Doane Grant Thornton

Financial Statements

Tourism Industry Association of Prince Edward Island

July 31, 2025

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Doane Grant Thornton

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 Association"), which comprise the statement of financial position as at July 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 Tourism Industry Association of Prince Edward Island as at July 31, 2025, 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Doane Grant Thornton LLP

Charlottetown, Prince Edward Island
October 30, 2025

Chartered Professional Accountants

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Tourism Industry Association of Prince Edward Island
Statement of Operations
Year ended July 31

	Scholarship	Other	ACAT	TIAPEI	**2025**	2024
Revenue						
Administration and overhead	$ -	$ -	$ -	$ 25,193	**$ 25,193**	$ 28,589
Association meetings	-	-	-	54,835	**54,835**	33,065
Membership fees	-	-	-	49,581	**49,581**	34,428
Training certification and other income	1,329	-	-	35,765	**37,094**	47,473
Government grants	-	1,852,577	2,662,917	53,333	**4,568,827**	5,066,549
	1,329	1,852,577	2,662,917	218,707	**4,735,530**	5,210,104
Expenses						
Advertising and promotions	-	-	-	8,260	**8,260**	23,672
Association meetings	-	-	-	57,160	**57,160**	41,732
Bank and interest charges	-	-	-	7,018	**7,020**	6,385
Insurance	-	-	-	3,432	**3,432**	2,838
Memberships and publications	-	-	-	751	**751**	2,479
Office	-	-	-	17,656	**17,656**	19,368
Professional fees	-	-	-	13,932	**13,931**	15,002
Programs and marketing	-	1,709,265	2,574,629	-	**4,283,893**	4,701,849
Rent	-	-	-	47,732	**47,732**	45,154
Sponsorships and gifts	-	-	-	2,481	**2,481**	2,904
Telephone	-	-	-	10,174	**10,174**	10,917
Training	-	-	-	5,716	**5,716**	14,301
Travel and meals	-	-	-	1,951	**1,951**	3,913
Wages and benefits	-	-	-	276,387	**276,387**	293,405
	-	1,709,265	2,574,629	452,650	**4,736,544**	5,183,919
Net revenue (expenses) before interfund transfers	1,329	143,312	82,288	(233,943)	**(1,014)**	26,185
Inter-fund transfers (Note 7)	-	(146,510)	(82,288)	234,798	**-**	-
Change in net assets	$ 1,329	$ (3,198)	$ -	$ 855	**$ (1,014)**	$ 26,185

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

	Invested in scholarship fund	Restricted for other programs	Restricted for ACAT	Unrestricted	2025	2024
Balance, beginning of year	$ 21,957	$ 39,326	$ 43,100	$ 555,407	**$ 659,790**	$ 633,605
Change in net assets	1,329	(3,198)	-	855	**(1,014)**	26,185
Balance, end of year	$ 23,286	$ 36,128	$ 43,100	$ 556,262	**$ 658,776**	$ 659,790

See accompanying schedules and notes to the financial statements.

Tourism Industry Association of Prince Edward Island
Statement of Financial Position

July 31	2025	2024
Assets		
Current		
Cash and cash equivalents		
Restricted for the scholarship fund	**$ 23,570**	$ 22,241
Unrestricted	**1,195,335**	1,261,553
Guaranteed investment certificate, maturing June 2026, 2.25%	**150,000**	-
Receivables (Note 3)	**399,566**	341,634
Prepaids	**6,134**	6,134
	$1,774,605	$1,631,562
Liabilities		
Current		
Payables and accruals (Note 4)	**$ 72,458**	$ 103,259
Deferred revenue (Note 5)	**1,043,371**	868,513
	1,115,829	971,772
Net assets		
Net assets invested in scholarship fund	**23,286**	21,957
Net assets restricted for other programs	**36,128**	39,326
Net assets restricted for ACAT	**43,100**	43,100
Unrestricted net assets	**556,262**	555,407
	658,776	659,790
	$1,774,605	$1,631,562

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	2025	2024
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from customers – grants	**$ 4,685,752**	$ 5,375,085
Cash received from customers – other	**166,703**	143,555
Cash paid to suppliers	**(4,237,281)**	(4,728,344)
Cash paid to employees	**(530,063)**	(678,848)
	85,511	111,447
Investing		
Purchase of guaranteed investment certificate	**(150,000)**	-
Purchase of capital assets	**(130,948)**	-
	(280,948)	-
Financing		
Grants received for capital assets	**130,948**	-
Net (decrease) increase in cash and cash equivalents	**(64,489)**	111,447
Cash and cash equivalents		
Beginning of year	**1,283,794**	1,172,347
End of year	**$ 1,218,905**	$ 1,283,794

Components of cash and cash equivalents:		
Restricted for scholarship fund	**23,570**	22,241
Unrestricted	**1,195,335**	1,261,553
	$ 1,218,905	$ 1,283,794

See accompanying schedules and notes to the financial statements.

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 90 days. 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.

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
Capital assets include furniture, office and computer equipment, and leasehold improvements. Capital assets are recorded at cost less investment tax credits, grants and accumulated depreciation.

Government assistance related to acquisition of capital assets are netted against the related assets. During the year, grants of $130,948 (2024- $Nil) were earned related to capital asset additions.

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.

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

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

Financial instrument	Subsequent measurement
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Payables and accruals	Amortized cost

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	2025	2024
Other Programs	$ 385,678	$ 341,634
HST	13,888	-
	$ 399,566	$ 341,634

4. Payables and accruals	2025	2024
Atlantic Canada Agreement on Tourism	$ 38,726	$ 2,370
Other programs	10,867	24,095
	49,593	26,465
Trade	22,865	56,720
HST	-	20,074
	$ 72,458	$ 103,259

Tourism Industry Association of Prince Edward Island
Notes to the Financial Statements

July 31, 2025

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.

	2025	2024
TIAPEI	**$ 77,977**	$ 45,216
Other	**942,260**	800,164
Atlantic Canada Agreement on Tourism	**23,134**	23,133
	$ 1,043,371	$ 868,513
Balance, beginning of year	**$ 868,513**	$ 1,208,905
Amount received during the year	**476,556**	499,685
Amount recognized as revenue during the year	**(301,698)**	(840,077)
Balance, end of year	**$ 1,043,371**	$ 868,513

6. Bank indebtedness

The Association has an operating line of credit of $215,000 of which all was unused at July 31, 2025.

7. Inter-fund transfers

	Other	ACAT	TIAPEI
Administration and overhead	$ (146,510)	$ (59,569)	$ 206,079
Photocopy and postage	-	(2,605)	2,605
Rent	-	(20,570)	20,570
Telephone	-	(5,544)	5,544
	$ (146,510)	$ (88,288)	$ 234,798

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.

The Association additionally entered into a new agreement to lease an office space located at 1 Capital Drive in Charlottetown through to July 2035. Rent is payable at $4,293 per month for the duration of the lease.

10. Comparative Figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

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

Year ended July 31

	2025	2024
Revenues		
Administration and overhead	$ 216,839	$ 304,911
Association meetings	54,835	33,065
Grant revenues	53,333	50,000
Membership fees	49,581	34,428
Recoveries		
Photocopy	3,045	3,085
Rent	33,964	29,056
Telephone	6,143	6,184
Training certification and other income	35,765	47,048
	453,505	507,777
Expenditures		
Advertising and promotions	8,260	23,672
Association meetings	57,160	41,732
Bank and interest charges	7,018	6,385
Insurance	3,432	2,838
Memberships and publications	751	2,479
Office		
Equipment	6,859	7,010
Supplies	10,797	12,358
Professional fees	13,932	15,002
Rent	47,732	45,154
Sponsorship and gifts	2,481	2,904
Telephone	10,174	10,917
Training	5,716	14,301
Travel and meals	1,951	3,913
Wages and benefits	276,387	293,405
	452,650	482,070
Excess revenues	$ 855	$ 25,707

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

Year ended July 31	2025	2024
Revenues		
Interest	$ 1,329	$ 425
Expenditures		
Award	-	-
Excess revenues	$ 1,329	$ 425

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

Year ended July 31

	2025	2024
Revenues		
Atlantic Canada Showcase	-	306,243
Entry level cook	**107,119**	160,821
Expedia – ACAT Bilateral Project	**733,270**	561,709
Music City Project	**50,264**	21,211
Miscellaneous projects	**14,736**	10,213
Other income	-	85
PEI Events Innovation Fund	**547,800**	543,563
Reanimate our Island	-	5,000
Rural Strategy	**50,000**	-
Safe Haven	**10,481**	207,091
Skills PEI programs	**171,309**	216,172
TIAPEI tourism training series	**93,326**	173,360
Together in Tourism	-	2,903
Tourism awareness campaign	**70,772**	88,044
Tourism Strategy 2023	-	83,835
Tourism Wellness program	**3,500**	10,627
Winter Strategy	-	2
	1,852,577	2,390,879
Expenditures		
Atlantic Canada Showcase	-	306,243
Entry level cook	**110,411**	160,821
Expedia – ACAT Bilateral Project	**733,270**	561,709
Miscellaneous Projects	**14,736**	10,213
Music City Project	**50,264**	21,211
PEI Events Innovation Fund	**547,800**	543,564
Reanimate our Island	-	5,000
Rural Strategy	**50,000**	-
Safe Haven	**10,481**	207,091
Skills PEI programs	**171,215**	219,832
TIAPEI tourism training series	**93,326**	173,360
Together in Tourism	-	2,903
Tourism awareness campaign	**70,772**	88,044
Tourism Strategy 2023	-	83,835
Tourism Wellness program	**3,500**	7,000
	1,855,775	2,390,826
Excess (expenditures) revenues	**$ (3,198)**	$ 53

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

Year ended July 31

	2025	2024
Revenues		
ACOA	$ 1,597,750	$ 1,482,622
Provinces	1,065,167	991,181
Other revenue	-	151,867
	2,662,917	2,625,670
Expenditures		
Administration	322,417	331,487
Agreement evaluation	13,175	31,907
Airline partnership	412,346	255,000
Atlantic Canadian Showcase	100,000	-
Germany	328,266	473,050
Research strategy	117,911	110,343
UK other	247	502
UK media relations	285,672	227,558
UK travel trade	314,986	344,429
US media relations	233,701	203,805
US Consumer	87,374	-
US travel trade	446,822	647,589
	2,662,917	2,625,670
Excess revenues (expenditures)	$ -	$ -