

SASKATCHEWAN TRAILS ASSOCIATION INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Saskatchewan Trails Association Inc.

Qualified Opinion

I have audited the accompanying financial statements of Saskatchewan Trails Association Inc. (the Entity), which comprise the statement of financial position as at December 31, 2025 and the statements of revenues over expenses 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 and other explanatory information.

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Trails Association Inc. as at December 31, 2025 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 non-profit organizations, Saskatchewan Trails Association Inc. derives part of its revenue from membership fees, donations and other fundraising activities, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Entity'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 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.

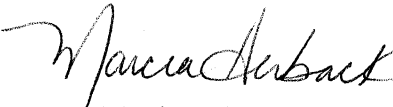
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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 manner that achieves fair presentation.

I 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 I identify during my audit.

Regina, Saskatchewan
March 19, 2026


Marcia Herback
CPA, CA

SASKATCHEWAN TRAILS ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025
(with comparative figures for 2024)

	2025	2024
ASSETS		
Current assets		
Cash	\$ 68,345	\$ 74,189
Accounts receivable	-	200
Prepaid expenses	1,230	-
GST receivable	<u>6,524</u>	<u>3,807</u>
	<u>\$ 76,099</u>	<u>\$ 78,196</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,593	\$ 3,500
Deferred revenue (Note 4)	<u>11,224</u>	<u>6,914</u>
	14,817	10,414
NET ASSETS		
Net assets	<u>61,282</u>	<u>67,782</u>
	<u>\$ 76,099</u>	<u>\$ 78,196</u>

See accompanying notes

Approved on Behalf of the Board

_____ Director

_____ Director

SASKATCHEWAN TRAILS ASSOCIATION INC.
STATEMENT OF REVENUES OVER EXPENSES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(with comparative figures for 2024)

	2025	2024
Revenue		
Saskatchewan Lotteries Trust Fund	\$ 36,310	\$ 27,928
Trans Canada Trail - Buffalo Project		13,140
Trans Canada Trail - Katepwa Project	-	72,324
Compost toilet	-	217
Trans Canada Trail - Pasqua Project	64,173	-
SaskParks - Get Moving Grant	1,250	-
Summer Employment Grant	-	2,156
Membership fees	1,910	2,824
Donations General	6,619	4,612
JPRM Grant	9,000	20,250
Interest income	666	1,053
Administration fee	<u>1,802</u>	<u>1,015</u>
	<u>121,730</u>	<u>145,519</u>
Expenditures		
Administration (Schedule 1)	37,866	46,121
Organizational Development (Schedule 2)	626	605
Communication (Schedule 3)	24,762	819
Special Initiatives (Schedule 4)	3,697	4,260
Trans Canada Trail Buffalo Project	0	6,000
Trans Canada Trail Pasqua Project	61,673	0
Trans Canada Trail Katepwa Project	-	68,754
Klinger Trail	-	3,456
Travel	-	<u>5,844</u>
	<u>128,624</u>	<u>135,859</u>
Excess (deficiency) of revenues over expenses	(6,894)	9,660
Other income		
Interest and sundry income	<u>394</u>	<u>509</u>
Excess (deficiency) of revenues over expenses	(6,500)	10,169
Net assets, beginning of year	<u>67,782</u>	<u>57,613</u>
Net assets, end of year	<u>\$ 61,282</u>	<u>\$ 67,782</u>

See accompanying notes

SASKATCHEWAN TRAILS ASSOCIATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(with comparative figures for 2024)

	2025	2024
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (6,500)	\$ 10,169
Net change in non-cash operating working capital balances		
Accounts receivable	200	1,257
Prepaid expenses	(1,230)	1,119
GST receivable	(2,717)	(1,824)
Deferred grant revenue	<u>4,310</u>	<u>(2,666)</u>
Increase (decrease) in cash	(5,937)	8,055
Cash position, beginning of year	<u>74,189</u>	<u>66,134</u>
Cash position, end of year	<u>\$ 68,252</u>	<u>\$ 74,189</u>

See accompanying notes

SASKATCHEWAN TRAILS ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. Status and nature of activities

The Saskatchewan Trails Association Inc. is a non-profit organization formed to promote the development and use of recreation trails throughout Saskatchewan and to facilitate communications among trail users, Trail Clubs, Provincial Associations, user groups, the Trans Canada Trail Foundation and others.

The Association was incorporated on July 23, 2004 and became designated as a Charitable Organization on July 1, 2006.

2. Summary of significant accounting policies

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

Revenue Recognition

Saskatchewan Trails Association Inc. follows the deferral method of accounting for contributions. Membership revenue is recognized as revenue over the period of the related membership.

Grants are recognized as revenue in the year in which the related expenses are incurred.

Trail registration revenue is recognized in the year it is received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably certain.

Tangible capital assets

Tangible capital assets are reported as expenditures of operations in the year of purchase. No amortization is recognized.

Financial instruments

The Saskatchewan Trails Association Inc. initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, investments and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Management estimates

The preparation of the 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 at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Donated services

The work of the Association benefits from the volunteer service of many members. As these services are not normally purchased and because of the difficulty of valuation, donated services are not recognized in these financial statements.

SASKATCHEWAN TRAILS ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

3. Deferred revenue

Funding received relating to specific projects has been deferred and will be recognized as revenue in the year the related project or event occurs.

	<u>2025</u>	<u>2024</u>
Compost toilet	674	2,850
Klinger Trail Project	642	3,456
Elbow Trail Project	2,305	505
Membership fees	103	103
Saskatchewan Lotteries Trust Fund	7,500	-
	<u>\$ 11,224</u>	<u>\$ 6,914</u>

4. Related party transactions

Included in expenses is \$42,839 (2024 - \$31,212) paid to Benchmark Public Relations, which is a company controlled by the Executive Director. These transactions are recorded as per agreement between related party and the Association.

5. Financial instruments

Saskatchewan Trails Association Inc. is exposed to various risks through its financial instruments. The following analysis provides a measure of the Saskatchewan Trails Association Inc.'s exposure and concentrations at December 31, 2025:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association is exposed to credit risk with respect to cash, investments and accounts receivable. The Association manages its credit risk by placing cash and investments with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Association may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. The Association is exposed to liquidity risk with respect to its investments and accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash.

6. Economic dependence

Saskatchewan Trails Association Inc. receives significant revenue in grants from Saskatchewan Lotteries Trust Fund. As a result, the Association is dependent upon the continuance of these grants to maintain operations at their current levels.

SASKATCHEWAN TRAILS ASSOCIATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(with comparative figures for 2024)

	2025	2024
Administration		
		Schedule 1
Administration	21,547	31,212
Bank charges	53	38
Employee MERCS	806	702
GST adjustment	(1,320)	1,682
Insurance	2,210	3,330
Memberships	255	255
Professional fees	4,517	4,440
Wages and contract	8,354	4,462
Sales commissions	200	-
Penalties and settlements	308	-
Software fees	936	-
	<u>\$ 37,866</u>	<u>\$ 46,121</u>
Organizational Development		
Supplies	626	605
	<u>\$ 626</u>	<u>\$ 605</u>
Communication		
		Schedule 3
Social media fees	\$ 3,470	\$ 1,019
Newsletter	-	(200)
SaskTrails Magazine	21,292	-
	<u>\$ 24,762</u>	<u>\$ 819</u>
Special Initiatives		
		Schedule 4
Member Assistance Grant	\$ 1,000	\$ 2,500
JPRM Contest expense	-	1,760
Trail specific expense	1,326	-
Sask storyteller	1,371	-
	<u>\$ 3,697</u>	<u>\$ 4,260</u>