RECREATION PEI INC.

Financial Statements

March 31, 2026

RECREATION PEI INC.

Index to Financial Statements

March 31, 2026

MRSB

M|R|S|B
Accounting Tax Consulting Valuation Bookkeeping

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Recreation PEI Inc.

Opinion

We have audited the financial statements of Recreation PEI Inc. (the organization), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes and schedules 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 organization as at March 31, 2026, 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.

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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

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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 organization'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 organization'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 organization 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.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Charlottetown, PE

August 20, 2026

RECREATION PEI INC.
Statement of Financial Position
March 31, 2026

		2026		2025
ASSETS				
Current				
Cash and cash equivalents	$	**575,763**	$	766,704
Accounts receivable (Note 4)		**59,284**		67,592
Prepaid expense		**2,945**		2,708
	$	**637,992**	$	837,004
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**12,482**	$	47,996
Deferred revenue (Note 5)		**474,471**		638,596
		486,953		686,592
Lease commitment (Note 6)				
NET ASSETS				
Unrestricted net assets (Statement 4)		**66,039**		65,412
Restricted fund (Note 7)		**85,000**		85,000
		151,039		150,412
	$	**637,992**	$	837,004

On behalf of the Board

______________________________ Director

______________________________ Director

Notes 1 - 11 are an integral part of these financial statements

RECREATION PEI INC.
Statement of Changes in Net Assets
Year Ended March 31, 2026

	Unrestricted net assets	Restricted Fund	**2026**	2025
Net assets - beginning of year	$ 65,412	$ 85,000	**$ 150,412**	$ 145,038
Excess of revenues over expenditures (Statement 5)	627	-	**627**	5,374
Net assets - end of year	$ 66,039	$ 85,000	**$ 151,039**	$ 150,412

Notes 1 - 11 are an integral part of these financial statements

RECREATION PEI INC.
Statement of Operations
Year Ended March 31, 2026

	Budget 2026	Actual 2026	Actual 2025
Revenues			
Provincial grants	$ 84,900	$ 84,900	$ 75,000
Interest	7,000	14,413	17,471
Project management fees	10,800	11,600	14,500
Membership dues	5,600	5,139	4,849
Wage subsidies	-	-	11,408
	108,300	116,052	123,228
Expenditures			
Accounting	3,000	2,577	2,524
Advertising	1,100	978	1,399
Bad debts	-	-	12,621
Conferences	11,000	11,499	10,614
Dues and fees	6,900	6,798	6,111
Equipment	1,500	1,768	610
Insurance	700	718	665
Interest and bank charges	425	2,751	1,762
Meetings	700	191	761
Miscellaneous	500	-	-
Office	675	452	361
Rent	3,600	3,516	1,262
Telephone	1,000	772	784
Wages and wage levies	76,800	84,989	87,862
	107,900	117,009	127,336
Excess (deficiency) of revenues over expenditures from operations	400	(957)	(4,108)
Other revenues			
Programs (Schedule 1)	(400)	1,584	9,336
Miscellaneous	-	-	146
	(400)	1,584	9,482
Excess of revenues over expenditures	$ -	$ 627	$ 5,374

Notes 1 - 11 are an integral part of these financial statements

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RECREATION PEI INC.
Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
Cash flows from operating activities		
Excess of revenues over expenditures	**$ 627**	$ 5,374
Changes in non-cash working capital:		
Accounts receivable	**8,306**	(24,726)
Prepaid expense	**(237)**	2,719
Accounts payable and accrued liabilities	**(35,512)**	28,191
Deferred revenue	**(164,125)**	48,027
	(191,568)	54,211
Increase (decrease) in cash	**(190,941)**	59,585
Cash and cash equivalents - beginning of year	**766,704**	707,119
Cash and cash equivalents - end of year	**$ 575,763**	$ 766,704

Notes 1 - 11 are an integral part of these financial statements

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1. DESCRIPTION OF BUSINESS

Recreation PEI Inc. was incorporated under Part II of the Business Corporations Act of Prince Edward Island as a not-for-profit entity. Incorporating in the manner exempts the Organization from income taxes provided ongoing compliance requirements are met.

The mission of the organization is to enhance the opportunity for all Islanders to live healthy and active lifestyles and increase public and political awareness of the detrimental effects of physical inactivity in PEI.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO).

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash is comprised of cash in banks. Cash equivalents are investments in guarantee investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because of the short term maturity of these investments.

Accounts receivable

Accounts receivable arise from government funding receivable, trade receivables and Harmonized Sales Tax (HST) receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Tangible capital assets

Tangible capital assets is stated at cost and are capitalized for additions in excess of $10,000.

Government assistance

During the year, the organization received from the Province of Prince Edward Island $84,900 (2025 - $75,000) for an operating grant, $83,000 (2025 - $83,000) for GoPEI program, $377,000 (2025 - $247,000) for Clinical Physiology program, $25,000 (2025 - $Nil) for Bike Rack Project, $Nil (2025 - $10,390) for AT Summit, $Nil (2025 - $248,000) for Education Coalition, $Nil (2025 - $50,000) for Active Transportation fund, and $Nil (2025 - $11,408) from Skills PEI for wage subsidies. Included in deferred revenue is $461,670 is from the Province of PEI.

Government grants are recorded when there is a reasonable assurance that the organization has complied with, and will continue to comply with, all the necessary conditions to obtain the grants.

Employee future benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and defined contributions to employee benefit plans when it is probable that settlement will be required and they are capable of being measured reliably.

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3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Interest revenue is recognized on a time proportionate basis.

The organization follows the deferral method of accounting for revenues. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Donated services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The value of donated materials and services are not recorded in revenue.

Measurement uncertainty

When preparing financial statements according to Canadian ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenditures
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, and asset impairments.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Transaction costs on the acquisition, sale, or issue of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

4. ACCOUNTS RECEIVABLE

	2026	2025
Provincial funding receivable	$ **54,600**	$ 51,668
HST receivable	**4,586**	11,526
Trade accounts receivable	**98**	4,398
	$ **59,284**	$ 67,592

5. DEFERRED REVENUE

	2026	2025
Provincial funding	$ **460,860**	$ 610,402
Government of Canada New Horizons	**12,032**	13,880
Sport for Life	**1,389**	12,174
Membership fees	**190**	-
Canadian Parks and Recreation Association	**-**	2,140
	$ **474,471**	$ 638,596

6. LEASE COMMITMENT

The organization has entered into a lease agreement with Sport PEI for the lease of space. The minimum lease payments due over the next year are as follows:

2027	$ 3,911

7. RESTRICTED FUND

In 2016, the Board of Directors resolved to restrict $40,000 for future use. The purpose of this restriction is to set aside funds which are meant to cover 6-12 months of overhead costs in the event that funding is delayed. The organization may not use these funds for any other purpose without approval of the Board of Directors. In 2024, the Board of Directors resolved to restrict an additional $45,000 for future use.

8. LINE OF CREDIT AVAILABILITY

The organization has an approved line of credit in the amount of $40,000 at prime + 0.25% interest. At March 31, 2026, the line of credit was not being utilized.

9. BUDGET FIGURES

The column presented as Budget 2026 on the Statement of Operations and Schedule 1 has not been subject to audit or review by the external accountant.

10. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long term debt.

The organization 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 organization's risk exposure and concentration as of March 31, 2026.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources and accounts payable.

Unless otherwise noted, it is management’s opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

11. ECONOMIC DEPENDENCE

The organization funds its operations with grants provided by the Government of Prince Edward Island. The organization's ability to continue to administer its programs and discharge its liabilities is dependent on receipt of these grants.

RECREATION PEI INC.

Schedule to Financial Statements - Programs (Schedule 1)

Year Ended March 31, 2026

	Budget 2026	Actual 2026	Actual 2025
Revenues			
Province of PEI	$ 628,681	$ 494,104	$ 433,142
GoPEI	125,250	103,638	121,724
Other projects	31,690	28,774	108,065
Workshop and training	9,900	9,350	19,782
Newsletter and website advertising	1,500	2,250	1,500
High Five program	-	-	1,870
Jump Start	5,000	-	4,500
	802,021	638,116	690,583
Expenditures			
AGM Conferences	1,100	1,184	998
GoPEI	125,250	103,638	121,724
High Five program	-	-	1,989
Jump Start	5,000	-	4,500
Other projects	31,690	30,430	111,599
Playground inspections	1,800	1,948	956
Provincially funded projects	628,681	494,104	433,077
Workshop and training	8,900	5,228	6,404
	802,421	636,532	681,247
Excess (deficiency) of revenues over expenditures	$ (400)	$ 1,584	$ 9,336

Notes 1 - 11 are an integral part of these financial statements