

SOVEREIGN LAKE NORDIC CLUB
Compiled Financial Information
Year Ended May 31, 2025

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Year Ended May 31, 2025

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COMPILATION ENGAGEMENT REPORT

To the Members of Sovereign Lake Nordic Club

On the basis of information provided by management, we have compiled the statement of financial position of Sovereign Lake Nordic Club as at May 31, 2025, and the statements of changes in net assets and revenues and expenditures for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Vernon, British Columbia
October 21, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

SOVEREIGN LAKE NORDIC CLUB
Statement of Financial Position
May 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 286,203	\$ 29,290
Term deposits	81,398	78,029
Accounts receivable	27,601	13,963
GST receivable	6,567	931
Inventory	12,237	14,035
Prepaid expenses	14,224	16,945
	428,230	153,193
PLANT AND EQUIPMENT <i>(Note 3)</i>	1,000,301	1,040,536
RESTRICTED CASH <i>(Note 4)</i>	945,232	442,506
	\$ 2,373,763	\$ 1,636,235
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 91,276	\$ 3,980
Wages payable	15,060	19,329
Deferred income	36,760	48,016
	143,096	71,325
DEFERRED CONTRIBUTIONS <i>(Note 5)</i>	1,215,250	442,937
LONG TERM DEBT	117,314	161,328
	1,475,660	675,590
NET ASSETS		
General fund	337,334	409,067
Capital fund	540,167	551,561
Gaming fund	20,602	17
	898,103	960,645
	\$ 2,373,763	\$ 1,636,235

ON BEHALF OF THE BOARD

 Director

 Treasurer

 Director

See notes to financial information

SOVEREIGN LAKE NORDIC CLUB
Statement of Changes in Net Assets
Year Ended May 31, 2025

	General Fund	Capital Fund	Gaming Fund	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 409,067	\$ 551,561	\$ 17	\$ 960,645	\$ 1,110,617
Prior period adjustment	-	1,142	-	1,142	-
As restated	409,067	552,703	17	961,787	1,110,617
Deficiency of revenues over expenses	71,342	(135,026)	-	(63,684)	(149,972)
Capital additions	(139,976)	139,976	-	-	-
Interfund transfers	(3,099)	(17,486)	20,585	-	-
NET ASSETS - END OF YEAR	\$ 337,334	\$ 540,167	\$ 20,602	\$ 898,103	\$ 960,645

See notes to financial information

SOVEREIGN LAKE NORDIC CLUB
Statement of Revenues and Expenditures
Year Ended May 31, 2025

	2025	2024
REVENUES	\$ 1,225,338	\$ 1,083,313
COST OF SALES	<u>174,059</u>	117,225
GROSS PROFIT (86%; 2024 - 89%)	<u>1,051,279</u>	966,088
OTHER INCOME		
Donations/grants/sponsorships	40,833	14,971
Gaming grant	6,000	-
Interest	10,320	7,557
Rentals	<u>48,821</u>	49,137
	<u>105,974</u>	71,665
	<u>1,157,253</u>	1,037,753
EXPENSES		
Accounting and professional fees	32,237	40,813
Advertising and promotion	19,532	12,967
Bank charges and sales fees	48,022	46,398
Donations	-	2,233
Fuel	65,046	67,959
Insurance	21,676	17,991
Interest on long term debt	11,461	17,675
Office	35,460	44,901
Repairs and maintenance	114,206	131,163
Salaries and wages	685,346	616,598
Telephone	10,888	13,626
Training development	16,350	8,982
Utilities	20,996	21,701
Vehicle	<u>16,151</u>	16,151
	<u>1,097,371</u>	1,059,158
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>59,882</u>	(21,405)
OTHER INCOME		
Gain (loss) on disposal of plant and equipment	100	(9,173)
Deferred contribution income (Note 5)	<u>56,547</u>	56,547
	<u>56,647</u>	47,374
EXCESS OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	<u>116,529</u>	25,969
Amortization	<u>(180,213)</u>	(175,941)
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (63,684)</u>	<u>\$ (149,972)</u>

See notes to financial information

SOVEREIGN LAKE NORDIC CLUB
Notes to Compiled Financial Information
Year Ended May 31, 2025

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the statement of financial position of Sovereign Lake Nordic Club as at May 31, 2025, and the statements of changes in net assets and revenues and expenditures for the year then ended is the historical cost basis and reflects cash transactions with the addition of:

- accounts receivable
- GST receivable
- inventory valued at cost
- prepaid expenses
- investments recorded at cost
- plant and equipment amortized over their useful lives on a straight-line basis
- accounts payable and accrued liabilities
- wages payable
- grant and fundraising contributions deferred and amortized over the useful life of the related asset

2. PURPOSE OF THE SOCIETY

Sovereign Lake Nordic Club is incorporated under the Society Act in the province of British Columbia. The purpose of the Society is to promote, train, educate, develop and support cross country skiing and related activities. Also, to receive, invest, hold, spend and disburse funds and grants to hold and develop property and interest therein and to operate and maintain facilities for that purpose.

The Society is registered as a not-for-profit organization under the Income Tax Act and, accordingly, is, exempt from income taxes, provided that certain requirements of the Income Tax Act are met.

3. PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Equipment	\$ 1,576,139	\$ 753,964	\$ 822,175	\$ 920,594
Computer equipment	50,719	45,634	5,085	1,737
Rental equipment	130,803	85,523	45,280	38,694
Furniture and fixtures	350,967	318,308	32,659	37,281
Leasehold improvements	15,709	5,517	10,192	13,870
Lodge renewal project	84,910	-	84,910	28,360
	\$ 2,209,247	\$ 1,208,946	\$ 1,000,301	\$ 1,040,536

SOVEREIGN LAKE NORDIC CLUB
Notes to Compiled Financial Information
Year Ended May 31, 2025

4. RESTRICTED CASH

Restricted cash consists of internally restricted cash that is for use towards capital expenditures (including the new lodge), and the gaming account, which is restricted for use for coaching wages, programs and coaching expenses. Restricted cash also includes a term deposit that matures in January 2025 and is restricted for use as security against payroll overdraft.

	2025	2024
Capital Account - General	\$ 27,766	\$ 78,304
Capital Account - Lodge	419,664	36,985
Term #2	425,000	275,000
Gaming Account	20,602	17
Payroll Overdraft Security Account	52,200	52,200
	\$ 945,232	\$ 442,506

5. DEFERRED CONTRIBUTIONS

	2025	2024
<u>Funding for new equipment, biathlon range, and lodge renewal</u>		
Grant contributions	\$ 255,000	\$ 255,000
Fundraising contributions	310,471	310,471
Lodge renewal contributions	906,019	104,070
Amortization of deferred contributions	(256,240)	(226,604)
	\$ 1,215,250	\$ 442,937

Amounts received in respect of grant, fundraising, and lodge renewal contributions are recorded as deferred contributions until the respective underlying asset is brought into use, at which point the deferred contributions are amortized over the expected useful life of the underlying asset.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.