SOVEREIGN LAKE NORDIC CLUB

Compiled Financial Information

Year Ended May 31, 2026

SOVEREIGN LAKE NORDIC CLUB
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Year Ended May 31, 2026

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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, 2026, 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.

Romei Plummer LLP

Vernon, British Columbia
October 14, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

SOVEREIGN LAKE NORDIC CLUB
Statement of Financial Position
May 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	$ 116,060	$ 286,203
Term deposits	84,246	81,398
Accounts receivable	36,084	27,601
GST receivable	-	6,567
Inventory	32,563	12,237
Prepaid expenses	17,329	14,224
	286,272	428,230
PLANT AND EQUIPMENT *(Note 3)*	1,000,287	1,000,301
RESTRICTED CASH *(Note 4)*	1,732,756	945,232
	$ 3,019,315	$ 2,373,763
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 19,759	$ 91,276
GST payable	3,990	-
Wages payable	14,725	15,060
Deferred income	26,928	36,760
	65,402	143,096
DEFERRED CONTRIBUTIONS *(Note 5)*	2,086,144	1,215,250
LONG TERM DEBT	73,310	117,314
	2,224,856	1,475,660
NET ASSETS		
General fund	272,659	337,334
Capital fund	521,783	540,167
Gaming fund	17	20,602
	794,459	898,103
	$ 3,019,315	$ 2,373,763

ON BEHALF OF THE BOARD

Director

Director & Treasurer

See notes to financial information

SOVEREIGN LAKE NORDIC CLUB
Statement of Changes in Net Assets
Year Ended May 31, 2026

	General Fund	Capital Fund	Gaming Fund	2026	2025
NET ASSETS - BEGINNING OF YEAR	$ 337,334	$ 540,167	$ 20,602	**$ 898,103**	$ 960,645
Prior period adjustment	-	418	-	**418**	1,142
As restated	337,334	540,585	20,602	**898,521**	961,787
Deficiency of revenues over expenses	29,642	(133,704)	-	**(104,062)**	(63,684)
Capital additions	(182,996)	182,996	-	**-**	-
Interfund transfers	88,679	(68,094)	(20,585)	**-**	-
NET ASSETS - END OF YEAR	$ 272,659	$ 521,783	$ 17	**$ 794,459**	$ 898,103

See notes to financial information

SOVEREIGN LAKE NORDIC CLUB
Statement of Revenues and Expenditures
Year Ended May 31, 2026

	2026	2025
REVENUES	**$ 1,318,141**	$ 1,274,159
COST OF SALES	**252,655**	174,059
GROSS PROFIT *(81%; 2025 - 86%)*	**1,065,486**	1,100,100
OTHER INCOME		
Donations/grants/sponsorships	**52,239**	40,833
Gaming grant	**15,000**	6,000
Interest	**3,884**	10,320
	71,123	57,153
	1,136,609	1,157,253
EXPENSES		
Accounting and professional fees	**27,503**	32,237
Advertising and promotion	**14,616**	19,532
Bank charges and sales fees	**35,172**	48,022
Fuel	**59,273**	65,046
Insurance	**22,371**	21,676
Interest on long term debt	**6,823**	11,461
Office	**23,166**	35,460
Repairs and maintenance	**144,950**	114,206
Salaries and wages	**713,170**	685,346
Telephone	**11,845**	10,888
Training development	**12,588**	16,350
Utilities	**26,212**	20,996
Vehicle	**16,101**	16,151
	1,113,790	1,097,371
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	**22,819**	59,882
OTHER INCOME		
Gain on disposal of plant and equipment	**-**	100
Deferred contribution income *(Note 5)*	**56,547**	56,547
	56,547	56,647
EXCESS OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	**79,366**	116,529
Amortization	**(183,428)**	(180,213)
DEFICIENCY OF REVENUES OVER EXPENSES	**$ (104,062)**	$ (63,684)

See notes to financial information

SOVEREIGN LAKE NORDIC CLUB
Notes to Compiled Financial Information
Year Ended May 31, 2026

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, 2026, 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;
- Inventory valued at cost;
- Plant and equipment is amortized over their useful lives on a straight-line basis;
- Prepaid expenses;
- Accounts payable and accrued liabilities;
- GST payable;
- 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	**2026 Net book value**	2025 Net book value
Equipment	$ 1,581,867	$ 899,710	**$ 682,157**	$ 822,175
Computer equipment	52,590	48,243	**4,347**	5,085
Rental equipment	134,688	110,585	**24,103**	45,280
Furniture and fixtures	355,974	324,110	**31,864**	32,659
Leasehold improvements	22,194	9,307	**12,887**	10,192
Lodge renewal project	244,929	-	**244,929**	84,910
	$ 2,392,242	$ 1,391,955	**$ 1,000,287**	$ 1,000,301

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.

	2026	2025
Capital Account - General	$ 1,943	$ 27,766
Capital Account - Lodge	308,802	419,664
Term #2	-	425,000
1 Year Non-Redeemable - Lodge	1,000,000	-
Short Term 1 - Lodge	369,794	-
Gaming Account	17	20,602
Payroll Overdraft Security Account	52,200	52,200
	$ 1,732,756	$ 945,232

5. DEFERRED CONTRIBUTIONS

	2026	2025
Funding for new equipment, biathlon range, and lodge renewal		
Grant contributions	$ 255,000	$ 255,000
Fundraising contributions	310,471	310,471
Lodge renewal contributions	1,862,100	906,019
Amortization of deferred contributions	(341,427)	(256,240)
	$ 2,086,144	$ 1,215,250

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.