Trans Canada Trail

Consolidated financial statements
March 31, 2026

Shape the future
with confidence

Independent auditor's report

To the Directors of
Trans Canada Trail

Opinion

We have audited the consolidated financial statements of **Trans Canada Trail** ["TCT"] and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of operations, consolidated statement of changes in net assets, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of TCT as at March 31, 2026, and its consolidated results of operations and its consolidated 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 consolidated financial statements* section of our report. We are independent of TCT in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing TCT'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 TCT or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 TCT'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 TCT'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 consolidated 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 TCT to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
June 23, 2026

Trans Canada Trail

Consolidated statement of financial position

As at March 31

	2026			2025
	General Fund	Endowment Fund	Total	Total
	$	$	$	$
Assets				
Cash	**8,628,944**	**50,000**	**8,678,944**	2,653,938
Short-term investment *[note 3]*	**1,832,075**	**—**	**1,832,075**	9,500,752
Accrued interest receivable	**67,137**	**—**	**67,137**	368,334
Accounts receivable *[note 4]*	**329,484**	**—**	**329,484**	223,396
Prepaid expenses	**425,700**	**—**	**425,700**	144,714
Due from other funds	**—**	**—**	**—**	51,902
Capital assets, net *[note 5]*	**80,306**	**—**	**80,306**	52,662
	11,363,646	**50,000**	**11,413,646**	12,995,698
Liabilities and net assets				
Liabilities				
Accounts payable and accrued liabilities	**1,205,517**	**—**	**1,205,517**	2,430,203
Deferred contributions *[note 7]*	**1,108,003**	**—**	**1,108,003**	1,339,404
Due to other funds	**—**	**—**	**—**	51,902
Total liabilities	**2,313,520**	**—**	**2,313,520**	3,821,509
Commitments and contingency *[note 8]*				
Net assets				
Internally restricted *[note 9]*	**5,000,000**	**—**	**5,000,000**	5,000,000
Unrestricted	**4,050,126**	**—**	**4,050,126**	4,121,535
Endowment Fund	**—**	**50,000**	**50,000**	52,654
Total net assets	**9,050,126**	**50,000**	**9,100,126**	9,174,189
	11,363,646	**50,000**	**11,413,646**	12,995,698

See accompanying notes

Trans Canada Trail

Consolidated statement of operations

Year ended March 31

	2026	2025
	$	$
Revenue		
Government grants *[note 10]*	**12,747,500**	11,546,400
Donations	**3,481,773**	3,425,880
Interest income	**329,988**	640,848
Miscellaneous income	**124,414**	216,114
	16,683,675	15,829,242
Expenses		
Trail development	**9,800,247**	8,850,369
Trail engagement and promotion	**2,676,931**	2,567,093
Fundraising	**1,773,496**	1,795,890
General and administrative	**2,486,294**	2,286,027
Amortization of capital assets	**20,770**	15,071
	16,757,738	15,514,450
Excess (deficiency) of revenue over expenses for the year	**(74,063)**	314,792

See accompanying notes

Trans Canada Trail

Consolidated statement of changes in net assets

Year ended March 31

	2026				2025
	Internally restricted	**Unrestricted**	**Endowment Fund**	**Total**	**Total**
	$	$	$	$	$
Balance, beginning of year	**5,000,000**	**4,121,535**	**52,654**	**9,174,189**	8,859,397
Excess (deficiency) of revenue over expenses for the year	**—**	**(74,063)**	**—**	**(74,063)**	314,792
Interfund transfer	**—**	**2,654**	**(2,654)**	**—**	—
Balance, end of year	**5,000,000**	**4,050,126**	**50,000**	**9,100,126**	9,174,189

See accompanying notes

Trans Canada Trail

Consolidated statement of cash flows

Year ended March 31

	2026	2025
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**(74,063)**	314,792
Add (deduct) items not involving cash		
Amortization of capital assets	**20,770**	15,071
Deferred contributions recognized in the year	**(1,194,918)**	(1,177,024)
	(1,248,211)	(847,161)
Changes in non-cash working capital balances related to operations		
Accounts receivable	**(106,088)**	10,356
Accrued interest receivable	**301,197**	(87,748)
Prepaid expenses	**(280,986)**	182,744
Accounts payable and accrued liabilities	**(1,224,686)**	673,364
Cash used in operating activities	**(2,558,774)**	(68,445)
Investing activities		
Additions to capital assets	**(48,414)**	(21,463)
Additions to short-term investment	**(82,075)**	(12,500,000)
Maturity of short-term investment	**7,750,752**	14,050,000
Cash provided by investing activities	**7,620,263**	1,528,537
Financing activities		
Contributions received in the year and deferred	**963,517**	554,642
Cash provided by financing activities	**963,517**	554,642
Net increase in cash during the year	**6,025,006**	2,014,734
Cash, beginning of year	**2,653,938**	639,204
Cash, end of year	**8,678,944**	2,653,938

See accompanying notes

Notes to consolidated financial statements

March 31, 2026

1. Nature of business

Trans Canada Trail [“TCT”] was founded in 1992 and is continued under the *Canada Not-for-profit Corporations Act* as a not-for-profit organization, and is a registered charity under the *Income Tax Act* (Canada).

TCT’s mission is the creation, promotion and support of a national recreational trail, linking local trails, and the development and construction of new trails that support this iconic network of trails that will stretch from coast to coast to coast.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of consolidation

The consolidated financial statements include the accounts of TCT and Trans Canada Trail Foundation. Trans Canada Trail Foundation is controlled by TCT and is devoted to raising funds for the support of the Trans Canada Trail. On consolidation, all intercompany transactions and balances have been eliminated.

TCT has prepared a separate set of audited non-consolidated financial statements as at and for the year ended March 31, 2026.

Use of estimates

The preparation of consolidated 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 disclosures of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. In particular, the estimation of TCT’s allowance for doubtful accounts related to their accounts receivable, the useful lives of TCT’s capital assets and the accrual of expenses at year-end contain estimates. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary; they are recorded in the consolidated financial statements in the period they become known.

Fund accounting

In order to recognize the limitations and restrictions placed on the use of resources available to TCT, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors [the “Board”]. Transfers between the funds are made when they are considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the consolidated statement of changes in net assets.

Notes to consolidated financial statements

March 31, 2026

For financial reporting purposes, the accounts have been classified into the following funds:

[i] Revenue and expenses related to financing trail development, construction, maintenance and promotion activities, and general and administrative activities are reported in the General Fund.
[ii] Funds where either donor or internal restrictions require that the principal be invested by TCT in perpetuity are recorded in the Endowment Fund. Investment income earned on the Endowment Fund is reported in the General Fund.

Revenue recognition

TCT follows the deferral method of accounting for contributions.

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.

Restricted contributions, including government grants and donations, are deferred and recognized as revenue in the year in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in the Endowment Fund balance.

Pledges from large corporations, foundations and all other pledges are recorded on an accrual basis when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Investment income generated from assets held due to restrictions must be used in accordance with the various restrictions established by the donor and is deferred until expenses related to that restriction are incurred. Unrestricted investment income is recognized as revenue when earned.

Trail development

The majority of trail development expenses represent construction grants and partner support to trail groups. Consequently, none of the trail development amounts are capitalized in the consolidated financial statements of TCT.

Capital assets

Capital assets consist of computer equipment and are recorded at cost, including any impairment identified. Amortization is provided for on a declining balance basis at a rate of 30% per annum.

In 1998 and 2000, TCT accepted former trail development donations in kind from Canadian Pacific Railway and Canadian National Railway former railway rights-of-way. As these assets are not used in the normal course of operations of TCT, would not have otherwise been purchased by TCT and a fair value cannot be reasonably estimated, the donated land is not recognized in the consolidated financial statements. TCT has disposed of the majority of the properties and expects to transfer to third parties or renounce any ownership interest back to the railway companies for the remaining sections.

TCT recognizes the expenditures related to the elements in cloud computing arrangement as an expense as incurred. During the year, TCT recognized $344,239 [2025 – $342,265] in cloud computing arrangement expenditures

Donated services and assets

A significant portion of TCT’s work is dependent on the contributions of volunteers. Volunteer services are not normally purchased by TCT and, due to difficulty in determining their fair value, these services are not recognized in these consolidated financial statements.

Financial instruments

TCT initially measures its financial assets and financial liabilities at fair value. TCT subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost are tested for impairment when there are indicators of possible impairment. Any impairment loss is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may subsequently be reversed to a maximum of the amortized cost that would have been reported at the date of the reversal had the impairment not been recognized previously.

The carrying amount of the financial asset or liability is adjusted by the transaction costs, which are recognized in excess (deficiency) of revenue over expenses using the straight-line method.

3. Short-term investment

Short-term investment consist of a guaranteed investment certificate recorded at amortized cost with a two-year term maturing May 2026, bearing interest at a rate of 4.69% per annum.

4. Accounts receivable

Accounts receivable consist of the following:

	2026	**2025**
	$	$
Pledges *[note 11]*	**—**	63,750
Government grant	**150,425**	—
Sales taxes	**147,289**	121,720
Other	**31,770**	37,926
	329,484	223,396

Pledges receivable recognized as revenue during the year were nil [2025 – nil].

5. Capital assets

Capital assets consist of the following:

	2026			2025		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	$	$	$	$	$	$
Computer equipment	**569,060**	**488,754**	**80,306**	523,551	470,889	52,662

6. Bank facility

TCT's credit facility consists of a revolving demand facility in the amount of $500,000 bearing interest at the bank's prime rate plus 1.00%. As security for the facility, TCT has signed a movable hypothec in the amount of $500,000 constituting a first-ranking security interest in the universality of all present and future debts and claims of TCT, and a movable hypothec in the amount of $500,000 constituting a first-ranking security interest in the universality of all present and future assets of Trans Canada Trail Foundation. As at March 31, 2026, TCT has not drawn on its bank facility [2025 – nil].

TCT has put in place the credit facility to provide financing, if required, to fund commitments for trail development prior to the receipt of contracted donations.

7. Deferred contributions

In accordance with TCT's revenue recognition policy, contributions and donations related to funding designated for use on specific projects related to the trail are recorded in revenue as related expenses are incurred.

As at March 31, 2026, an amount of $2,107 [2025 – $3,012] represents the deferred portion of in-kind donations of equipment and $54,910 [2025 – nil] represents registration fees for the Canadian Trail Summit to be hosted by TCT June 16–19, 2026.

	2026	2025
	$	$
Deferred contributions, beginning of year	**1,339,404**	1,961,786
Designated donations received	**843,607**	554,642
Designated donations recognized as revenue in the year	**(1,194,013)**	(1,144,395)
Canadian Trail Summit Sponsorship	**65,000**	—
Canadian Trail Summit registration fees received	**54,910**	—
World Trails Conference registration fees	**—**	(18,015)
Sub-tenant deposit	**—**	(13,323)
Other	**(905)**	(1,291)
Deferred contributions, end of year	**1,108,003**	1,339,404

8. Commitments and contingency

Commitments

Trail development

As at March 31, 2026, TCT has commitments to trail groups to fund trail development totalling $338,646 [2025 – $1,120,447].

Contingency

There may be outstanding tax assessments or other claims in respect of the former railway rights-of-way donated by Canadian Pacific Railway and Canadian National Railway. In the opinion of management, financial liability for the organization is uncertain but appears unlikely at this time. As such, the amounts have not been paid or reflected in the accounts. The organization is involved in legal matters arising in the ordinary course of business. The amount of any potential loss is not currently determinable. Management has concluded that these matters do not meet the criteria for recognition of a liability.

9. Internal restrictions

In 2019, the Board of Directors of TCT, resolved to internally restrict $5,000,000 as an operating reserve to be held and managed by the TCTF. The reserve is intended to support the organization's day-to-day operations in the event of revenue shortfalls or unforeseen expenses. Access to the reserve requires consultation and approval by the Trans Canada Trail Foundation's Board of Directors.

10. Government of Canada agreements

On September 1, 2022, TCT signed a $55,000,000 contribution agreement with Parks Canada, based on eligible expenditures incurred between April 1, 2022 and March 31, 2027 with the maximum amount payable by fiscal year as follows:

	$
2022–2023	9,000,000
2023–2024	10,000,000
2024–2025	11,000,000
2025–2026	12,000,000
2026–2027	13,000,000

The objective of the contribution was to support the renewal and expansion of the TCT, with the goal of maintaining and growing Canada's trails network.

On October 27, 2022, TCT signed a $310,000 contribution agreement with Natural Resources Canada for the period from April 1, 2022 to March 31, 2024 for a project called Five-year Strategic Planning to Nationally Mobilize the Trails Sector in the 2 Billion Trees Commitment. Over a two-year period, TCT developed a strategic plan that resulted in the planting of 1,000 trees along the TCT and lay the foundation for engaging the trail sector in the federal government's 2 Billion Trees Program. An amendment to the original agreement was signed on March 17, 2023 to change the allocation of funding by year to $73,000 in 2022–2023 and $237,000 in 2023–2024. A further update to the agreement was signed on April 1, 2024 to extend funding until 2026–2027 with the following contribution agreement: 2024–2025 for $490,500, 2025–2026 for $547,500 and 2026–2027 for $564,000.

On January 10, 2025, TCT signed a $200,000 contribution agreement with the Atlantic Canada Opportunities Agency under the Business Development Program – Tourism Growth Program for the period from January 31, 2025 to December 31, 2025. The objective of the contribution was to support the identification enhancement and marketing of trail visitor experiences in Nova Scotia.

Revenue recognized and expenditures incurred related to the three Government of Canada agreements are included in the table below:

	2026				2025
	Atlantic Canada Opportunities Agency $	**Natural Resources Canada** $	**Parks Canada** $	**Total** $	**Total** $
Revenue recognized					
Government grants	**200,000**	**547,500**	**12,000,000**	**12,747,500**	11,490,500
Investment income	**—**	**—**	**67,954**	**67,954**	93,508
	200,000	**547,500**	**12,067,954**	**12,815,454**	11,584,008
Expenditures					
Trail development	**200,000**	**475,000**	**8,144,987**	**8,819,987**	8,648,508
Trail engagement and promotion	**—**	**—**	**2,357,967**	**2,357,967**	1,435,000
General and administrative	**—**	**72,500**	**1,565,000**	**1,637,500**	1,500,500
	200,000	**547,500**	**12,067,954**	**12,815,454**	11,584,008

11. Pledges

Unrecognized pledges to be received in future years are as follows:

	Restricted $	Unrestricted $	Total $
2027	199,244	300,500	499,744
2028	305,000	300,500	605,500
2029	—	45,000	45,000

As at March 31, 2026, nil [2025 – $63,750] of pledges is included in contributions receivable.

12. Financial instruments and risk management

TCT is exposed to various risks through its financial instruments. The following analysis provides a measure of TCT's risk exposure as at the consolidated statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

TCT is exposed to credit risk on its accounts receivable and short-term investment, including interest receivable. TCT determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Interest rate risk

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

TCT is exposed to interest rate risk on its fixed-interest short-term financial instruments.

Liquidity risk

Liquidity risk is the risk TCT will have difficulty in meeting obligations associated with financial liabilities, which include accounts payable and accrued liabilities. Prudent management of liquidity risk implies retaining a sufficient level of liquidity and arranging for appropriate credit facilities. TCT believes that its recurring financial resources are adequate to cover all its obligations.