New Brunswick Federation of Snowmobile Clubs Inc.

Financial Statements

June 30, 2025

New Brunswick Federation of Snowmobile Clubs Inc.
Financial Statements
As at June 30, 2025

NICHOLSON & BEAUMONT
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Brunswick Federation of Snowmobile Clubs Inc.

Qualified Opinion

We have audited the accompanying financial statements of New Brunswick Federation of Snowmobile Clubs Inc., which comprise the statement of financial position as at June 30, 2025 and the statements of operations, cash flows and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of New Brunswick Federation of Snowmobile Clubs Inc. as at June 30, 2025, the results of its operations, 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 New Brunswick Federation of Snowmobile Clubs Inc. derives revenues from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the New Brunswick Federation of Snowmobile Clubs Inc.

Therefore, we were not able to determine whether any adjustments might be necessary to revenues, increase (decrease) in earnings from operations reported in the statements of operations, increase (decrease) in cash flow resources reported in the statement of cash flow and current assets and unrestricted net assets reported in the statement of financial position.

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 organization 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 these 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

NICHOLSON & BEAUMONT
CHARTERED PROFESSIONAL ACCOUNTANTS

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 organization'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 organization'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 conditions may cause the organization 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.

Nicholson & Beaumont

Woodstock, NB
October 16, 2025

Chartered Professional Accountants

New Brunswick Federation of Snowmobile Clubs Inc.
Statement of Financial Position
As at June 30, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents - unrestricted	**$ 1,244,495**	$ 702,572
Cash - restricted - Note 2	**189,205**	98,241
Accounts receivable	**5,529**	4,463
HST receivable	**68,869**	77,097
Prepaid expenses	**8,791**	233,713
Inventory - Note 3	**1,771**	1,726
	1,518,660	1,117,812
Long-Term		
Loan receivable - Note 4	**22,323**	26,806
Term deposits	**-**	401,580
Cash - restricted - Note 2	**460,790**	469,614
Tangible capital assets - Notes 1 & 5	**122,713**	146,609
	605,826	1,044,609
Total assets	**$ 2,124,486**	$ 2,162,421
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 30,919**	$ 49,023
Deferred government grants - Note 8	**270,000**	-
Club disbursement payable	**513,086**	792,997
	814,005	842,020
Long-Term		
Grant funding repayable - Note 2	**316,558**	316,558
Deferred contributions related to tangible capital assets - Note 6	**3,405**	13,325
	319,963	329,883
Total liabilities	**1,133,968**	1,171,903
Net Assets		
Net assets invested in tangible capital assets	**119,308**	133,284
Net assets internally restricted for special projects - Note 7	**492,681**	410,541
Unrestricted net assets	**378,529**	446,693
	990,518	990,518
	$ 2,124,486	$ 2,162,421

Contingent liabilities - Note 9

Approved by the Board:

Treasurer

The notes to financial statements are an integral part of this statement.

New Brunswick Federation of Snowmobile Clubs Inc.
Statement of Changes in Net Assets
For the Year Ended June 30, 2025

	Invested in Tangible Capital Assets	Restricted for Special Projects	Unrestricted	2025	2024
Balance, beginning of year	$ 133,284	$ 410,541	$ 446,693	$ 990,518	$1,040,518
Income (loss) from operations (1)	(18,828)	-	18,828	-	(50,000)
Acquisition of Tangible Capital Assets, net (2)	4,852	-	(4,852)	-	-
Imposed restrictions(reductions), net	-	82,140	(82,140)	-	-
Balance, end of year (3)	$ 119,308	$ 492,681	$ 378,529	$ 990,518	$ 990,518

		2025	2024
(1)	Consists of:		
	Amortization expense	**$ 28,748**	$ 30,408
	Less amount related to assets bought with restricted contributions	**(9,920)**	(8,068)
	Proceeds from sale of asset	**-**	19,000
	Less gain on disposal of tangible capital assets	**-**	(8,229)
	Reduction in Net Assets invested in Tangible Capital Assets	**$ 18,828**	$ 33,111
(2)	Consists of:		
	Acquisition of Tangible Capital Assets, net	**$ 4,852**	$ 54,736
(3)	Consists of:		
	Tangible capital assets, net	**$ 122,713**	$ 146,609
	Deferred contributions related to tangible capital assets	**(3,405)**	(13,325)
	Net assets invested in tangible capital assets	**$ 119,308**	$ 133,284

New Brunswick Federation of Snowmobile Clubs Inc.

Statement of Operations

For the Year Ended June 30, 2025

	2025 Budget (unaudited)	2025	2024
Revenues			
Amortization of deferred contributions - Note 6	$ 11,477	$ **9,920**	$ 8,068
Corporate sponsors and partners	75,000	**198,456**	212,023
Dues	9,800	**9,800**	9,800
Gain on disposal of tangible capital assets	-	**-**	8,229
Insurance recoveries	1,500	**1,762**	1,255
Interest	15,000	**53,959**	70,119
Lottery	25,000	**38,316**	42,928
Permits	3,182,500	**3,682,040**	4,016,759
Trail Management Trust Funding ($10) - Note 7	180,000	**180,440**	189,090
Trail Management Trust Funding ($15) - Note 7	270,000	**277,381**	294,102
Sales - Freight and postage	-	**35,028**	51,621
Signage	-	**61,975**	62,289
Sundry	-	**27,778**	15,002
Government Grants - Note 8	-	**637,324**	618,800
	3,770,277	**5,214,179**	5,600,085
Expenses			
Advertising and promotions	83,500	**78,088**	52,303
Annual general meeting	25,000	**27,957**	28,968
Annual reports	6,000	**3,824**	-
Amortization of tangible capital assets	37,856	**28,748**	30,408
Audit, legal and other professional services	98,000	**75,200**	37,766
Board and committee meetings	31,000	**31,963**	36,013
Club disbursements - Note 7	2,089,795	**2,828,684**	3,387,681
Club reward program	24,500	**24,500**	24,500
Club surveys	4,000	**4,190**	6,249
Education and safety training	15,000	**10,404**	23,454
GIS tracking costs	41,000	**40,265**	41,521
Government and other land leases	23,000	**25,755**	27,788
Grant disbursements - Note 8	-	**637,324**	618,800
Grant expenses	300,000	**300,000**	270,000
Insurances	299,500	**281,573**	279,582
Lottery	17,000	**34,801**	31,831
Mapping - GPS/Online	25,000	**24,881**	20,364
Meetings and travel	48,000	**48,627**	50,056
Miscellaneous	-	**3,024**	18,972
Occupancy costs	19,450	**21,285**	19,268
Office supplies	13,000	**16,374**	14,693
Permit and credit card transaction fees	99,000	**124,547**	152,780
Permits	34,000	**29,339**	30,731
Salaries and benefits	385,676	**360,149**	300,708
Signage	-	**62,240**	62,665
Sleds and trailer costs	12,000	**52,878**	42,609
Special projects, including TIUF	-	**10,019**	13,139
Telephone, postage and delivery	22,000	**19,089**	19,136
Trail checks	17,000	**8,451**	8,100
	3,770,277	**5,214,179**	5,650,085
Income (Loss) from Operations	$ -	$ **-**	$ (50,000)

The notes to financial statements are an integral part of this statement.

New Brunswick Federation of Snowmobile Clubs Inc.

Statement of Cash Flow

For the Year Ended June 30, 2025

	2025	2024
Cash derived from (applied to)		
Operating activities		
Loss from operations	$ -	$ (50,000)
Amortization of tangible capital assets	28,748	30,408
Gain on disposal of tangible capital assets	-	(8,229)
Changes in non-cash working capital		
Accounts receivable	(1,066)	1,676
HST receivable	8,228	(56,908)
Loans receivable	4,483	4,393
Prepaid expenses	224,922	(220,624)
Term deposits	401,580	309,493
Accounts payable and accrued liabilities	(18,104)	20,134
Club disbursement payable	(279,911)	243,164
Inventory	(45)	(2)
	368,835	273,505
Financing Activities		
Deferred contributions - TMFT	270,000	-
Deferred contributions related to tangible capital assets	(9,920)	(8,068)
	260,080	(8,068)
Investing Activities		
Purchase of tangible capital assets	(4,852)	(54,736)
Proceeds on disposal of tangible capital assets	-	19,000
	(4,852)	(35,736)
Increase (decrease) in cash and cash equivalents	624,063	229,701
Cash and cash equivalents - Beginning of year	1,270,427	1,040,726
Cash and cash equivalents - End of year	$ 1,894,490	$ 1,270,427

Represented by:

Cash and cash equivalents - unrestricted	$ 1,244,495	$ 702,572
Cash - restricted current	189,205	98,241
Cash - restricted long-term	460,790	469,614
	$ 1,894,490	$ 1,270,427

The notes to financial statements are an integral part of this statement.

New Brunswick Federation of Snowmobile Clubs Inc.

Notes to Financial Statements

For the Year Ended June 30, 2025

The Federation is an association of individual snowmobile clubs incorporated by Letters Patent under the New Brunswick Business Companies Act to promote safe snowmobiling in the province. It is considered a not-for-profit organization under the Income Tax Act.

1. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations ("ASNFPO") and are therefore in accordance with Canadian generally accepted accounting principles ("GAAP").

Inventories

Inventories, if any, are valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis. Net realizable value is determined based on the pre-established amount at which inventories are sold to individual clubs.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following rates.

Buildings and shelters	10%
General equipment	20 - 30%
Office equipment	20%
Posts/permanent signage	20%
Computer equipment	30%

Revenue recognition

The Federation follows the deferral method of accounting for contributions, including government grants. Externally 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 and when the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received related to the procurement of tangible capital assets are recorded as deferred contributions and are amortized to earnings on the same basis as the related tangible capital assets are amortized.

Investment income from restricted contributions is recognized as revenue in the year in which it is earned.

Permits are distributed primarily through Service New Brunswick (SNB) outlet locations. The Federation receives the entire proceeds from the sale of the permit. Annual permit revenues include sales of various types of permits. Permit prices are determined annually by the membership and typically offer a discounted price for permits purchased prior to December 15th of each year.

Registration rebates are recognized as revenue based upon the number of licenses issued in the Province prior to March 31st at an amount of $10 per license.

Corporate sponsors and partners revenue includes "in-kind" contributions recorded at amounts equal to the estimated fair market value of goods and services provided to the Federation as well as actual monetary payments for sponsorships/partnerships.

New Brunswick Federation of Snowmobile Clubs Inc.

Notes to Financial Statements

For the Year Ended June 30, 2025

Contributed Services

Volunteers contribute a significant number of hours per year to assist the Federation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments and fair value of financial instruments

The Federation's financial instruments consist of cash, accounts receivable, HST receivable/payable, loans receivable, term deposits, accounts payable and accrued liabilities, deferred contributions, club disbursement payable, and grant funding repayable. Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant interest, liquidity, investment, currency or credit risks arising from these financial instruments and that these financial instruments approximate their fair value due to the short term maturities of these items.

Financial instruments are initially measured at fair value when the Federation becomes party to the contractual provisions. The Federation subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable, loans receivable and term deposits. Financial liabilities measured at amortized cost include bank overdraft, accounts payable and accrued liabilities, government remittances payable, deferred contributions, club disbursement payable and grant funding repayable.

Use of Estimates

The preparation of 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 amounts of revenues and expenses 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 is reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Examples of such amounts include amounts recognized as doubtful accounts and amounts recognized as amortization on tangible capital assets.

Employee Benefits

The Federation contributes on a defined contribution basis to assist employees with retirement savings. The cost of this is included in salaries and benefits expense. The Federation matches up to a maximum of 5% of employees salary after completion of a mandatory waiting period of 3 months. Contributions of $10,511 were made during the fiscal year (2024 - $11,762).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits, if any, which are highly liquid and for which the original maturities are less than three months, net of cheques issued and outstanding at the reporting date.

New Brunswick Federation of Snowmobile Clubs Inc.

Notes to Financial Statements

For the Year Ended June 30, 2025

2. Restricted amounts

Components of cash restricted for specified purposes are as follows:

		2025	2024
Current			
	Internally restricted, club rewards program	**$ 24,500**	$ 24,500
	Internally restricted, October club payout	**164,705**	73,741
		189,205	98,241
Long-term	Externally restricted, grant funding repayable	**316,558**	316,558
	Internally restricted, future projects & TIUF upgrades	**144,232**	153,056
		460,790	469,614
		$ 649,995	$ 567,855

The Board of Directors, membership, and funding agencies have restricted the amounts related above.

3. Inventories

The Federation sells the majority of items contained in inventory to individual member clubs at cost, including cost to recover HST.

4. Loan receivable

	2025	2024
$40,000 club equipment loan, 2% interest, 18 installments of $2,500 principal and interest maturing June 30, 2029	**$ 22,323**	$ 26,806

5. Tangible capital assets

	Cost	Accumulated amortization	Net book value 2025	Net book value 2024
Buildings and shelters	**$ 134,787**	**$ 116,983**	**$ 17,804**	$ 19,783
General equipment	**130,362**	**83,658**	**46,704**	58,552
Posts/permanent signage	**275,414**	**230,900**	**44,514**	55,642
Office equipment	**61,914**	**50,299**	**11,615**	10,867
Computer equipment	**55,318**	**53,242**	**2,076**	1,765
	$ 657,795	**$ 535,082**	**$ 122,713**	$ 146,609

New Brunswick Federation of Snowmobile Clubs Inc.

Notes to Financial Statements

For the Year Ended June 30, 2025

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions received that have been designated for procurement of capital assets. Amounts relate to project funding previously received from the Province of New Brunswick to purchase/construct capital assets (notably shelters and bridges). Prior additions were comprised of additional permanent sign structures (posts and permanent signage), and general equipment. The amounts amortized to revenue represent an amount to match the consumption of the related assets. Changes in the deferred contributions balance for the period are as follows:

	2025	2024
Balance, beginning of year	**$ 13,325**	$ 21,393
Less: amounts amortized to revenue during the year	**(9,920)**	(8,068)
Balance, end of year	**$ 3,405**	$ 13,325

7. Deferred contributions & club disbursements

	2025	2024
Composition of club disbursements is as follows:		
Club disbursement - December	**$ 784,230**	$ 1,347,592
Club disbursement - February	**715,364**	445,964
Club disbursement - May	**600,000**	600,000
Club disbursement - TMTF funding - June (portion accrued)	**277,381**	294,102
Club disbursement - October (accrued)	**164,705**	73,741
Club disbursement - Year end payout (accrued)	**287,004**	626,282
Club payouts for trail maintenance	**$ 2,828,684**	$ 3,387,681

Through revisions to the Off Road Vehicle Act, the Province of New Brunswick established the Trail Management Trust Fund (TMTF) and corresponding advisory board, of which the Federation is a member. Accordingly, the Federation receives financial support based upon the number of Provincial snowmobile licenses issued. Amounts received are to be disbursed in accordance with funding criteria as presented and subsequently adopted by the TMTF through the advisory board.

Member clubs of the Federation are reimbursed based upon a pre-determined funding formula pursuant to average grooming hours incurred over the past 5 years. According to information provided by the Province of New Brunswick, 18,044 (2024 - 18,909) licenses/registrations were sold in each of the respective years. The annual TMTF proceeds received by the Federation are based upon the number of licenses sold and are to be disbursed as noted above. In the current and prior year, $15 of the $25 per license will be spent for trail maintenance. The portion allocated to registration rebate is the remaining $10 of the $25 and was $180,440 (2024 - $189,090).

	2025	2024
The continuity of the TMTF deferred contribution is as follows:		
Balance, beginning of year	**$ -**	$ -
Proceeds from Province of New Brunswick, TMTF, $15 per license	**270,660**	283,635
Interest paid by Province of New Brunswick re TMTF funds held	**6,721**	10,467
Disbursement to clubs (June payout)	**(277,381)**	(294,102)
Deferred contribution relating to TMTF	**$ -**	$ -

New Brunswick Federation of Snowmobile Clubs Inc.

Notes to Financial Statements

For the Year Ended June 30, 2025

7. Deferred contributions & club disbursements (continued)

	2025	2024
Other deferred contributions		
Balance, beginning of year	**$ 410,541**	$ 555,245
Proceeds-External restriction, government grants for groomer procurement	**539,698**	540,000
Proceeds - External restriction, Signature Trails	**97,626**	78,800
Proceeds - Internal restriction, October 2025 payout	**164,705**	73,741
Proceeds - Internal restriction, club rewards	**24,500**	24,500
Disbursement - future capital projects	**(8,824)**	(13,058)
Disbursement - club rewards	**(24,500)**	(24,500)
Disbursement - October 2023 payout	**(73,741)**	(205,387)
Disbursement - Signature Trails	**(97,626)**	(78,800)
Disbursement - groomer procurement	**(539,698)**	(540,000)
Other deferred contributions	**$ 492,681**	$ 410,541

	2025	2024
Reconciliation of amounts reported as TMTF revenue:		
TMTF - trail maintenance	**$ 270,660**	$ 283,635
Interest paid on TMTF funds held by Province of NB	**6,721**	10,467
	$ 277,381	$ 294,102

8. Government grants and disbursements

Grant monies recognized as contributions according to conditions established by the contributor during the year are as follows:

	2025	2024
Groomer procurement	**$ 539,698**	$ 540,000
Signature Trails	**97,626**	78,800
	$ 637,324	**$ 618,800**

Grant monies disbursed according to conditions established by the contributor during the year are as follows:

	2025	2024
Groomer procurement disbursements	**$ 539,698**	$ 540,000
Signature Trails disbursements	**97,626**	78,800
	$ 637,324	**$ 618,800**

Deferred government grants of $270,000 includes money from the Trail Infrastructure Fund to be used for groomer procurement before March 31, 2026. This amount has not yet been recognized as revenue.

9. Contingent liabilities

The Federation has been named defendant in one legal action alleging liability for physical damage to individuals. Legal counsel to the Federation is unable to assess the Federation's potential liability, if any, resulting from these actions. Any settlement outside the Federation's insurance will be reflected as a charge to earnings in the year incurred. It is management's belief these actions are unfounded and no exposure above insurance limits will be realized, therefore no provision for possible loss has been included in these financial statements.

10. Comparative balances

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