

S.A.L.T.S. Sail and Life Training Society
Financial Statements
Year Ended December 31, 2025

Independent Auditor's Report

To the Members of S.A.L.T.S. Sail and Life Training Society

Report on the Financial Statements

Opinion

We have audited the financial statements of S.A.L.T.S. Sail and Life Training Society (the "Society"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in fund balances and 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society 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 (ASNPO).

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 Society in accordance with 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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:

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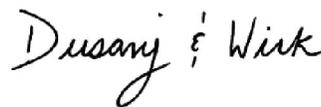
Independent Auditor's Report to the Members of S.A.L.T.S. Sail and Life Training Society (*continued*)

- 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 Society'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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.



Victoria, British Columbia
March 5, 2026

Chartered Professional Accountants

S.A.L.T.S. Sail and Life Training Society
Statement of Financial Position
December 31, 2025

	General Fund \$	Endowment Fund \$	Donor Restricted Fund \$	2025 \$	2024 \$
Assets					
Current					
Cash	83,053	-	-	83,053	143,007
Short-term investments <i>(Note 4)</i>	247,999	290,207	1,064,031	1,602,237	1,979,932
GST recoverable	307	-	-	307	-
Inventory	553,126	-	-	553,126	469,178
Prepaid expenses	9,597	-	-	9,597	118,983
Due from other funds <i>(Note 8)</i>	76,213	12,552	-	88,765	64,028
	970,295	302,759	1,064,031	2,337,085	2,775,128
Deposits <i>(Note 5)</i>	44,709	-	-	44,709	44,709
Supplies	139,060	-	19,712	158,772	139,060
Tangible capital assets <i>(Note 6)</i>	2,048,602	-	-	2,048,602	2,111,379
Total assets	3,202,666	302,759	1,083,743	4,589,168	5,070,276

The accompanying notes are an integral part of these financial statements

S.A.L.T.S. Sail and Life Training Society
Statement of Financial Position
December 31, 2025

	General Fund \$	Endowment Fund \$	Donor Restricted Fund \$	2025 \$	2024 \$
Liabilities					
Current					
Accounts payable and accrued liabilities	51,516	-	-	51,516	71,086
GST payable	-	-	-	-	1,721
Employee deductions	4,348	-	-	4,348	4,551
Deferred revenue (Note 7)	474,688	-	-	474,688	619,712
Due to other funds (Note 8)	-	-	88,765	88,765	64,028
	530,552	-	88,765	619,317	761,098
Deferred contributions (Note 9)	167,751	-	-	167,751	144,375
Total liabilities	698,303	-	88,765	787,068	905,473
Fund balances					
Invested in tangible capital assets	2,051,107	-	-	2,051,107	2,113,884
Externally restricted	-	302,759	994,978	1,297,737	1,311,959
Unrestricted	453,256	-	-	453,256	738,960
	2,504,363	302,759	994,978	3,802,100	4,164,803
Total liabilities and fund balances	3,202,666	302,759	1,083,743	4,589,168	5,070,276

Lease commitments (Note 10)

On behalf of the Board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

S.A.L.T.S. Sail and Life Training Society

Statement of Operations

Year Ended December 31, 2025

	General Fund \$	Endowment Fund \$	Donor Restricted Fund \$	2025 \$	2024 \$
Revenues					
Program fees	2,024,950	-	-	2,024,950	1,780,486
Boat donations	591,117	-	-	591,117	611,458
Donations	168,782	26,340	-	195,122	305,836
Investment income	15,732	27,381	46,802	89,915	136,381
Merchandise sales	49,564	-	-	49,564	50,343
Memberships	3,048	-	-	3,048	3,300
Miscellaneous	43,110	-	-	43,110	48,538
	<u>2,896,303</u>	<u>53,721</u>	<u>46,802</u>	<u>2,996,826</u>	<u>2,936,342</u>
Expenses					
Advertising	62,529	-	-	62,529	97,387
Amortization	72,338	-	-	72,338	75,610
Bank charges and interest	13,854	-	-	13,854	31,389
Bursaries	81,583	-	-	81,583	86,346
Computer expense	50,914	-	-	50,914	53,889
Cost of boat sales (<i>Note 11</i>)	149,415	-	-	149,415	234,858
Cost of merchandise sales	33,447	-	-	33,447	34,901
Food and provisions	159,948	-	-	159,948	147,636
Fuel and oil	51,268	-	-	51,268	60,106
Insurance	116,103	-	-	116,103	114,980
Office and telephone	65,088	-	-	65,088	70,334
Professional fees	62,423	-	-	62,423	111,315
Program expenses	25,324	-	-	25,324	24,576
Rent and moorage	231,567	-	-	231,567	224,673
Repairs and maintenance	257,128	-	114,747	371,875	509,905
Training	21,577	-	-	21,577	16,709
Travel	4,148	-	-	4,148	5,189
Wages and employee benefits	1,786,130	-	-	1,786,130	1,732,810
	<u>3,244,784</u>	<u>-</u>	<u>114,747</u>	<u>3,359,531</u>	<u>3,632,613</u>
Excess (deficiency) of revenues over expenses	<u>(348,481)</u>	<u>53,721</u>	<u>(67,945)</u>	<u>(362,705)</u>	<u>(696,271)</u>

The accompanying notes are an integral part of these financial statements

S.A.L.T.S. Sail and Life Training Society
Statement of Changes in Fund Balances
Year Ended December 31, 2025

	General Fund \$	Endowment Fund \$	Donor Restricted Fund \$	2025 \$	2024 \$
Fund balances - beginning of year	2,852,844	249,038	1,062,921	4,164,803	4,861,075
Excess (deficiency) of revenues over expenses	(348,481)	53,721	(67,945)	(362,705)	(696,272)
Fund balances - end of year	<u>2,504,363</u>	<u>302,759</u>	<u>994,976</u>	<u>3,802,098</u>	<u>4,164,803</u>

The accompanying notes are an integral part of these financial statements

S.A.L.T.S. Sail and Life Training Society

Statement of Cash Flows

Year Ended December 31, 2025

	General Fund \$	Endowment Fund \$	Donor Restricted Fund \$	2025 \$	2024 \$
Operating activities					
Excess (deficiency) of revenues over expenses	(348,481)	53,721	(67,945)	(362,705)	(696,272)
Item not affecting cash:					
Amortization	72,338	-	-	72,338	75,610
	(276,143)	53,721	(67,945)	(290,367)	(620,662)
Changes in non-cash working capital:					
Inventory	(83,948)	-	-	(83,948)	(65,926)
Prepaid expenses	109,386	-	-	109,386	(3,399)
Accounts payable and accrued liabilities	(19,570)	-	-	(19,570)	(21,284)
GST payable	(2,028)	-	-	(2,028)	1,234
Employee deductions	(203)	-	-	(203)	(1,388)
Due from other funds	(140,241)	(12,552)	152,793	-	-
Deferred revenue	(145,024)	-	-	(145,024)	(37,048)
Supplies	-	-	(19,710)	(19,710)	-
Deferred contributions	23,376	-	-	23,376	(45,029)
	(258,252)	(12,552)	133,083	(137,721)	(172,840)
Cash flow from (used by) operating activities	(534,395)	41,169	65,138	(428,088)	(793,502)
Investing activities					
Purchase of tangible capital assets	(9,561)	-	-	(9,561)	(25,674)
Write-off of obsolete tangible capital assets	-	-	-	-	2,504
Net (purchase) of short term investments	484,002	(41,169)	(65,138)	377,695	820,367
Cash flow from (used by) investing activities	474,441	(41,169)	(65,138)	368,134	797,197
Increase (decrease) in cash flow	(59,954)	-	-	(59,954)	3,695
Cash - beginning of year	143,007	-	-	143,007	139,312
Cash - end of year	83,053	-	-	83,053	143,007

The accompanying notes are an integral part of these financial statements

S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

1. Purpose of the Society

S.A.L.T.S. Sail and Life Training Society (the "Society") is incorporated under the Society Act of British Columbia as a not-for-profit organization and transitioned into the new Societies Act on March 10, 2017 and is a registered charity within the meaning of the Income Tax Act of Canada. The Society's principal purpose is to create a safe and inclusive environment where young people can be themselves and grow personally, spiritually, and relationally through sail training in a supportive Christian-based community.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

S.A.L.T.S. Sail and Life Training Society follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Society's program delivery, tangible capital assets, and administrative activities.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is transferred to the General Fund and is used to fund scholarships.

The Donor Restricted Fund reports the Society's externally restricted contributions to be used with the sole purpose of funding capital projects.

Inventory

The value of inventory of donated boats is determined using specific identification and recorded at appraised fair market values (cost) and adjusted annually to the lower of cost and net realizable value where necessary.

All other inventory is measured at the lower of average cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Vessels	2.5%
Tools and machinery	10%
Office furniture and equipment	15%
Vehicles	15%
Equipment	20%
Computer equipment	30%
Charts and publications	20%

Leasehold improvements are amortized on a straight line basis over the term of the lease which includes any terms of renewal at management's discretion.

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

2. Significant accounting policies (*continued*)

Capitalized costs

Capitalized costs include development and overhead expenses that are capital in nature.

Revenue recognition

S.A.L.T.S. Sail and Life Training Society follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund when the amount of revenue can be determined, and has been received or collectability is reasonably assured.

Contributions for the Donor Restricted Fund are recognized as revenue in the Donor Restricted Fund when the amount of revenue can be determined, and has been received or collectability is reasonably assured.

Contributed services

Donated equipment is recorded at fair value when received, if the equipment would have normally been purchased by the Society.

The Society is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Society, and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include collectability of accounts receivable, valuation of boat inventory, accrual of liabilities and useful life of tangible capital assets.

(*continues*)

S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

2. Significant accounting policies (*continued*)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Transaction costs on the acquisition, sale, or issue of financial instruments subsequently measured at fair value are expensed when incurred. Transaction costs in respect of other financial instruments are recognized in the original cost and expensed over the life of the instrument.

Financial instruments measured at amortized cost include accounts receivable, accounts payable and accrued liabilities. Financial instruments measured at fair value include cash and short-term investments.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

3. Financial risks and concentration of risks

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2025.

There have been no significant changes in the Society's risk exposure from the prior year.

Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on cash and accounts payable held in U.S. dollars.

The Society does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its fixed rate investments.

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S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

3. Financial risks and concentration of risks *(continued)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society is exposed to other price risk through its investment in quoted shares and its boat inventory which are both susceptible to fluctuating fair market values beyond the control of the Society.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of donations, proceeds from boat sales and accounts payable.

4. Short-term investments and endowment funds

Short-term investments in the General Fund consist of:

- a) Equities in addition to cash with a market value of \$247,999 (2024: \$732,001) and a book value of \$245,764 (2024: \$702,968).

The Society has established an Endowment Fund that consists of the following short-term investments:

- b) The Endowment investment known as "The Martyn J. Clark Seafarer Award Fund" consists of investments in mutual funds, and a term deposit with a market value of \$21,754 (2024: \$21,810) and a book value of \$21,611 (2024: \$21,585). The term deposit matures October 16, 2026, and earns interest at 3.27%.
- c) The Endowment investment known as "The Robyn Sheppard Memorial Bursary" consists of investments in equities, mutual funds, and a money market fund with a market value of \$55,375 (2024: \$49,246) and a book value of \$47,458 (2024: \$43,585).
- d) The Endowment investment known as "The Keith McKeown Memorial Bursary" consists of investments in mutual funds and a term deposit with a market value of \$12,119 (2024: \$12,159) and a book value of \$12,044 (2024: \$12,019). The term deposit matures on October 16, 2026, and earns interest at 3.27%.
- e) The Endowment investment known as "The William H. Cairns Bursary Fund" consists of investments in equities, mutual funds, and a term deposit with a market value of \$148,005 (2024: \$133,760) and a book value of \$138,819 (2024: \$129,043). The term deposit matures on March 18, 2026, and earns interest at 3.66%.
- f) The Endowment investment known as "The Tom Webster Memorial Bursary" consists of investments in equities, mutual funds, and term deposits with a market value of \$52,955 (2024: \$32,063) and a book value of \$50,524 (2024: \$31,326). The term deposits mature on May 13, 2026 and November 20, 2026, and earn interest at 3.72% and 3.23%.

The purpose of this fund is to hold investments. The income from these investments will be used in the General Fund to pay for annual bursaries for those applicants who wouldn't otherwise be able to participate in a voyage.

Short-term investments in the Donor Restricted Fund consist of:

- g) Term deposits with a market value of \$1,064,031 (2024: \$998,893) and a book value of \$1,053,595 (2024: \$986,697).

S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

5. Deposits

Deposits relating to prepayments of rents to be applied at the end of the term of the leases consist of \$44,709 (2024: \$44,709).

6. Tangible capital assets

	Cost \$	Accumulated amortization \$	2025 Net book value \$	2024 Net book value \$
Vessel - Pacific Grace	2,639,376	1,203,505	1,435,871	1,472,688
Vessel - Pacific Swift	1,126,147	655,123	471,024	483,101
Vessels - runabouts/dories	93,361	28,902	64,459	66,452
Leasehold improvements	173,472	156,484	16,988	26,373
Office furniture and equipment	111,113	100,827	10,286	10,593
Tools and machinery	162,357	140,471	21,886	23,438
Vehicles	50,016	46,340	3,676	4,325
Equipment	11,688	9,201	2,487	3,108
Computer equipment	45,084	23,159	21,925	21,301
	<u>4,412,614</u>	<u>2,364,012</u>	<u>2,048,602</u>	<u>2,111,379</u>

7. Deferred revenue

Deferred revenue consists of program deposits and membership fees of \$474,688 (2024: \$619,712) received in 2025 for the 2026 fiscal year.

8. Interfund loans

Loans between funds are non-interest bearing and have no set repayment terms.

S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

9. Deferred contributions

Deferred bursary contributions represent contributions restricted for the purpose of awarding bursaries to groups who may not otherwise be able to participate on sailing trips. The changes in the deferred bursary contribution balances are outlined in the table below.

Deferred diabetes bursary contributions represent contributions restricted for the purpose of awarding bursaries to individuals with Type 1 diabetes who may not otherwise be able to participate on sailing trips. The changes in the deferred diabetes bursary contribution balances are outlined in the table below.

	Bursary \$	Diabetes \$	2025 \$	2024 \$
Balance, beginning of year	38,216	106,159	144,375	189,404
Add: Contributions received in the year	90,212	-	90,212	28,094
Add: Interest earned	-	4,444	4,444	5,653
Less: Eligible expenses paid	(71,280)	-	(71,280)	(78,776)
Balance, end of year	<u>57,148</u>	<u>110,603</u>	<u>167,751</u>	<u>144,375</u>

10. Lease commitments

The Society leases premises at 451 Herald Street and a foreshore lease at 450 Swift Street under an extended lease expiring August 31, 2027. Under the lease, the Society is required to make monthly lease payments at \$11,159 for 2026, and \$11,233 for 2027.

	\$
Future base rent payments as at year end are as follows:	
2026	133,910
2027	89,866
	<u>223,776</u>

The Society leases premises at 539 David Street under an extended lease expiring September 30, 2027. The lease requires increasing base rent starting with \$3,390 per month in the first two years, \$3,598 for 2025, \$3,667 for 2026, and \$3,875 for 2027. In addition, there is a monthly triple net payment of \$2,712 (2024: \$2,234).

	\$
Future base rent payments required are as follows:	
2026	44,003
2027	34,871
	<u>78,874</u>

S.A.L.T.S. Sail and Life Training Society

Notes to Financial Statements

Year Ended December 31, 2025

11. Cost of boat sales

Cost of boat sales include gross proceeds received on the sale of donated boats net of associated costs as follows:

	2025	2024
	\$	\$
Proceeds from boat sales	419,000	435,982
Less: Cost of boats sold	<u>(568,415)</u>	<u>(670,840)</u>
Net cost of donated boat sales	<u>(149,415)</u>	<u>(234,858)</u>

12. Remuneration of employees and contractors

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were six employees of the Society that met this criterion, and the total amount of remuneration paid to these persons was \$604,601. During the prior year, there were seven employees who met this criterion and the total remuneration paid to these persons was \$685,126.

13. Comparative figures

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