The Killarney Foundation Inc.

Financial Statements

December 31, 2025

Management's Responsibility

To the Directors of The Killarney Foundation Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 27, 2026

Secretary/Treasurer

Independent Auditor's Report

To the Directors of The Killarney Foundation Inc.:

Opinion

We have audited the financial statements of The Killarney Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and 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 Foundation as at December 31, 2025, and the results of its operations and its 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation’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 Foundation’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 Foundation 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.

Brandon, Manitoba
March 27, 2026

MNP LLP
Chartered Professional Accountants

The Killarney Foundation Inc.
Statement of Financial Position
As at December 31, 2025

	Operating Fund	*Designated Endowment Fund*	*Undesignated Endowment Fund*	*2025*	*2024*
Assets					
Current					
Cash	**8,636**	**119,275**	**135,787**	**263,698**	166,110
Accounts receivable	**356**	**12,539**	**38,135**	**51,030**	29,559
	8,992	**131,814**	**173,922**	**314,728**	195,669
Investments *(Note 3)*	**-**	**5,082,662**	**5,712,212**	**10,794,874**	9,552,857
	8,992	**5,214,476**	**5,886,134**	**11,109,602**	9,748,526
Liabilities					
Current					
Accounts payable and accruals	**8,992**	**82,757**	**58,000**	**149,749**	124,432
Commitments					
Net Assets					
Net assets	**-**	**5,131,719**	**5,828,134**	**10,959,853**	9,624,094
	8,992	**5,214,476**	**5,886,134**	**11,109,602**	9,748,526

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Operations
For the year ended December 31, 2025

	Operating Fund	*Designated Endowment Fund*	*Undesignated Endowment Fund*	*2025*	*2024*
Revenue					
Grant	**4,500**	**22,903**	**-**	**27,403**	3,100
Flow-through contributions	**-**	**-**	**1,859**	**1,859**	137,450
Interest and dividends	**-**	**163,870**	**182,987**	**346,857**	358,176
	4,500	**186,773**	**184,846**	**376,119**	498,726
Expenses					
Advertising	**2,286**	**-**	**-**	**2,286**	2,435
Conferences	**-**	**-**	**-**	**-**	1,045
Consulting fees	**48,000**	**-**	**-**	**48,000**	32,000
Grants *(Note 5)*	**-**	**140,248**	**160,303**	**300,551**	450,859
Meals	**481**	**-**	**-**	**481**	167
Membership fees	**6,117**	**-**	**-**	**6,117**	500
Professional fees	**60,676**	**-**	**-**	**60,676**	59,441
Supplies	**2,073**	**-**	**-**	**2,073**	3,968
	119,633	**140,248**	**160,303**	**420,184**	550,415
Excess (deficiency) of revenue over expenses before other items	**(115,133)**	**46,525**	**24,543**	**(44,065)**	(51,689)
Other items					
Gains on held for trading assets	**-**	**454,983**	**515,900**	**970,883**	549,911
Excess (deficiency) of revenue over expenses	**(115,133)**	**501,508**	**540,443**	**926,818**	498,222

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Changes in Net Assets
For the year ended December 31, 2025

	Operating Fund	*Designated Endowment Fund*	*Undesignated Endowment Fund*	***2025***	*2024*
Net assets, beginning of year	**-**	**4,402,125**	**5,221,969**	**9,624,094**	8,897,960
Excess (deficiency) of revenue over expenses	**(115,133)**	**501,508**	**540,443**	**926,818**	498,222
Endowment contributions	**-**	**312,249**	**70,742**	**382,991**	110,719
Net realized capital gains	**-**	**12,135**	**13,815**	**25,950**	117,193
Interfund transfers	**115,133**	**(96,298)**	**(18,835)**	**-**	-
Net assets, end of year	**-**	**5,131,719**	**5,828,134**	**10,959,853**	9,624,094

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Cash Flows
For the year ended December 31, 2025

	Operating Fund	*Designated Endowment Fund*	*Undesignated Endowment Fund*	*2025*	*2024*
Cash provided by (used for) the following activities					
Operating					
Cash received from grantors	**4,500**	**22,903**	**-**	**27,403**	3,100
Cash received from contributors	**1,859**	**-**	**-**	**1,859**	137,450
Dividends and interest received	**-**	**163,485**	**186,117**	**349,602**	360,349
Cash paid - grants	**-**	**(127,573)**	**(198,303)**	**(325,876)**	(501,491)
Cash paid - operating expenses	**(6,723)**	**(52,634)**	**(59,920)**	**(119,277)**	(99,059)
	(364)	**6,181**	**(72,106)**	**(66,289)**	(99,651)
Financing					
Cash contributions received for endowment	**-**	**288,388**	**70,742**	**359,130**	110,719
Net realized capital gains	**-**	**12,135**	**13,815**	**25,950**	117,193
	-	**300,523**	**84,557**	**385,080**	227,912
Investing					
Purchase of investments	**-**	**(1,767,627)**	**(1,678,719)**	**(3,446,346)**	(3,344,921)
Proceeds on disposal of investments	**-**	**1,508,179**	**1,716,964**	**3,225,143**	3,211,299
	-	**(259,448)**	**38,245**	**(221,203)**	(133,622)
Increase (decrease) in cash resources	**(364)**	**47,256**	**50,696**	**97,588**	(5,361)
Cash resources, beginning of year	**9,000**	**72,019**	**85,091**	**166,110**	171,471
Cash resources, end of year	**8,636**	**119,275**	**135,787**	**263,698**	166,110
Cash resources are composed of:					
Cash	**8,636**	**119,275**	**135,787**	**263,698**	166,110

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The Killarney Foundation Inc. (the "Foundation") was incorporated under the authority of the Province of Manitoba as a not-for-profit organization and is a registered charity; and thus is exempt from income taxes under the Income Tax Act ("the Act") and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Foundation is a registered community fund established to support cultural, educational, recreational and charitable purposes in the Municipality of Killarney-Turtle Mountain and surrounding area.

The Foundation has a permanent pool of capital made up of gifts and bequests, carefully invested, which provides a perpetual stream of income to assist and support the changing needs of the community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, using the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Three funds are maintained: Operating Fund, Designated Endowment Fund and Undesignated Endowment Fund.

The Operating Fund is used to account for all expenses related to general and ancillary operations of the Foundation. Funds are transferred from the income earned in Endowment Funds to the Operating Fund to cover the administrative costs of the Foundation. The Designated Endowment Fund has been allocated its share of administrative overhead by the Board of Directors based on the average number of units held in the fund during the year. During the year an average of 46.76% (2024 - 45.84%) of all investments were held in the Designated Endowment Fund, therefore 46.76% of the administrative overhead has been allocated to the fund. The Undesignated Endowment Fund is allocated the remaining administrative costs.

The Designated and Undesignated Endowment Funds are restricted funds used to account for monies for specific purposes. Contributions are in the form of endowments from which only the income earned is expendable. In situations where contributions are specified to be used for operating purposes, the contributions would be fully expended.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. 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. Endowment contributions are recognized as direct increases in net assets.

Endowment contributions are recognized as direct increases in the Endowment Fund balances. Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue when earned.

Gains and losses on disposals of investments are reflected directly in the Endowment Funds. For the year, net capital gains realized were $25,950 (2024 - net capital gains of $117,193).

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

2. Significant accounting policies *(Continued from previous page)*

Accounts receivable

The accounts receivable consist mainly of accrued interest receivable and are recorded with no allowance for doubtful accounts.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year. Cash and long-term investments have been designated to be subsequently measured at their fair value.

The Foundation subsequently measures long-term investments quoted in an active market and all derivative instruments at fair value. Fair value is determined by reference to quoted market prices. Long-term investments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. As of December 31, 2025, all long-term investments have quotes in an active market.

All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The carrying values of financial assets measured at amortized cost or fair value are as follows:

	2025	*2024*
Financial assets measured at fair value:		
Cash	**263,698**	166,110
Investments	**10,794,874**	9,552,857
Financial assets measured at amortized cost:		
Accounts receivable	**51,030**	29,559

Financial asset impairment:

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the current statement of operations.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the year in which they become known.

Contributed services

Volunteers contribute approximately 70 hours per year to assist the Killarney Foundation Inc. in carrying out its service-delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Investments

	2025		2024	
	Fair Market Value	**Cost**	Fair Market Value	Cost
DESIGNATED				
Investment in Bonds and Debentures:				
Provincial Government	**-**	**-**	27,406	27,447
Corporate/Guaranteed Certificates	**1,010,715**	**976,801**	1,218,889	1,200,401
	1,010,715	**976,801**	1,246,295	1,227,848
Investment in Shares:				
Canadian & International Equities	**3,391,797**	**2,089,639**	2,240,275	1,385,661
Investment in Savings Account	**611,160**	**604,809**	861,368	858,583
Winnipeg Foundation	**64,520**	**45,298**	59,568	45,298
Investment in Mineral Rights	**4,470**	**4,470**	4,481	4,481
	4,071,947	**2,744,216**	3,165,692	2,294,023
	5,082,662	**3,721,017**	4,411,987	3,521,871
UNDESIGNATED				
Investment in Bonds and Debentures:				
Provincial Government	**-**	**-**	32,376	32,424
Corporate/Guaranteed Certificates	**1,150,633**	**1,112,025**	1,439,921	1,418,081
	1,150,633	**1,112,025**	1,472,297	1,450,505
Investment in Shares:				
Canadian & International Equities	**3,861,343**	**2,378,920**	2,646,525	1,636,936
Investment in Savings Account	**695,766**	**688,536**	1,017,567	1,014,278
Investment in Mineral Rights	**4,470**	**4,470**	4,481	4,481
	4,561,579	**3,071,926**	3,668,573	2,655,695
	5,712,212	**4,183,951**	5,140,870	4,106,200
Total Investments	**10,794,874**	**7,904,968**	9,552,857	7,628,071

3. Investments *(Continued from previous page)*

The Foundation's financial instruments that are exposed to interest rate risk are long-term investments. As of December 31, 2025, interest rates associated with corporate and provincial bonds range from 1.93% - 5.10% (2024 - 1.93% - 5.00%) with maturity dates from 2026 to 2034 (2024 - 2025 to 2034).

4. Commitments

As at December 31, 2025, the Foundation has grant commitments for designated funds of $82,757 (2024 - $95,432) and for undesignated funds of $58,000 (2024 - $20,000).

5. Grants

	2025	*2024*
Designated		
Assiniboine College	**1,000**	2,500
Brandon University - scholarships	**8,500**	6,625
Holy Trinity Anglican Church	**983**	3,571
Keith Heming Scholarship Fund	**-**	3,000
Killarney Food Bank	**212**	215
Killarney Lakeside Golf Club	**171**	152
Killarney Turtle Mountain Arts Council	**9,000**	-
Killarney United Church	**3,852**	3,904
Kinsmen Club of Killarney	**1,363**	1,049
Municipality of Clanwilliam-Erickson	**7,376**	3,617
Municipality of Harrison Park	**22,000**	12,300
Municipality of Killarney-Turtle Mountain	**13,177**	16,602
Prairie Mountain Health	**43,256**	127,049
Royal Canadian Legion Branch No. 25	**360**	637
Rural Municipality of Argyle	**18,486**	-
Scholarships - various	**1,723**	2,073
Southwest Community Options Inc.	**-**	2,709
St. Francis Xavier University	**-**	1,500
Turtle Mountain Flywheel Club	**789**	800
Turtle Mountain School Division	**-**	1,450
University of Manitoba - scholarships	**1,500**	4,500
University of Regina - scholarships	**2,500**	-
University of Saskatchewan - scholarships	**2,000**	2,000
University of Wisconsin - River Falls	**-**	1,000
Weber State University	**2,000**	1,500
	140,248	198,753

5. Grants *(Continued from previous page)*

	2025	*2024*
Undesignated		
Assiniboine College	**3,400**	3,500
Brandon University - scholarships	**4,400**	6,500
Killarney Agricultural Society	**10,000**	-
Kiddie Korner Early Learning Centre Inc.	**4,835**	3,300
Mount Royal University	**400**	-
Municipality of Killarney - Turtle Mountain	**101,968**	97,896
Prairie Mountain Health	**1,000**	23,000
Reserve Fund for Special Projects	**10,000**	10,000
Rock Lake United Church Camp	**10,850**	-
Royal Canadian Legion Branch No. 25	**-**	10,000
Scholarships - various	**1,800**	-
Southwest Community Options Inc.	**-**	2,109
STARS - pass through funding	**3,650**	95,801
Turtle Mountain School Division	**8,000**	-
	160,303	252,106
	300,551	450,859

6. Endowment contributions

Total Contributions prior to 2025	**$**	**7,048,516**
2025 Donations		
Baldur Area Fund		3,894
Holmfield Cemetery Endowment Fund		48,301
I. Wild Palliative Fund		989
Killarney Agricultural Society Bridge Scholarship Fund		300
Killarney Beautification Fund		5,000
Killarney BPO Elks Fund		100
Killarney Cemetery Endowment Fund		150,368
Killarney Food Bank		2,750
Killarney High School Scholarship Fund		2,458
Killarney Minor Sports Fund		3,225
Killarney Turtle Mountain Fire Department Fund		25,262
Municipality of Clanwilliam-Erickson Fund		12,156
Ninga Cemetery Endowment Fund		26,560
Sandy Lake Endowment Fund		750
Tri-Lake Health Centre Cobbledick Fund		989
Tri-Lake Hospital Fund		988
W&A Nichol Fund		28,159
Undesignated Endowment Fund		70,742
Total 2025 Donations		**382,991**
Total donations to December 31, 2025	**$**	**7,431,507**

7. Interfund transactions

During the year the Foundation transferred $96,298 (2024 - $9,311) from the Designated fund and $18,835 (2024 - $87,145) from the Undesignated Fund to provide for net expenditures in the Operating fund totaling $115,133 (2024 - $96,456).

8. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation is exposed to interest rate risk primarily relating to investments.

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 foreign 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 Foundation enters into transactions to purchase shares or equities, for which the market price fluctuates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation enters into transactions denominated in U.S. currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at December 31, 2025, no items are denominated in U.S. currency.

9. Directors

As at December 31, 2025 the members of the Board of Directors of the Foundation were as follows:

Janice Arlene Smith - Chairperson
Jaret Box - Director
Edward Dow - Director
David Jones - Director
Matthew Nichol- Director
Brett Skeoch - Director
Kimberley English - Director
Susan Blixhavn - Director
Jackie Mitchell - Treasurer
Shelley Vandenberghe - Secretary