

SPORT TOURISM CANADA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Independent Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Members of:
Sport Tourism Canada

Opinion

We have audited the financial statements of Sport Tourism Canada, which comprise the statement of financial position as at December 31, 2025, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sport Tourism Canada as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity 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 audit 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 statement 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of 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 auditors' 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 audit 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 controls.
- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 matter 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.



Frouin Group Professional Corporation
Ottawa, Ontario
March 3, 2026

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

FROUIN
GROUP

SPORT TOURISM CANADA
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 662,184	\$ 508,815
Accounts receivable	86,599	97,676
HST receivable	5,576	37,445
Prepaid expenses	<u>128,042</u>	<u>154,727</u>
	882,401	798,663
INTANGIBLE ASSETS (Note 4)	<u>95,968</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 978,369</u>	<u>\$ 798,663</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 141,168	\$ 95,134
Deferred revenue (Note 5)	<u>322,973</u>	<u>372,907</u>
TOTAL LIABILITIES	<u>464,141</u>	<u>468,041</u>
NET ASSETS		
Unrestricted	<u>514,228</u>	<u>330,622</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 978,369</u>	<u>\$ 798,663</u>

APPROVED ON BEHALF OF THE BOARD:

Director _____

Director _____

(See accompanying Notes to Financial Statements)

SPORT TOURISM CANADA
AUDITED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
REVENUES		
Membership	\$ 321,649	\$ 303,042
Sport Event Congress	724,768	542,050
Project grants	67,082	175,018
STEAM EIA	343,999	289,838
Consulting services	95,475	53,750
Interest and other	3,078	11,813
	<u>1,556,051</u>	<u>1,375,511</u>
EXPENSES		
National conference	647,886	497,290
Research	235,215	205,426
Marketing and communications	77,341	74,793
Consulting services	91,627	39,750
Administration	57,452	55,258
Sub-contracts	211,500	222,000
Professional fees	15,086	7,200
Amortization (Notes 2b & 2c)	0	4,788
Project expenses	36,338	175,018
	<u>1,372,445</u>	<u>1,281,523</u>
NET INCOME FOR THE YEAR	<u>\$ 183,606</u>	<u>\$ 93,988</u>

(See accompanying Notes to Financial Statements)

SPORT TOURISM CANADA
AUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
INVESTED IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of the year	\$ 0	\$ 4,788
Amortization	<u>0</u>	<u>(4,788)</u>
Balance, end of the year	<u>\$ 0</u>	<u>\$ 0</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of the year	\$ 330,622	\$ 231,846
Net income for the year	183,606	93,988
Amortization	<u>0</u>	<u>4,788</u>
Balance, end of the year	<u>\$ 514,228</u>	<u>\$ 330,622</u>

(See accompanying Notes to Financial Statements)

SPORT TOURISM CANADA
AUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 183,606	\$ 93,988
Add: Amortization	<u>0</u>	<u>4,788</u>
	183,606	98,776
Cash flows from current operating items	<u>65,731</u>	<u>76,243</u>
	249,337	175,019
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	<u>(95,968)</u>	<u>0</u>
 NET CHANGE IN CASH	 153,369	 175,019
 CASH, beginning of year	 <u>508,815</u>	 <u>333,796</u>
 CASH, end of year	 <u>\$ 662,184</u>	 <u>\$ 508,815</u>
 REPRESENTED BY:		
Cash	<u>\$ 662,184</u>	<u>\$ 508,815</u>

(See accompanying Notes to Financial Statements)

SPORT TOURISM CANADA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. PURPOSE OF THE ORGANIZATION

Sport Tourism Canada was formed to foster sport tourism initiatives across Canada. The Organization was incorporated without share capital under the laws of Canada as a non-for-profit organization and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a. Use of estimates

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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

b. Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided at the rates and on the basis as set out below:

<u>Assets</u>	<u>Rate</u>	<u>Basis</u>
Computer equipment	3 yrs	Straight-line

All tangible capital assets held by the Organization have been fully amortized in a prior year.

c. Intangible assets

Intangible assets are recorded at cost. Amortization is provided at the rates and on the basis as set out below:

<u>Assets</u>	<u>Rate</u>	<u>Basis</u>
STEAM server	10 yrs	Straight-line

As of fiscal 2025, the STEAM server was still under development and therefore no amortization has been taken. Please see note 6 regarding commitment costs towards its completion.

SPORT TOURISM CANADA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Revenue recognition

The Organization follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Membership fees revenue is recognized over the twelve month period commencing on the membership anniversary date. Other revenues are recognized in the year in which the event is held or the revenue is earned.

e. Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

3. FINANCIAL RISK MANAGEMENT POLICY

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2025:

a) Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable. The Organization minimizes this risk by monitoring amounts and adjusting when necessary.

b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization's functional currency is the Canadian dollar. The Organization does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

c) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Organization is exposed to interest rate risk with regards to its cash. The Organization has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the Organization's results of operations.

SPORT TOURISM CANADA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

3. FINANCIAL RISK MANAGEMENT POLICY (continued)

Financial instruments consist of cash, HST receivable, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

4. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net Book Value 2025	Net Book Value 2024
STEAM server	\$ <u>95,968</u>	\$ <u>0</u>	\$ <u>95,968</u>	\$ <u>0</u>

5. DEFERRED REVENUE

Deferred revenue represents revenue received relating to future years as follows:

	2025	2024
Membership revenue	\$ 17,674	\$ 10,600
Sport Event Congress	<u>305,299</u>	<u>362,307</u>
	\$ <u>322,973</u>	\$ <u>372,907</u>

6. COMMITMENTS

The Organization has several commitments for services. The significant contracts are as follows:

The Organization has a contract for a Chief Executive Officer position for a term that lasts through to March 2027. The minimum amounts owing for the 2026 fiscal year is \$150,000.

The Organization has a contract for membership management services for a term to June 2027. The minimum amounts owing for the 2026 fiscal year is \$72,000 per annum.

The Organization has a contract for financial and accounting services for a term to August 2026. The minimum amounts owing for the 2026 fiscal year is \$34,000.

SPORT TOURISM CANADA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

6. COMMITMENTS (continued)

The Organization has a contract for accommodations, facility rentals and food and beverage costs for its 2026 conference. The minimum amounts currently committed for this event are cancellations fees of \$215,594 plus applicable taxes and additional fees and charges. The amounts currently committed for this event are deposits of \$50,000.

The Organization has entered in to a contract with The Conference Board of Canada to develop and document the Sport Tourism Economic Assessment Model server. The amounts remaining on this contract for the 2026 fiscal year are \$156,803.

The Organization has entered into a contract with Integra Design for front end development and design of the Sport Tourism Economic Assessment Model server. The amounts owing for the 2026 fiscal year are \$21,850 plus HST.