Our audit opinion on financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 condOtherwiseitions may cause the Association 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.

Scarrow & Donald LLP

Chartered Professional Accountants
July 16, 2026
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

	March 31	
	2026	**2025**
ASSETS		
Current assets:		
Cash	$ 240,655	$ 217,496
Term deposits (Note 3)	109,953	106,188
Accounts receivable	13,146	14,201
Prepaid expenses	1,652	1,575
	365,406	339,460
Capital assets (Note 4)	63,500	122,408
	$ 428,906	$ 461,868
LIABILITIES		
Current liabilities:		
Accounts payable	$ 24,339	$ 30,757
Government remittances payable	4,892	3,890
Deferred contributions (Note 5)	4,991	13,699
	34,222	48,346
Deferred contributions - capital assets (Note 6)	256,000	278,582
	290,222	326,928
NET ASSETS		
Unrestricted net assets	138,684	134,940
	$ 428,906	$ 461,868

APPROVED BY THE BOARD:



Director

Director

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF OPERATIONS AND NET ASSETS

	Year ended March 31	
	2026	**2025**
Revenues:		
Sport Manitoba block funding	$ 129,545	$ 99,436
Sport Manitoba sport program funding	37,800	37,800
High Performance program	44,917	32,723
Program/events	47,425	48,499
Interest and other	11,524	11,752
Windsor Park Nordic Centre (Schedule 1)	216,818	182,128
Amortization - deferred contributions related to capital assets	22,582	22,622
	510,611	434,960
Expenses:		
Administration	40,193	42,536
Depreciation	4,014	4,014
Facility development	17,068	31,387
High Performance program	104,087	96,968
Program/event	67,313	65,386
Salaries - Executive Director	53,532	53,885
Windsor Park Nordic Centre (Schedule 1)	220,660	227,507
	506,867	521,683
Difference between revenues and expenses	3,744	(86,723)
Unrestricted net assets, beginning of year	134,940	221,663
Unrestricted net assets, end of year	$ 138,684	$ 134,940

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF CASH FLOWS

	Year ended March 31	
	2026	**2025**
Cash flow from operating activities:		
Cash received from grant contributors, fundraising and customers	$ 477,117	$ 428,672
Cash paid to suppliers and employees	(450,705)	(458,833)
	26,412	(30,161)
Cash flow from investing activities:		
Capital assets purchased	(3,750)	(4,255)
Proceeds on disposal of capital assets	4,172	3,000
Change in term deposits	(3,675)	(5,000)
	(3,253)	(6,255)
Change in cash	23,159	(36,416)
Cash, beginning of year	217,496	253,912
Cash, end of year	$ 240,655	$ 217,496

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026

1. Purpose of the Association:

The Association is dedicated to promoting and developing the sport of cross country skiing in the province of Manitoba. The Association is incorporated under The Corporations Act of Manitoba as a not-for-profit organization and is exempt from tax under the Income Tax Act.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Critical accounting estimates and judgements-

The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant areas requiring the use of estimates include the allowance for doubtful accounts. Actual results could differ from management's best estimates and may have an impact on future periods.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Revenue recognition-

The Association 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.

Revenues from funding and grants are recognized when the received or receivable and collection is reasonably assured. Facility, trail and tracking fees, program/event, miscellaneous and Windsor Park are recognized when services have been provided and collection is reasonably assured. Fundraising revenues are recognized when payments are received. Interest income is recognized on a time proportion basis.

2. Significant accounting policies (continued)**:**

c) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for contributed assets which are recorded at fair market value at the time of the contribution plus all costs directly attributable to the acquisition. This requires estimation of the useful life of the asset and its salvage and residual value. When a capital asset is impaired, the excess of its net carrying amount over the asset's fair value replacement cost is recognized as an expense. As is true for all accounting estimate, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Equipment	5 years
Computer equipment	5 years
Website	5 years

d) Contributed services-

No amount has been reflected in the financial statements for services contributed voluntarily to the Association since the fair value of such services cannot be reasonable estimated.

e) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Association may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Association measures all financial instruments at amortized cost.

3. Term deposits:

Term deposits consists of a guaranteed investment certificate that matures in December 2026 (2025 - December 2025), and bears interest at 2.9% (2025 - 3.5%). Term deposits includes accrued interest of $1,277 (2025 - $1,188) in connection with the guaranteed investment certificate.

4. Capital assets:

	March 31			
	2026		2025	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Equipment	$ 312,585	$ 256,524	$ 308,835	$ 197,881
Computer equipment	1,471	1,471	1,471	1,177
Website	18,599	11,160	18,599	7,439
	$ 332,655	$ 269,155	$ 328,905	$ 206,497
Net book value	$ 63,500		$ 122,408	

Interest and other revenue includes $4,172 (2025 - $3,000) gain on disposal of capital assets.

5. Deferred contributions:

	March 31 2025	Contributions received	Revenue recognized	March 31 2026
Get Off Your Butt and Ski	$ 6,199	$ -	$ (3,860)	$ 2,339
Sport Manitoba	7,500	2,438	(7,500)	2,438
Banquet	-	214	-	214
	$ 13,699	$ 2,652	$ (11,360)	$ 4,991

	March 31 2024	Contributions received	Revenue recognized	March 31 2025
Get Off Your Butt and Ski	$ 13,714	$ -	$ (7,515)	$ 6,199
Sport Manitoba	-	7,500	-	7,500
Banquet	188	-	(188)	-
	$ 13,902	$ 7,500	$ (7,703)	$ 13,699

Deferred contributions received are externally restricted for specific expenditures to be incurred in future periods for programs and events.

6. Deferred contributions - capital assets:

	March 31 2026	March 31 2025
Balance, beginning of year	$ 278,582	$ 301,204
Amortization	(22,582)	(22,622)
Balance, end of year	$ 256,000	$ 278,582

During the year ended March 31, 2024, the Association received $265,000 from the Province of Manitoba for which $240,000 of the funds are to be spent on a project that is expected to be completed in the March 31, 2027 fiscal year.

7. Windsor Park:

The Association operates the Windsor Park Nordic Centre, a facility available to the public during the winter months, under an agreement with the City of Winnipeg for rent of $1 per year, which expires October, 2029.

8. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Association's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Association is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Association has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Association, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

Liquidity risk-
Liquidity risk is the risk that the Association cannot meet its financial obligations associated with financial liabilities in full. The Association's main sources of liquidity are its operations. The funds are primarily used to finance working capital and are adequate to meet the Association's financial obligations associated with financial liabilities.

Interest rate risk-
Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as interest rate cash flow risk, or on the fair value of other financial assets or liabilities, known as interest rate price risk. Fixed income investments with fixed interest rates minimize cash flow risk.

Credit risk-
Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Association has credit policies to address credit risk, which may include the analysis of the financial position of the debtor and review of credit limits. The Association also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. Included in administration expenses are bad debts of $362 (2025 - $nil).

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

SCHEDULE 1 - OPERATIONS - WINDSOR PARK NORDIC CENTRE

	Year ended March 31	
	2026	**2025**
Revenues:		
Concessions	$ 7,925	7,592
Merchandise	1,830	2,122
Miscellaneous	5,865	534
Services	1,859	3,473
Ski rentals	54,799	43,265
Ski school	18,877	17,107
Sponsorship	357	3,000
Trail fees	125,306	105,035
	216,818	182,128
Expenses:		
Administration	3,523	5,783
Concessions	3,541	3,755
Depreciation	58,644	61,767
Marketing	2,000	2,000
Merchandise	-	1,028
Other services	8,025	15,408
Salaries	83,389	115,726
Ski rentals	8,006	380
Ski school	12,070	10,750
Special projects	11,831	-
Tracking fees	18,104	5,200
Utilities	11,527	5,710
	220,660	227,507
Difference between revenue and expenses	$ (3,842)	$ (45,379)