Consolidated Financial Statements of

SPORT MANITOBA INC.

And Independent Auditor's Report thereon

Year ended March 31, 2026

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sport Manitoba Inc.

Opinion

We have audited the consolidated financial statements of Sport Manitoba Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditor's report.

We are independent of the Entity 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.

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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 public sector accounting standards, 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

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 the 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 Entity's internal control.

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- 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 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 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 24, 2026

SPORT MANITOBA INC.

Consolidated Statement of Financial Position

As at March 31, 2026, with comparative information for 2025

	2026	2025
Financial assets:		
Cash	$ 1,335,353	$ 877,970
Restricted cash (note 2[f])	100,000	100,000
Accounts receivable	702,383	898,365
Investments (note 3)	147,082	647,208
	2,284,818	2,523,543
Financial liabilities:		
Accounts payable and accrued liabilities	1,324,513	1,374,650
Unearned revenue	914,454	849,346
Loans payable (note 6)	19,015,182	19,682,551
Promissory note (note 7)	4,665,112	4,823,071
	25,919,261	26,729,618
Net debt	(23,634,443)	(24,206,075)
Non-financial assets:		
Tangible capital assets (note 5)	35,517,435	36,232,587
Inventories	38,290	33,548
Prepaid expenses and deposits	162,883	193,601
	35,718,608	36,459,736
Accumulated surplus	$ 12,084,165	$ 12,253,661
Accumulated surplus is comprised of:		
Accumulated operating surplus:		
Invested in tangible capital assets	$ 11,837,141	$ 11,726,965
Surplus accumulated from general operations (note 10)	247,024	511,234
	12,084,165	12,238,199
Accumulated remeasurement gains (losses)	–	15,462
	$ 12,084,165	$ 12,253,661

Trust accounts (note 4)
Contingencies (note 12)

See accompanying notes to consolidated financial statements.

On behalf of the Board

_______________ Director

_______________ Director

SPORT MANITOBA INC.

Consolidated Statement of Operations and Accumulated Operating Surplus

Year ended March 31, 2026, with comparative information for 2025

	Budget	2026	2025
Revenue:			
Province of Manitoba:			
Program support	$ 10,987,219	$ 10,987,219	$ 10,987,219
Sport program funding	2,253,000	2,253,000	2,253,000
Capital funding	318,308	318,308	318,308
Safe Sport funding	250,000	150,660	250,000
Other grants	–	27,533	–
Manitoba Liquor and Lotteries	1,400,000	1,455,263	1,415,897
Sport Manitoba Facility	1,558,650	1,652,355	1,489,387
Sport Medicine Clinic	513,800	606,806	483,729
Sports Hall of Fame - special events	398,177	346,242	356,176
Sports Hall of Fame - museum and gallery	13,450	66,647	57,089
Program and other income	1,455,924	1,162,656	1,321,290
Capital project donation (note 2b)	–	146,869	–
Interest revenue (note 11)	89,511	53,478	97,081
Bilateral funding:			
Province of Manitoba	500,473	500,473	500,473
Federal government	500,473	500,473	500,473
Total revenue	$ 20,238,985	$ 20,227,982	$ 20,030,122
Expenses (note 9):			
Grants:			
Sport groups - sport development	10,874,495	10,676,677	10,615,324
Bilateral sport development programs	482,046	486,418	488,927
Sport Medicine Clinic	347,318	396,664	352,668
Sports Hall of Fame - special events	216,150	204,901	209,777
Sports Hall of Fame - museum and gallery	72,323	138,595	95,565
Manitoba Foundation for Sports - scholarships	18,950	18,950	18,000
Administration and services provided:			
Occupancy	2,950,740	2,980,095	3,017,761
Operating	1,227,068	1,138,456	1,243,236
Program	731,730	699,780	711,320
Administration	1,791,245	1,225,016	1,247,233
Member services	1,838,970	1,764,265	1,759,078
Cost recovered from sport groups	(1,024,500)	(893,884)	(899,303)
Amortization of tangible capital assets	997,639	1,004,400	988,841
Amortization of deferred financing fee	94,846	94,814	91,817
Total expenses	$ 20,619,020	$ 19,935,147	$ 19,940,244
Annual surplus (deficit) before the undernoted	(380,035)	292,835	89,878
Final distribution of grants by Manitoba Foundation for Sports (note 2b)	–	(446,869)	–
Annual surplus (deficit)	(380,035)	(154,034)	89,878
Accumulated operating surplus, beginning of year		12,238,199	12,148,321
Accumulated operating surplus, end of year		$ 12,084,165	$ 12,238,199

See accompanying notes to consolidated financial statements.

SPORT MANITOBA INC.

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2026, with comparative information for 2025

		2026		2025
Accumulated remeasurement gains (losses), beginning of year	$	15,462	$	(7,039)
Unrealized gains attributable to investments		–		22,501
Realized gains attributable to investments		(15,462)		–
Accumulated remeasurement gains (losses), end of year	$	–	$	15,462

See accompanying notes to consolidated financial statements.

SPORT MANITOBA INC.

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Annual surplus (deficit)	$ (154,034)	$ 89,878
Acquisition of tangible capital assets	(289,248)	(147,217)
Amortization of tangible capital assets	1,004,400	988,841
Change in inventories	(4,742)	4,707
Change in prepaid expenses and deposits	30,718	(52,308)
Change in accumulated remeasurement losses	(15,462)	22,501
Change in net debt	571,632	906,402
Net debt, beginning of year	(24,206,075)	(25,112,477)
Net debt, end of year	$ (23,634,443)	$ (24,206,075)

See accompanying notes to consolidated financial statements.

SPORT MANITOBA INC.

Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating transactions:		
Annual surplus (deficit)	$ (154,034)	$ 89,878
Items not involving cash:		
Amortization of tangible capital assets	1,004,400	988,841
Amortization of deferred financing fee	94,814	91,817
Change in non-cash operating working capital	236,961	(107,168)
	1,182,141	1,063,368
Capital transactions:		
Additions to tangible capital assets	(289,248)	(147,217)
Decrease in investments	484,664	523,035
	195,416	375,818
Financing transactions:		
Principal repayments of promissory notes	(157,959)	(152,724)
Principal repayments of loan payable	(762,215)	(737,555)
	(920,174)	(890,279)
Increase in cash position	457,383	548,907
Cash, beginning of year	877,970	329,063
Cash, end of year	$ 1,335,353	$ 877,970

See accompanying notes to consolidated financial statements.

1. **General:**

Sport Manitoba Inc. (the "organization") is a not-for-profit organization which has been empowered by the Province of Manitoba to play the lead role in the implementation of the Province's sport policy. The organization's purpose is to lead and support participation and achievement in sport by all Manitobans. The organization is funded through an agreement with the Province of Manitoba, which is in effect until March 31, 2030.

2. **Significant accounting policies:**

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS) without Sections PS4200-4270.

(b) Controlled entities:

The organization consolidates all entities that it controls through the ability to determine the strategic operating, capital, investing and financial policies, including the Manitoba Sports Hall of Fame and Museum Incorporated and the Manitoba Foundation for Sports Inc. (the Foundation).

During fiscal 2026, the Board of Directors approved the wind up of the Foundation and the approval of the distribution of Foundation's assets to be made as grants to specific charities. The Foundation distributed grants totaling $446,869 during fiscal 2026, comprised of $300,000 to KidSport Manitoba and $146,869 to the Canadian Council for Provincial and Territorial Sport Federations ("CCPTSF") - Manitoba Chapter for the Sport Manitoba capital project. The dissolution of the Foundation will take place in fiscal 2027.

All significant inter-company transactions and balances have been eliminated.

(c) Revenue recognition:

Government transfers are recognized as revenue in the period in which all eligibility criteria have been met and the amounts are authorized. When revenue is received without eligibility criteria and with stipulations, it is recognized when the transfer from the government is authorized, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the organization. If the obligation does meet the definition of a liability, the related revenue is recognized as the obligation is settled.

2. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

i. Assets funded by approved/funded debt: revenue is recognized when the debt principal and interest payment funding is received.

ii. Assets funded by an allocation of cash: revenue is recognized immediately when all eligibility criteria are met, and no stipulations exist. If stipulations exist and the funding obligation meets the definition of a liability for the organization, the revenue is deferred until the stipulations are met.

Any unrestricted non-government contributions or grants are recorded as revenue in the year received or in the years the funds are committed to the organization if the amount can be reasonably estimated and collection is reasonably assured. All non-government contributions or grants that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified.

Sport Manitoba Facility revenue represents fees charged for facility rentals, parking, and other services associated with operating the facility.

Revenue from services rendered and other income are recognized as revenue when earned.

Investment income is recognized as revenue in the year in which the income was earned. Investment income includes interest income and realized gains (losses) on investments. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, at which point they are transferred to the statement of operations.

(d) Inventories:

Inventories are valued at the lower of cost and estimated realizable value with cost being determined on the first-in, first-out basis.

2. Significant accounting policies (continued):

(e) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Incremental interest incurred during the construction of tangible capital assets is included in cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. When a tangible capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value.

Amortization is computed using the straight-line method over the estimated useful lives of the assets, commencing the date the assets are ready for use as follows:

Asset	Term
Building	50 years
Computers	3 years
Furniture and equipment	2 - 20 years
Print shop equipment	3 - 30 years

Amortization methods, useful lives and residual values are reassessed annually or more frequently when there is an indication that they have changed.

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over the remaining term of the lease.

(f) Restricted cash:

The organization received $100,000 to establish the Princess Royal Pan Am Scholarship endowment. The principal cannot be used to fund programs. The investment income earned is used to provide annual scholarships to one male and one female athlete, up to $3,000 each, who are competing in sport at a national or international level and who are enrolled in a post-secondary education program at a Manitoba post-secondary institution. The endowment is recorded at its fair value of $100,000 and included in restricted cash at March 31, 2026.

2. Significant accounting policies (continued):

(g) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. At each financial report date, the entity reviews the carrying amount of this liability. As at March 31, 2026, no amount has been recorded for asset retirement obligation.

(h) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported, on initial recognition and subsequently, at fair value.

All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, at which point they are transferred to the statement of operations.

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

PSAS require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The organization's investments are classified as level 2 as at March 31, 2026, consistent with investments held at March 31, 2025. There were no transfers from level 1, level 2 and level 3 in 2026 or 2025.

3. Investments:

		2026		2025
Manitoba Foundation for Sports Inc. held investments:				
Pooled funds	$	–	$	352,008
Bonds		–		97,160
Manitoba Sports Hall of Fame held investments:				
Pooled funds		48,255		31,438
Guaranteed investment certificates		98,827		166,602
	$	147,082	$	647,208

Guaranteed investment certificates have an interest rate of 3.37% percent (2025 - from 3.87 to 4.32 percent) maturing September 2026 (2025 - maturing August 2025 to September 2025).

The coupon rate on bonds held as at March 31, 2025 was between 3.9 percent and 4.6 percent.

4. Trust accounts:

KidSport Canada Trust Account:

In accordance with a Delegation of Authority agreement with KidSport Canada signed March 19, 2008, the organization is holding $733,282 of assets in trust for KidSport Canada as at March 31, 2026 (2025 - $318,041). The agreement delegates authority to the organization to issue tax receipts for qualifying donations on behalf of KidSport Canada. These trust assets, together with the related obligations, donation income and grant expenses have not been recorded in these consolidated financial statements for financial reporting purposes.

2017 Canada Games Trust:

On April 30, 2018, the organization signed a Trust Agreement with the trustees of the 2017 Canada Games Host Society Legacy Fund Trust (2017 Canada Summer Games Legacy Trust). The Trust Agreement engaged the services of the organization to arrange for and oversee the management of the 2017 Canada Summer Games Legacy Trust. Specific management of the 2017 Canada Summer Games Legacy Trust's investments will be handled by an independent third party engaged by the organization. These trust assets together with the related obligations, revenue and expenses have not been recorded in these consolidated financial statements for financial reporting purposes.

4. Trust accounts (continued):

The following represents the financial position and the results of operations of the 2017 Canada Summer Games Trust Account as at and for the year ended March 31, 2026:

		2026		2025
Assets	$	349,478	$	956,607
Liabilities	$	19,523	$	360,846
Net assets		329,955		595,761
	$	349,478	$	956,607
Revenues	$	26,702	$	97,072
Expenses		(4,808)		(7,035)
Grant distributions to the organization		(277,700)		(284,700)
Grant distributions - other		(10,000)		(160,775)
Deficiency of revenues over expenses	$	(265,806)	$	(355,438)

5. Tangible capital assets:

Cost		March 31, 2025		Additions		March 31, 2026
Land	$	1,200,000	$	–	$	1,200,000
Building and improvements		44,476,806		168,637		44,645,443
Computers		722,097		7,684		729,781
Furniture and equipment		2,820,688		112,927		2,933,615
Print shop equipment		252,915		–		252,915
Leasehold improvements		40,576		–		40,576
	$	49,513,082	$	289,248	$	49,802,330

Accumulated amortization		March 31, 2025		Additions		March 31, 2026
Building and improvements	$	9,987,357	$	894,063	$	10,881,420
Computers		635,492		44,664		680,156
Furniture and equipment		2,366,159		64,805		2,430,964
Print shop equipment		250,911		868		251,779
Leasehold improvements		40,576		–		40,576
	$	13,280,495	$	1,004,400	$	14,284,895

5. Tangible capital assets (continued):

Net book value	2026	2025
Land	$ 1,200,000	$ 1,200,000
Building and improvements	33,764,023	34,489,449
Computers	49,625	86,605
Furniture and equipment	502,651	454,529
Print shop equipment	1,136	2,004
	$ 35,517,435	$ 36,232,587

6. Loans payable:

	2026	2025
Loan payable to Province of Manitoba bearing interest at 3.25%, unsecured, repayable in monthly installments of $78,337 including interest, maturing March 31, 2045	$ 13,312,744	$ 13,811,305
Loan payable to Province of Manitoba bearing interest at 3.375%, unsecured, repayable in monthly installments of $45,536 including interest, maturing April 30, 2047	8,235,044	8,498,698
Deferred financing fee	(2,532,606)	(2,627,452)
	$ 19,015,182	$ 19,682,551

Principal repayments over the next five years are as follows:

2027	$ 787,698
2028	814,035
2029	841,252
2030	869,380
2031	898,448

7. Promissory note:

On March 31, 2016, the organization signed a promissory note with the Department of Finance of the Province of Manitoba for $6,000,000 to assist in the funding of the construction of the Sport for Life Centre Phase 2.

7. Promissory note (continued):

At March 31, 2026, the balance of the promissory note is $4,665,112 (2025 - $4,823,071). The promissory note bears interest at 3.38 percent, maturing on June 30, 2046, and is repayable in monthly installments of $26,526, which includes principal and interest.

The payment of this promissory note is guaranteed and funded by the Province of Manitoba.

Principal repayments over the next five years and thereafter are as follows:

2027	$ 163,374
2028	168,973
2029	174,765
2030	180,756
2031	186,952
Thereafter	3,790,292

8. Pension plan:

The organization has a defined contribution pension plan. Pension expense for the year ended March 31, 2026 was $142,845 (2025 - $135,782).

9. Classification of expenditures by object:

The statement of operations reports the expenditures by function; the following classifies those same expenditures by object:

	Budget	2026	2025
Salaries and benefits	$ 3,624,134	$ 3,605,611	$ 3,499,837
Grants and transfer payments	11,356,541	11,163,095	11,104,251
Transportation	9,100	8,105	5,547
Communication	355,323	339,539	310,453
Supplies and services	1,573,800	1,544,518	1,716,180
Debt servicing	977,067	979,426	1,011,638
Minor capital	65,000	46,772	96,836
Amortization of capital assets	997,639	1,004,400	988,841
Other operating	1,660,416	1,243,681	1,206,661
	$ 20,619,020	$ 19,935,147	$ 19,940,244

10. Accumulated surplus from general operations:

		2026		2025
Internally restricted - Building reserve	$	1,525,000	$	1,375,000
Unrestricted deficit		(1,377,976)		(963,766)
Princess Royal Pan Am Scholarship endowment (note 2[f])		100,000		100,000
	$	247,024	$	511,234

Upon approval of the organization's financial statements, the Board of Directors approved a transfer of $150,000 from unrestricted deficit to the internally restricted - building reserve.

11. Sport Manitoba Inc. Fund:

On February 18, 2022, the organization entered into an agreement with The Winnipeg Foundation to establish the Sport Manitoba Inc. Fund (the "Fund") for the purpose of generating an annual grant to be used at the discretion of the organization's Board of Directors in accordance with their charitable mandate. Gifts to the fund are irrevocable and shall be held and invested by The Winnipeg Foundation in perpetuity.

The Winnipeg Foundation allocates investment income to the organization based on a fixed percentage to a maximum of 5.5 percent of the average market value of the investments for the previous three years. Investment income of $29,060 (2025 - 27,196) was allocated to the organization in the current year from the Fund. The fair value of the Fund at March 31, 2026 was $722,334 (2025 - $667,105) of which no amount is recorded on the statement of financial position of the organization.

12. Contingencies:

The organization is involved in a legal matter arising in the ordinary course of business. Management believes the resolution of this matter is not likely to have a material adverse effect on the organization's financial position, results of operations or cash flows.

13. Financial risks:

The organization has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. The organization is exposed to credit risk with respect to the accounts receivable, cash and marketable securities.

The organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the organization at March 31, 2026 is the carrying value of these assets.

All accounts receivable for March 31, 2026 are considered collectible by management.

The maximum exposure to investment credit risk is the fair value of the investments at March 31, 2026.

There have been no significant changes to the credit risk exposure from 2025.

(b) Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization manages liquidity risk by monitoring its operating requirements. The organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

The organization has an operating line of credit to a maximum of $1,000,000. The operating line of credit is due on demand and bears interest at prime plus 0.5 percent. The organization had not utilized the operating line of credit at March 31, 2026.

All accounts payable and accrued liabilities are due within fiscal 2027.

There have been no significant changes to the liquidity risk exposure from 2025.

13. Financial risks (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the organization to cash flow interest risk. The organization is not exposed to this risk as its loans payable have fixed interest rates.

There has been no change to the interest rate risk exposure from 2025.

14. Economic dependence:

The organization received approximately 72 percent (2025 - 71 percent) of its operating revenue from the Province of Manitoba as operating grants and is economically dependent on the Province of Manitoba for continued operations.

15. Comparative figures:

Certain comparative figures have been reclassified to conform with the presentation adopted for the year ended March 31, 2026.

Schedule of Compensation of

SPORT MANITOBA INC.

Year ended December 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Member of Sport Manitoba Inc.

Opinion

We have audited the schedule of compensation equal to or in excess of $85,000 for individuals employed or affiliated with Sport Manitoba Inc. (the "Entity") for the calendar year ended December 31, 2025, and Note 1 to the schedule (hereinafter referred to as the "schedule").

In our opinion, the accompanying schedule for the year ended December 31, 2025 of the Entity is prepared, in all material respects, in accordance with the financial reporting provisions of Section 2 of the *Public Sector Compensation Disclosure Act.*

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 Schedule"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the schedule 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.

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 in the schedule, which describes the applicable financial reporting framework. The schedule is prepared to assist the Entity to comply with the requirements of *The Public Sector Compensation Disclosure Act* described in Note 1. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the financial reporting provisions of Section 2 of the *Public Sector Compensation Disclosure Act* and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is 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 the schedule.

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 schedule, 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 24, 2026

SPORT MANITOBA INC.

Schedule of Compensation

Year ended December 31, 2025

Name	Position	Compensation and benefits
McMahon, Janet	President and CEO	$ 158,083
Read, Laurel	Director of Finance and Operations	124,491
Andrew, Evan	Director of Marketing	120,769
Blacher, John	Director of Sport	97,844
Chartier, Mathieu	Physiotherapist	92,148

See accompanying notes to schedule.

NOTES TO SCHEDULE

1. **Basis of presentation:**

   The schedule lists employees or individuals affiliated with Sport Manitoba Inc. who received compensation and benefits equal to or in excess of $85,000 for the year ended December 31, 2025. The amounts reported were calculated in accordance with the definition of compensation provided in Section 1 of *The Public Sector Compensation Disclosure Act,* which includes payment of wages and other exceptional benefits not provided to the majority of employees. The amounts do not include payments made or benefits accrued related to pension plans.

2. **Organization:**

   Individuals whose salaries are directly reimbursed by an outside organization are excluded from the list of employees. In management's view, Sport Manitoba Inc. is providing only payroll services to these organizations and therefore, those individuals are not employees of Sport Manitoba Inc.