

Sport P.E.I. Inc.

Financial Statements
March 31, 2026



May 22, 2026

Independent Auditor's Report

To the Directors of Sport P.E.I. Inc.

Opinion

We have audited the financial statements of Sport P.E.I. Inc., which comprise the statement of financial position as at March 31, 2026, and the statements of operations - unrestricted, changes in net assets - unrestricted, operations and changes in net assets - restricted 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 Sport P.E.I. Inc. as at March 31, 2026, 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 Sport P.E.I. Inc. 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 Sport P.E.I. Inc.'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 Sport P.E.I. Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sport P.E.I. Inc.'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 Sport P.E.I. Inc.'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 Sport P.E.I. Inc.'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 Sport P.E.I. Inc. 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.

Arsenault Best Cameron Ellis

Chartered Professional Accountants

Sport P.E.I. Inc.
Statement of Financial Position
As at March 31, 2026

	2026 \$	2025 \$
Assets		
Current assets		
Cash and cash equivalents	1,453,216	1,181,376
Accounts receivable (note 3)	31,333	22,433
Prepaid expenses	2,634	2,845
Restricted fund (note 4)	1,126,822	924,548
	<u>2,614,005</u>	<u>2,131,202</u>
Capital assets (note 5)	<u>8,538</u>	<u>5,053</u>
	<u>2,622,543</u>	<u>2,136,255</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	24,877	22,230
Due to Royalty Centre (note 6)	494,670	491,647
Deferred revenue (schedule)	584,983	320,498
	<u>1,104,530</u>	<u>834,375</u>
Severance liability (note 7)		
Net assets		
Unrestricted	391,191	377,332
Internally restricted (note 4)	1,126,822	924,548
	<u>1,518,013</u>	<u>1,301,880</u>
	<u>2,622,543</u>	<u>2,136,255</u>

Approved by the Board of Directors

_____ Director

_____ Director

Sport P.E.I. Inc.

Statement of Changes in Net Assets - Unrestricted For the year ended March 31, 2026

	2026 \$	2025 \$
Net assets - Beginning of year	377,332	335,923
Excess revenue for the year	13,859	41,409
Net assets - End of year	<u>391,191</u>	<u>377,332</u>

Sport P.E.I. Inc.

Statement of Operations - Unrestricted For the year ended March 31, 2026

	2026 Budget (unaudited) \$	2026 \$	2025 \$
Revenue			
Grant - Province of Prince Edward Island	321,300	321,300	315,000
Grant - PSO Administrator Program	105,000	70,500	81,885
Grant - other government funding (note 8)	50,000	67,199	126,826
Grant - other	15,000	103,715	21,094
Administration fee - Royalty Centre (note 8)	115,000	115,500	104,600
- PEI Amateur Sport Fund	6,000	8,250	7,500
- KidSport	20,000	10,500	-
Awards banquet	11,950	13,255	11,500
Corporate sponsorship	19,000	27,500	17,500
Membership dues	8,975	8,900	8,900
Insurance recovery - sports organizations	110,500	110,943	121,235
Interest	12,000	29,885	49,670
Miscellaneous	2,000	5,521	1,099
Event registration	10,000	18,160	9,005
PSO payroll service revenue	-	-	261
Print shop revenue	10,000	9,530	8,683
Vending machine commission	500	927	818
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	817,225	921,585	885,576
Expenses			
Advertising	10,000	4,255	5,748
Awards banquet	21,500	22,435	20,496
Bank charges	1,200	1,152	1,099
Dues and registration	4,000	3,914	3,474
Insurance	225	879	221
Insurance - sports organizations	105,000	108,060	116,986
Meetings and functions	19,500	11,081	21,964
Miscellaneous	2,000	4,444	2,277
NCCP expenses	20,000	20,209	22,288
Program support	30,000	77,496	44,603
Printing, postage and office	28,000	27,643	28,473
Professional development	3,000	1,500	90
Professional fees	12,500	12,660	11,985
Scholarship	4,000	12,500	5,500
Travel	5,200	2,522	2,586
Wages and levies (note 6)	595,000	587,058	553,508
Website	900	9,100	900
Amortization	3,000	818	1,969
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	865,025	907,726	844,167
Excess revenue (expenses) for the year	<hr/>	<hr/>	<hr/>
	(47,800)	13,859	41,409

Sport P.E.I. Inc.

Statement of Operations and Changes in Net Assets - Restricted For the year ended March 31, 2026

	KidSport P.E.I. \$	Severance pay \$	Sports development and infrastructure \$	2026 \$	2025 \$
Revenue					
Program revenue	492,691	-	-	492,691	531,947
Interest	19,287	1,307	960	21,554	14,951
	511,978	1,307	960	514,245	546,898
Expenses					
Program expenses	311,971	-	-	311,971	326,196
Excess revenue for the year	200,007	1,307	960	202,274	220,702
Balance - Beginning of year	856,683	41,802	26,063	924,548	703,846
Balance - End of year	1,056,690	43,109	27,023	1,126,822	924,548

Sport P.E.I. Inc.

Statement of Cash Flows

For the year ended March 31, 2026

	2026	2025
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess revenue for the year		
- unrestricted	13,859	41,409
- restricted - KidSport P.E.I.	200,007	217,535
- restricted - Severance pay	1,307	1,622
- restricted - Sports development and infrastructure	960	1,545
Item not affecting working capital		
Amortization	818	1,969
	216,951	264,080
Net change in non-cash working capital balances		
Decrease (increase) in accounts receivable	(8,900)	6,858
Decrease in prepaid expenses	211	269
Increase (decrease) in accounts payable and accrued liabilities	2,647	(36,912)
Increase in deferred revenue	264,485	135,565
	475,394	369,860
Investing activity		
Purchase of capital assets	(4,303)	(2,541)
Financing activity		
Increase (decrease) in due to Royalty Centre	3,023	(161,526)
Net change in cash and cash equivalents	474,114	205,793
Cash and cash equivalents - Beginning of year	2,105,924	1,900,131
Cash and cash equivalents - End of year	2,580,038	2,105,924
Cash and cash equivalents consist of		
Cash and cash equivalents	1,453,216	1,181,376
Restricted fund - KidSport P.E.I. (note 4)	1,056,690	856,683
Restricted fund - severance pay (note 4)	43,109	41,802
Restricted fund - sports development and infrastructure (note 4)	27,023	26,063
	2,580,038	2,105,924

Sport P.E.I. Inc.

Notes to Financial Statements

March 31, 2026

1 Purpose of organization

The objective and purpose of Sport P.E.I. Inc. is to promote, advance and encourage the playing of sports in the Province of Prince Edward Island.

The company is a non-profit organization and is therefore tax exempt under Section 149(1)(1) of the *Income Tax Act*.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consists of cash in bank and deposits that are cashable GICs with maturity dates of less than one year.

Fund accounting

Sport P.E.I. Inc. follows the restricted fund method of accounting for contributions.

The Unrestricted Fund accounts for the organization's program delivery, fundraising and administrative activities.

The Restricted Fund reports resources that have been appropriated by the Board of Directors for KidSport P.E.I., severance payments and sport development and infrastructure.

Amortization

Capital assets are accounted for at cost and amortized on the basis of their useful life using the following rates and methods.

Amortization of furniture and equipment is calculated using the declining balance method at the annual rate of 20%. Computer equipment is being amortized on a straight-line basis over three years.

In the year of acquisition, amortization is recorded at one-half of the normal annual rate; no amortization is recorded in the year of disposal.

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset excess the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Sport P.E.I. Inc.

Notes to Financial Statements

March 31, 2026

Revenue recognition

Unrestricted contributions are recognized in the Unrestricted Fund in the year earned. Restricted contributions are recognized as revenue of the restricted funds. Program revenue is recognized when received or receivable if collectibility is reasonably assured. Interest revenue is recognized when earned. Amounts that have been recorded in advance of services being rendered are recorded as deferred revenue until the organization discharges the obligations that led to the collection of funds.

Government assistance

Government assistance relating to operations are recorded as revenue in the year it is received or receivable when the organization discharges any obligations that led to the receipt of any government assistance.

Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the estimated useful life of capital assets. Actual results could differ from those estimates.

Financial instruments

(a) Measurement of financial instruments

Sport P.E.I. Inc.'s financial instruments consist of cash and cash equivalents, accounts receivable, restricted funds, accounts payable and accrued liabilities and due to Royalty Centre.

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

(b) Impairment

For financial assets measured at cost or amortized cost, Sport P.E.I. Inc. determines whether there are indications of possible impairment. When there is an indication of impairment, and Sport P.E.I. Inc. determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess revenue.

Sport P.E.I. Inc.

Notes to Financial Statements

March 31, 2026

(c) Risks

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

- i) Credit risk: The organization is exposed to credit risk in connection with the collection of its accounts receivable. The organization mitigates this risk by performing continuous evaluation of its accounts receivable.
- ii) Liquidity risk: The organization's exposure to liquidity risk is dependent on the collection of accounts receivable or raising of funds to meet commitments and sustain operations. The organization controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.

3 Accounts receivable

	2026	2025
	\$	\$
Trade receivable	14,222	8,993
Accrued interest receivable	12,090	9,556
HST receivable	5,021	3,884
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	31,333	22,433
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4 Restricted funds

The Board of Directors of Sport P.E.I. Inc. has internally restricted funds for the KidSport P.E.I. program. The program receives non-receipted donations and uses these funds to allow children and families with financial barriers to participate in organized sports. Balances pertaining to KidSport Canada are not included in these financial statements.

The Board of Directors of Sport P.E.I. Inc. has internally restricted funds for severance pay and sport development and infrastructure. These funds, including interest earned, have been restricted for specifically designated purposes. Any contribution or withdrawal of these funds require Board approval.

The Restricted Fund balances are as follows:

	KidSport P.E.I.	Severance Pay	Sports Development and Infrastructure	2026	2025
	\$	\$	\$	\$	\$
Cash and deposits	1,056,690	37,450	27,213	1,121,353	921,346
Due from (to) unrestricted	-	5,659	(190)	5,469	3,202
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	1,056,690	43,109	27,023	1,126,822	924,548
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Sport P.E.I. Inc.

Notes to Financial Statements

March 31, 2026

5 Capital assets

			2026	2025
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Furniture and equipment	39,534	38,642	892	1,115
Computer equipment	75,816	68,170	7,646	3,938
	115,350	106,812	8,538	5,053

6 Due to Royalty Centre

Due to Royalty Centre relates to a Memorandum of Understanding between Sport P.E.I. Inc. and the Province of Prince Edward Island whereby Sport P.E.I. Inc. collects revenue and pays bills relating to the Royalty Centre. Under the Memorandum of Understanding, Sport P.E.I. Inc. is to use all revenue collected to cover the expenses of the Royalty Centre.

During the year, \$300,329 (2025 - \$329,827) in wages and levies were paid and charged to Royalty Centre. These expenses are not reflected in the Sport P.E.I. Inc. wages and levies.

Sport P.E.I. Inc.'s financial statements do not reflect the activities of Royalty Centre. Separate audited financial statements have been prepared for Royalty Centre.

Amounts due to Royalty Centre are non-interest bearing with no specific repayment terms.

7 Severance liability

In accordance with the organization's benefits policy, employees with more than five years of continuous service are entitled, under certain conditions, to a specified level of severance pay. At March 31, 2026, this liability is estimated to total \$68,216 (2025 - \$64,907) and has not been recorded in the accounts. The funding of this liability will first be drawn from the restricted fund which has a current balance of \$43,109 (2025 - \$41,802).

Sport P.E.I. Inc.

Notes to Financial Statements

March 31, 2026

8 Government assistance

During the year, Sport P.E.I. Inc. received \$115,500 (2025 - \$104,600) from the Department of Transportation, Infrastructure and Energy for managing the operations of the Royalty Centre. This funding is included in other grants on the Statement of Operations - Unrestricted.

Sport P.E.I. Inc. also received other government assistance for the following projects recognized as revenue on the Statement of Operations - Unrestricted:

	2026	2025
	\$	\$
Team PEI Canada Games	18,809	22,651
Coaching	17,130	12,623
VIP Coach	10,255	11,929
Administration	10,000	-
Safe Sport	4,160	-
Women in Sport	3,845	6,368
She's Good	3,000	4,500
SCORE	-	3,000
Athlete and Health Performance	-	10,000
Jobs for Youth	-	8,370
Gender, Equity, Diversity, Inclusion	-	47,385
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	67,199	126,826
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9 Commitments

The minimum annual lease payments over the next three years under an operating lease expiring in 2028 are as follows:

	\$
Year ending March 31, 2027	2,155
2028	539

Sport P.E.I. Inc.

Notes to Financial Statements

March 31, 2026

10 Related party transactions

Sport P.E.I. Inc. is a member of the Canadian Council of Provincial and Territorial Sport Federations Inc. (CCPTSF). Sport P.E.I. Inc. is a licensed chapter of KidSport Canada Inc., as such, the organization administers the Funds established by the KidSport P.E.I. (Prince Edward Island Chapter).

In the current and previous year, KidSport Canada Inc. and Sport P.E.I. Inc. management agreed to recognize non-receipted funding (grants, fundraising) received from KidSport P.E.I. as revenue in Sport P.E.I. Inc. Prior to this agreement this revenue was recognized in KidSport Canada Inc. Receipted donations continue to be reported by KidSport Canada Inc.

Sport P.E.I. Inc. administers the funds for KidSport P.E.I. which includes receiving non-receipted donations and paying program costs. The bank account is in the name of Sport P.E.I. Inc. and is reported as a restricted asset on these financial statements.

11 Economic dependence

Sport P.E.I. Inc. receives funding from government. Because the organization's major source of income is derived from government funding, its ability to continue viable operations is dependent upon maintaining these funding sources from government.