

Financial Statements

Tourism Industry Association of Prince Edward Island

July 31, 2024



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Independent Auditor's Report

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To the members of the Tourism Industry Association of Prince Edward Island

Opinion

We have audited the financial statements of Tourism Industry Association of Prince Edward Island (“the Organization”), which comprise the statement of financial position as at July 31, 2024, 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 Tourism Industry Association of Prince Edward Island as at July 31, 2024, and its results of 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 Organization 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Tourism Industry Association of Prince Edward Island as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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.

Charlottetown, Prince Edward Island
Date - TBD

Chartered Professional Accountants

Tourism Industry Association of Prince Edward Island

Statement of Operations

Year ended July 31

2024

2023

	Scholarship	Other	ACAT	TIAPEI		
Revenue						
Administration and overhead	\$ -	\$ -	\$ -	\$ 28,589	\$ 28,589	\$ 16,713
Association meetings	-	-	-	33,065	33,065	11,827
Membership fees	-	-	-	34,428	34,428	28,984
Training certification and other income	425	-	-	47,048	47,473	50,161
Government grants	-	2,390,879	2,625,670	50,000	5,066,549	4,729,711
	<u>425</u>	<u>2,390,879</u>	<u>2,625,670</u>	<u>193,130</u>	<u>5,210,104</u>	<u>4,837,396</u>
Expenses						
Advertising and promotions	-	-	-	23,672	23,672	1,441
Association meetings	-	-	-	41,732	41,732	12,817
Bad debt	-	-	-	-	-	3,233
Bank and interest charges	-	-	-	6,385	6,385	4,343
Insurance	-	-	-	2,838	2,838	2,645
Memberships and publications	-	-	-	2,479	2,479	2,861
Office	-	-	-	19,368	19,368	24,629
Professional fees	-	-	-	15,002	15,002	15,171
Programs and marketing	-	2,165,197	2,536,652	-	4,701,849	4,347,982
Rent	-	-	-	45,154	45,154	42,444
Sponsorships and gifts	-	-	-	2,904	2,904	1,597
Telephone	-	-	-	10,917	10,917	9,799
Training	-	-	-	14,301	14,301	8,876
Travel and meals	-	-	-	3,913	3,913	12,163
Wages and benefits	-	-	-	293,405	293,405	278,661
	-	<u>2,165,197</u>	<u>2,536,652</u>	<u>482,070</u>	<u>5,183,919</u>	<u>4,768,662</u>
Net revenue (expenses) before interfund transfers	425	225,682	89,018	(288,940)	26,185	68,734
Inter-fund transfers (Note 7)	-	(225,629)	(89,018)	314,647	-	-
Change in net assets	<u>\$ 425</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 25,707</u>	<u>\$ 26,185</u>	<u>\$ 68,734</u>

See accompanying schedules and notes to the financial statements.

Tourism Industry Association of Prince Edward Island

Statement of Changes in Net Assets

Year ended July 31

2024

2023

	Invested in scholarship fund	Restricted for other programs	Restricted for ACAT	Unrestricted		
Balance, beginning of year	\$ 21,532	\$ 39,273	\$ 43,100	\$ 529,700	\$ 633,605	\$ 564,871
Change in net assets	425	53	-	25,707	26,185	68,734
Balance, end of year	<u>\$ 21,957</u>	<u>\$ 39,326</u>	<u>\$ 43,100</u>	<u>\$ 555,407</u>	\$ 659,790	<u>\$ 633,605</u>

See accompanying schedules and notes to the financial statements.

Tourism Industry Association of Prince Edward Island

Statement of Financial Position

July 31

2024

2023

Assets

Current

Cash and cash equivalents		
Restricted for the scholarship fund	\$ 22,241	\$ 22,241
Unrestricted	1,261,553	1,150,106
Receivables (Note 3)	341,634	990,563
Prepays	<u>6,134</u>	<u>6,134</u>
	<u>\$1,631,562</u>	<u>\$2,169,044</u>

Liabilities

Current

Payables and accruals (Note 4)	\$ 103,259	\$ 326,534
Deferred revenue (Note 5)	<u>868,513</u>	<u>1,208,905</u>
	<u>971,772</u>	<u>1,535,439</u>

Net assets

Net assets invested in scholarship fund	21,957	21,532
Net assets restricted for other programs	39,326	39,273
Net assets restricted for ACAT	43,100	43,100
Unrestricted net assets	<u>555,407</u>	<u>529,700</u>
	<u>659,790</u>	<u>633,605</u>
	<u>\$1,631,562</u>	<u>\$2,169,044</u>

Commitments and contingencies (Note 9)

Approved on behalf of the Association

_____ Director _____ CEO

See accompanying schedules and notes to the financial statements.

Tourism Industry Association of Prince Edward Island Statement of Cash Flows

Year ended July 31

2024

2023

Increase (decrease) in cash and cash equivalents

Operating

Cash received from customers – grants	\$ 4,832,372	\$ 4,433,298
Cash received from customers – other	1,000,898	99,598
Cash paid to suppliers	(5,042,975)	(4,402,973)
Cash paid to employees	<u>(678,848)</u>	<u>(742,015)</u>
Net increase in cash and cash equivalents	111,447	(612,092)
Cash and cash equivalents		
Beginning of year	<u>1,172,347</u>	<u>1,784,439</u>
End of year	<u>\$ 1,283,794</u>	<u>\$ 1,172,347</u>

Components of cash and cash equivalents:

Restricted for scholarship fund	\$ 22,241	\$ 22,241
Unrestricted	<u>1,261,553</u>	<u>1,150,106</u>
	<u>\$ 1,283,794</u>	<u>\$ 1,172,347</u>

See accompanying schedules and notes to the financial statements.

Tourism Industry Association of Prince Edward Island

Notes to the Financial Statements

July 31, 2024

1. Nature of operations

The Tourism Industry Association of Prince Edward Island is a non-profit, membership-based organization dedicated to the advancement of the tourism industry.

The objectives of the Association are:

- To provide and advance the tourism industry in Prince Edward Island;
- To strive for continued development and improvement of tourism facilities and services offered to the public; and
- To create a wider interest in the tourism industry among the general public in Prince Edward Island.

The Association provides marketing and training programs and services to the tourism industry in Atlantic Canada. The Association administers programs on behalf of various government agencies, the terms and conditions of which are set out in agreements with these agencies.

2. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions, net of bank overdrafts and short term deposits that mature within the next year. Temporary short-term borrowings are considered to be financing activities.

Revenue recognition

The Association follows the deferral method of accounting for contributions. 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 reasonably assured.

Atlantic Canada Agreement on Tourism (ACAT), other program contract revenues are recorded when the related expenditures are recognized. Expenditures are recorded at the date of billing from the contract supplier.

Revenues that are generated from activities not specifically related to expense reimbursement are recorded in the period the revenues are received or receivable if collection is reasonably assured.

Tourism Industry Association of Prince Edward Island

Notes to the Financial Statements

July 31, 2024

2. Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

Membership, meeting and sponsorship partner revenues are recorded as the fees are collected from the members. Billings are made based on prior year and membership in the Association is voluntary; therefore, recording at the time of receipt is considered to be the date memberships are effective or meetings and sponsorship have taken place.

Capital expenditures

All capital assets are expensed in year of acquisition. Capital assets include furniture, office and computer equipment.

Contributions in kind

Contributions in kind, of goods and services, are recognized only when a fair value can be reasonably estimated and when the goods and services are used in the normal course of the Association's operations.

Deferred revenue

Deferred revenue represents unexpended proceeds received from various government contracts and sponsorship partner revenues. The funds are recognized as revenue in the periods the related expenditures are incurred.

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- Cash and cash equivalents
- Receivables
- Payables and accruals

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Upon initial measurement, the Association's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial instrument

Cash and cash equivalents
Receivables
Payables and accruals

Subsequent measurement

Amortized cost
Amortized cost
Amortized cost

Tourism Industry Association of Prince Edward Island

Notes to the Financial Statements

July 31, 2024

2. Summary of significant accounting policies (cont'd)

The Association removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of write-downs or reversals are recognized in net income.

3. Receivables

	<u>2024</u>	<u>2023</u>
Trade	\$ -	\$ 41,476
Other Programs	341,634	940,627
HST	<u>-</u>	<u>8,460</u>
	\$ 341,634	\$ 990,563

4. Payables and accruals

	<u>2024</u>	<u>2023</u>
Atlantic Canada Agreement on Tourism	\$ 2,370	\$ 39,933
Other programs	24,095	<u>266,652</u>
	26,465	306,585
Trade	56,720	19,949
HST	20,074	<u>-</u>
	\$ 103,259	\$ 326,534

Tourism Industry Association of Prince Edward Island

Notes to the Financial Statements

July 31, 2024

5. Deferred revenue

Deferred revenue represents unspent externally restricted grants for programs at the Association. The revenue is being recognized evenly over the terms of the individual projects.

	<u>2024</u>	<u>2023</u>
TIAPEI	\$ 45,216	\$ 51,579
Other	800,164	982,326
Atlantic Canada Agreement on Tourism	<u>23,133</u>	<u>175,000</u>
	<u>\$ 868,513</u>	<u>\$ 1,208,905</u>
Balance, beginning of year	\$ 1,208,905	\$ 1,314,776
Amount received during the year	499,685	676,170
Amount recognized as revenue during the year	<u>(840,077)</u>	<u>(782,041)</u>
Balance, end of year	<u>\$ 868,513</u>	<u>\$ 1,208,905</u>

6. Bank indebtedness

The Association has an operating line of credit of \$215,000 of which all was unused at July 31, 2024.

7. Inter-fund transfers

	<u>Other</u>	<u>ACAT</u>	<u>TIAPEI</u>
Administration and overhead	\$ (225,629)	\$ (56,915)	\$ 282,544
Photocopy and postage	-	(2,974)	2,974
Rent	-	(23,432)	23,432
Telephone	-	<u>(5,697)</u>	<u>5,697</u>
	<u>\$ (225,629)</u>	<u>\$ (89,018)</u>	<u>\$ 314,647</u>

Tourism Industry Association of Prince Edward Island

Notes to the Financial Statements

July 31, 2024

8. Financial instruments

The Association's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities.

Financial risk factors

The following sections describe the Association's financial risk exposure and related mitigation strategies:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Association is subject to credit risk through trade receivables. The Association generally considers the credit quality of its financial assets that are neither past due nor impaired to be solid. Credit risk is mitigated due to the fact that most receivables are related to funding agreements with various provincial and federal government agencies. Allowance for doubtful accounts is reviewed at each balance sheet date. The Association updates its estimates of allowances for doubtful accounts based on customer history.

Liquidity risk

Liquidity risk is the risk that the Association may not have cash available to satisfy financial liabilities as they come due. The Association actively maintains a committed operating line of credit to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

9. Commitments and contingencies

The Association is party to various agreements to provide secretariat services for projects. The projects are based on specific periods of time and subject to terms and conditions as outlined in the agreements.

The Association has also entered into agreements to lease photocopying and mailing equipment through to March 2029. Minimum rent payable is \$813 per quarter, for the duration of these leases.

Tourism Industry Association of Prince Edward Island Schedule of Operations – TIAPEI

Year ended July 31	2024	2023
Revenues		
Administration and overhead	\$ 304,911	\$ 316,131
Association meetings	33,065	11,827
Grant revenues	50,000	50,000
Membership fees	34,428	28,984
Recoveries		
Equipment	-	1,254
Photocopy	3,085	1,644
Rent	29,056	23,767
Telephone	6,184	5,504
Training certification and other income	<u>47,048</u>	<u>48,934</u>
	<u>507,777</u>	<u>488,045</u>
Expenditures		
Advertising and promotion	23,672	1,441
Association meetings	41,732	12,817
Bad debt	-	3,233
Bank and interest charges	6,385	4,343
Insurance	2,838	2,645
Memberships and publications	2,479	2,861
Office		
Equipment	7,010	6,724
Supplies	12,358	17,905
Professional fees	15,002	15,171
Rent	45,154	42,444
Sponsorship	2,904	1,597
Telephone	10,917	9,799
Training	14,301	8,876
Travel and meals	3,913	12,163
Wages and benefits	<u>293,405</u>	<u>278,661</u>
	<u>482,070</u>	<u>420,680</u>
Excess revenues	<u>\$ 25,707</u>	<u>\$ 67,365</u>

**Tourism Industry Association of Prince Edward Island
Schedule of Operations – Scholarship Fund**

Year ended July 31	2024	2023
Revenues		
Interest	\$ <u>425</u>	\$ <u>1,227</u>
Expenditures		
Award	<u>-</u>	<u>-</u>
Excess revenues (expenditures)	\$ <u>425</u>	\$ <u>1,227</u>

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Tourism Industry Association of Prince Edward Island Schedule of Operations – Other Programs

Year ended July 31	2024	2023
Revenues		
Atlantic Canada Showcase	306,243	130,773
CAA Atlantic Summer 2022	-	311
Certification Program	-	200,484
Entry level cook	160,821	366,229
Expedia – ACAT Bilateral Project	561,709	844,840
Music City Project	21,211	-
Other income	85	75
PEI Events Innovation Fund	543,563	440,420
Reanimate our Island	5,000	126,901
Rendez-vous Canada – ACAT Bilateral Project	-	118,376
Safe Haven	207,091	4,804
Skills PEI programs	216,172	217,103
TIAPEI tourism training series	173,360	129,390
Together in Tourism	2,903	8,720
Tourism awareness campaign	88,044	66,687
Tourism operator advisor	-	43,441
Tourism PEI Fest & Events Fund	10,213	3,455
Tourism Strategy 2023	83,835	-
Tourism Wellness program	10,627	10,458
Winter Strategy	2	30,591
	<u>2,390,879</u>	<u>2,743,058</u>
Expenditures		
Atlantic Canada Showcase	306,243	130,773
CAA Atlantic Summer 2022	-	311
Certification Program	-	200,484
Entry level cook	160,821	366,229
Expedia – ACAT Bilateral Project	561,709	844,840
Music City Project	21,211	-
PEI Events Innovation Fund	543,564	440,420
Reanimate our Island	5,000	126,901
Rendez-vous Canada – ACAT Bilateral Project	-	118,376
Safe Haven	207,091	4,804
Skills PEI programs	219,832	217,036
TIAPEI tourism training series	173,360	129,390
Together in Tourism	2,903	8,720
Tourism awareness campaign	88,044	66,687
Tourism operator advisor	-	43,441
Tourism PEI Fest & Events Fund	10,213	3,455
Tourism Strategy 2023	83,835	-
Tourism Wellness program	7,000	10,458
Winter Strategy	-	30,591
	<u>2,390,826</u>	<u>2,742,916</u>
Excess revenues (expenditures)	<u>\$ 53</u>	<u>\$ 142</u>

Tourism Industry Association of Prince Edward Island Schedule of Operations – ACAT

Year ended July 31	2024	2023
Revenues		
ACOA	\$ 1,482,622	\$ 1,161,992
Provinces	991,181	774,661
Other revenue	<u>151,867</u>	<u>-</u>
	<u>2,625,670</u>	<u>1,936,653</u>
Expenditures		
Administration	331,487	253,051
Agreement evaluation	31,907	14,875
Airline partnership	255,000	-
Germany Trade	473,050	321,499
Research strategy	110,343	121,868
UK other	502	466
UK media relations	227,558	246,104
UK travel trade	344,429	292,677
US media relations	203,805	222,962
US travel trade	<u>647,589</u>	<u>463,151</u>
	<u>2,625,670</u>	<u>1,936,653</u>
Excess revenues (expenditures)	\$ <u>-</u>	\$ <u>-</u>