

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Ontario Equestrian Federation Incorporated

Opinion

We have audited the financial statements of Ontario Equestrian Federation Incorporated (the Federation), which comprise the statement of financial position as at December 31, 2025, the statement of operations and changes in net assets, and the statement of cash flows 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 the Federation 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 further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Federation 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 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 Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

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

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 Federation'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 Federation'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 auditors' report. However, future events or conditions may cause the Federation 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.



Chartered Professional Accountants
Licensed Public Accountants

Newmarket, Ontario
May 28, 2026

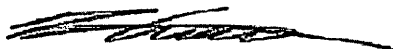
ONTARIO EQUESTRIAN FEDERATION INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

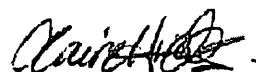
	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT		
Cash	\$ 530,868	\$ 467,997
Short-term investments (Note 3)	1,066,392	1,046,485
Accounts receivable (Note 7)	107,755	54,057
Inventory	8,765	6,832
Prepaid expenses	<u>16,115</u>	<u>19,208</u>
	1,729,895	1,594,579
CAPITAL (Notes 2 and 4)	<u>1,134,779</u>	<u>1,175,561</u>
	<u>\$ 2,864,674</u>	<u>\$ 2,770,140</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges (Notes 5 and 7)	\$ 899,520	\$ 796,129
Deferred revenue and contributions (Note 6)	758,054	708,013
Current portion of long-term debt (Note 8)	<u>42,964</u>	<u>37,992</u>
	1,700,538	1,542,134
LONG-TERM (Note 8)	<u>629,614</u>	<u>714,043</u>
	2,330,152	2,256,177
NET ASSETS	<u>534,522</u>	<u>513,963</u>
	<u>\$ 2,864,674</u>	<u>\$ 2,770,140</u>

Commitments (Note 9)

Contingencies (Note 10)

Approved by:





See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK
 CHARTERED PROFESSIONAL ACCOUNTANTS

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUE		
Membership	\$ 1,257,654	\$ 1,271,402
Registrations and programs (Note 7)	340,698	361,574
Grants	210,953	223,574
Advertising and sponsorships	63,442	49,900
Administration fees	23,301	23,743
Investment income (Note 3)	21,445	34,895
Merchandise and publication revenue	<u>11,941</u>	<u>23,660</u>
	<u>1,929,434</u>	<u>1,988,748</u>
EXPENSES		
Amortization of capital assets	78,215	75,194
Bank charges and processing fees	5,403	3,747
Insurance	9,419	9,323
Interest on long term debt	38,280	54,068
Loss (gain) on disposal of capital assets	2,625	(7,095)
Marketing and promotion	56,911	54,671
Merchandise and publication expenses	12,916	21,266
Occupancy costs	28,571	23,381
Office and general	43,804	36,299
Professional fees	74,101	26,427
Program expenses (Note 7)	549,709	601,599
Travel	6,463	9,826
Wages and benefits		
- programs	579,301	523,839
- operations	337,615	295,303
Website and computer related costs	<u>85,542</u>	<u>145,423</u>
	<u>1,908,875</u>	<u>1,873,271</u>
EXCESS OF REVENUE OVER EXPENSES	20,559	115,477
NET ASSETS, beginning of year	<u>513,963</u>	<u>398,486</u>
NET ASSETS, end of year	<u>\$ 534,522</u>	<u>\$ 513,963</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK
 CHARTERED PROFESSIONAL ACCOUNTANTS

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
SOURCES (USES) OF CASH:		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 20,559	\$ 115,477
Items not involving cash		
Amortization	78,215	75,194
Loss (gain) on disposal of capital assets	<u>2,625</u>	<u>(7,095)</u>
	101,399	183,576
Changes in non-cash working capital items		
Accounts receivable	(53,698)	104,012
Inventory	(1,933)	(683)
Prepaid expenses	3,093	(7,667)
Accounts payable and accrued charges	103,391	(24,165)
Deferred revenue	<u>50,041</u>	<u>40,757</u>
	<u>202,293</u>	<u>295,830</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(79,457)	(28,723)
Repayment of CEBA	<u>-</u>	<u>(40,000)</u>
	<u>(79,457)</u>	<u>(68,723)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(40,279)	(61,898)
Proceeds of disposition of capital assets	221	8,148
Purchase of short-term investments net of proceeds	<u>(19,907)</u>	<u>(130,143)</u>
	<u>(59,965)</u>	<u>(183,893)</u>
NET INCREASE INCREASE IN CASH	62,871	43,214
CASH, beginning of year	<u>467,997</u>	<u>424,783</u>
CASH, end of year	<u>\$ 530,868</u>	<u>\$ 467,997</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK
 CHARTERED PROFESSIONAL ACCOUNTANTS

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. DESCRIPTION

Ontario Equestrian Federation Incorporated (the "Federation") was incorporated as a non-share capital, not-for-profit organization under the laws of Ontario on June 2, 1977. The Federation promotes and regulates equestrian activities in Ontario in accordance with the policy and rules of Equestrian Canada. The Federation is exempt from federal and provincial income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Federation's significant accounting policies are as follows:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Significant estimates are comprised of allowance for doubtful accounts, accruals for liabilities, and the useful life of equipment. Actual results could differ from those estimates.

Revenue recognition

Membership revenue is recognized as revenue over the membership period. Memberships are reported net of amounts remitted to a third party insurance provider.

The Federation follows the deferral method of accounting for contributions such as grants and partnerships. 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as earned.

All other revenues are recognized when the related products and services are provided and collection is reasonably assured.

Contributed services

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

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Capital assets

Purchased capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

Building	-	4% declining balance
Furniture and equipment	-	20% declining balance
Vehicles	-	30% declining balance
Computer equipment	-	30% declining balance

When a piece of equipment no longer has any long-term service potential to the Federation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

When equipment is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations.

Measurement of financial instruments

Investments are measured at their fair value. The Federation accounts for its investments on settlement date basis and transaction costs associated with investment activities are included in the statement of operations. The fair value approximates original cost plus accrued interest to date.

Unless otherwise noted, the Federation initially measures its other financial assets and liabilities at fair value and subsequently measures its other financial assets and liabilities at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the statement of operations.

Inventory

Inventory is recorded at the lower of cost and net realizable value.

3. SHORT TERM INVESTMENTS

Short term investments include redeemable guaranteed investment certificates bearing interest between 2.25% and 3.25% per annum (2024 - 2.75% and 3.75% per annum) and maturing between January 7, 2026 and December 21, 2026.

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

4. CAPITAL ASSETS

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Building	\$ 1,153,056	\$ 152,914	\$ 1,153,056	\$ 111,242
Computer equipment	43,624	22,790	36,734	17,565
Furniture and equipment	140,403	54,575	122,031	47,417
Vehicle	47,016	19,041	47,016	7,052
	<u>\$ 1,384,099</u>	<u>\$ 249,320</u>	<u>\$ 1,358,837</u>	<u>\$ 183,276</u>
		<u>\$ 1,134,779</u>		<u>\$ 1,175,561</u>

5. ACCOUNTS PAYABLE

Included in accounts payable and accrued liabilities are government remittances payable of \$111,600 (2024 - \$101,132).

6. DEFERRED REVENUE AND CONTRIBUTIONS

Deferred revenue is comprised of the following:

	<u>2025</u>	<u>2024</u>
Deferred membership revenue	\$ 703,562	\$ 648,134
Deferred contributions	41,698	50,726
Other deferred revenue	<u>12,794</u>	<u>9,153</u>
	<u>\$ 758,054</u>	<u>\$ 708,013</u>

Deferred membership revenue represents membership revenue received for the following year's membership. Changes in the deferred membership revenue balance are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 648,134	\$ 645,908
Less: amounts recognized as membership revenue in the year	(1,257,654)	(1,271,402)
Less: amounts recognized as registration and program revenue in the year	(122,800)	(120,420)
Add: amount collected/received	<u>1,435,882</u>	<u>1,394,048</u>
Balance, end of year	<u>\$ 703,562</u>	<u>\$ 648,134</u>

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Deferred contributions represents externally restricted funds. Changes in the deferred contributions are as follows:

	Balance, beginning of year	Funding received	Amount recognized as income in the year	Balance, end of year
Quest for Gold Grant	\$ 26,123	\$ -	\$ -	\$ 26,123
Rookie Riders Grant	21,679	-	9,028	12,651
Mentorship Program Development Grant	<u>2,924</u>	<u>-</u>	<u>-</u>	<u>2,924</u>
Total	<u>\$ 50,726</u>	<u>\$ -</u>	<u>\$ 9,028</u>	<u>\$ 41,698</u>

Other deferred revenue represents registration and program revenues received for the following year's programs.

7. TRANSACTIONS WITH EQUESTRIAN CANADA

Equestrian Canada is the national governing body for equine sport. The Federation is the provincial arm for Ontario. Each year, Equestrian Canada provides services to the Federation of which \$61,190 (2024 - \$69,267) is included in accounts payable. The Federation also performed projects on behalf of Equestrian Canada and included in accounts receivable is \$23,730 (2024 - \$7,259) related to these services provided.

The following table summarizes the company's related party transactions for the period:

	<u>2025</u>	<u>2024</u>
Registrations and Programs revenue received from Equestrian Canada	\$ 40,632	\$ 119,040
Program expenses paid to Equestrian Canada	72,725	93,320

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

8. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
Vehicle loan payable, Royal Bank of Canada , repayable in blended monthly payments of principal and interest of \$576 per month bearing interest of 6.49%, due September 17, 2029. The facility is secured by the underlying vehicle.	\$ 22,959	\$ 28,196
Loan facility of \$787,500, repayable in 120 blended monthly payments of principal and interest of \$5,985 bearing interest at prime plus 0.50%, with the last payment plus any outstanding principal and interest due on September 23, 2032. The facility is secured by the underlying building.	<u>649,619</u>	<u>723,839</u>
	672,578	752,035
Less: amounts due within one year	<u>(42,964)</u>	<u>(37,992)</u>
	<u>\$ 629,614</u>	<u>\$ 714,043</u>

Principal repayments over the next five years are as follows:

2026	\$ 42,964
2027	45,427
2028	48,031
2029	49,047
2030	46,457
Thereafter	<u>440,652</u>
	<u>\$ 672,578</u>

9. COMMITMENTS

The Federation has entered into a software license agreement which ends in 2028. The total annual license payments are based on the number of members. Estimated amounts are as follows:

	License payments
2026	\$ 42,257
2027	42,257
2028	<u>29,828</u>
	<u>\$ 114,342</u>

10. CONTINGENT LIABILITIES

The Federation has agreed to indemnify its past, present, and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments, and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Federation.

ONTARIO EQUESTRIAN FEDERATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

The nature of the indemnity prevents the Federation from reasonably estimating the maximum exposure. The Federation has purchased directors' and officers' liability insurance with respect to the indemnification. Historically, the Federation has not made any payments under such or similar indemnification agreements.

11. FINANCIAL RISKS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Federation's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from member or sponsor base. The Federation believes the credit risk to be minimal due to its members and sponsors base and its subsequent collection. An allowance for doubtful accounts provision of \$NIL (\$NIL in 2024) has been recorded in these financial statements.

The Federation is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Federation will encounter difficulty in meeting its obligations associated with financial liabilities. The Federation is exposed to this risk mainly in respect of its accounts payable, long-term debt, and commitments. The Federation's liquidity risk on long-term debt is mitigated by the real estate secured against it.

The Federation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Federation maintains a portion of its invested assets in liquid instruments. In addition, obligations reported as deferred revenue must generally be satisfied within the next fiscal year.

There have not been any changes in the risk from the prior year.

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 market interest rates. The Federation holds long-term debt with a variable interest rate which involves risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions. The Federation mitigates this interest rate risk on long-term debt with staggered variable rate GIC's of maturity no longer than one year to better align interest rates on debt and short-term investments.

There have not been any changes in the risk from the prior year.