

Special Olympics Prince Edward Island Inc.

Financial Statements

July 31, 2025

October 28, 2025

Independent Auditor's Report

To the Directors of Special Olympics Prince Edward Island Inc.

Qualified Opinion

We have audited the financial statements of Special Olympics Prince Edward Island Inc., 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Special Olympics Prince Edward Island Inc. as at July 31, 2025, 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 of Qualified Opinion

In common with many not-for-profit organizations, Special Olympics Prince Edward Island Inc. derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Special Olympics Prince Edward Island Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to donation, fundraising and events revenue, excess revenues, and cash flows from operations for the years ended July 31, 2025 and July 31, 2024, current assets as at July 31, 2025 and July 31, 2024, and net assets as at August 1 and July 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended July 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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 Special Olympics Prince Edward Island 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 qualified audit 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 Special Olympics Prince Edward Island 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 Special Olympics Prince Edward Island Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Special Olympics Prince Edward Island 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 Special Olympics Prince Edward Island 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 Special Olympics Prince Edward Island 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 Special Olympics Prince Edward Island 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.

ArsenaultBestCameronEllis

Chartered Professional Accountants

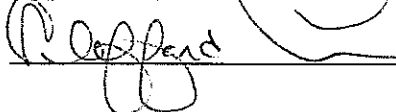
Special Olympics Prince Edward Island Inc.

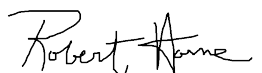
Statement of Financial Position

As at July 31, 2025

	2025 \$	2024 \$
Assets		
Current assets		
Cash	426,430	653,043
Short-term investments	302,365	239,547
Accounts receivable (notes 3 and 10)	139,919	145,817
Prepaid expenses	1,236	1,236
	869,950	1,039,643
Long-term investments (note 4)	778,735	519,104
Capital assets (note 5)	3,247	4,133
	1,651,932	1,562,880
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	54,095	111,153
Deferred revenue (note 7)	78,485	41,579
	132,580	152,732
Unrestricted net assets	1,519,352	1,410,148
	1,651,932	1,562,880

Approved by the Board of Directors

 Director

 Director

Special Olympics Prince Edward Island Inc.

Statement of Changes in Net Assets

For the year ended July 31, 2025

	2025 \$	2024 \$
Unrestricted net assets - Beginning of year	1,410,148	1,264,055
Excess revenue for the year	109,204	146,093
Unrestricted net assets - End of year	1,519,352	1,410,148

Special Olympics Prince Edward Island Inc.

Statement of Operations

For the year ended July 31, 2025

	2025 \$	2024 \$
Revenue		
Grants (notes 10 and 11)	338,083	287,001
Team P.E.I. (note 10)	10,122	170,210
Province of Prince Edward Island, Department of Health and Wellness	30,000	28,000
Donations	88,039	46,608
Donations in kind (note 8)	49,245	40,521
Sponsorships	30,000	28,500
Fundraising	37,053	37,429
Interest and miscellaneous	40,135	19,149
Registration fees	1,275	1,430
P.E.I. ADA Campaign	20,181	18,075
Events		
Enriching Lives Gala (Schedule 1)	235,909	285,144
Law Enforcement Torch Relay (note 10)	67,829	54,670
Bowling Provincials (note 10)	15,130	12,645
	<u>963,001</u>	<u>1,029,382</u>
Expenses		
Advertising and promotion (note 7)	47,059	56,197
Conferences and meetings	15,044	17,331
Fundraising	37,120	32,429
Insurance	4,529	6,685
Office and miscellaneous (notes 8 and 10)	33,774	36,456
Professional fees	22,152	24,266
Rent (note 8)	7,492	7,492
Sports Canada	150,235	138,782
Sports Programs (Schedule 2)	366,181	455,971
Telephone	7,428	10,710
Wages and benefits	157,808	142,865
Amortization	886	1,140
	<u>849,708</u>	<u>930,324</u>
Operating earnings	113,293	99,058
Other income (expense)		
Unrealized gain (loss) on investments	(4,089)	47,035
Excess revenue for the year	<u>109,204</u>	<u>146,093</u>

Special Olympics Prince Edward Island Inc.

Statement of Cash Flows

For the year ended July 31, 2025

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	109,204	146,093
Items not affecting cash		
Amortization	886	1,140
Unrealized loss (gain) on investments	4,089	(47,035)
	114,179	100,198
Net change in non-cash working capital items		
Increase in short-term investments	(62,818)	(11,547)
Decrease in accounts receivable	5,898	23,479
Increase (decrease) in accounts payable and accrued liabilities	(57,058)	40,095
Increase (decrease) in deferred revenue	36,906	(38,972)
	37,107	113,253
Investing activity		
Increase in long-term investments	(263,720)	(7,244)
Increase (decrease) in cash	(226,613)	106,009
Cash - Beginning of year	653,043	547,034
Cash - End of year	426,430	653,043

Special Olympics Prince Edward Island Inc.

Notes to Financial Statements

July 31, 2025

1 Status and purpose of organization

The objective and purpose of Special Olympics Prince Edward Island Inc. is to provide sport training and competitive experiences for individuals with intellectual disabilities in the Province of Prince Edward Island.

The company is a registered charity and is therefore tax exempt under Section 149(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

Cash consists of bank balances.

Investments

Short-term investments consist of investments with a maturity within twelve months. Long-term investments consist of investments with a maturity greater than twelve months from year end.

Capital assets

Each class of capital assets is recorded at cost less, where applicable, any accumulated amortization and impairment losses.

The amortization rates used for each class of capital assets are:

Office equipment	30%	Declining balance
Leasehold improvements	20%	Declining balance

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 exceeds 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.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collectibility is reasonably assured.

Special Olympics Prince Edward Island Inc.

Notes to Financial Statements

July 31, 2025

Interest revenue is recognized in the period in which it is earned. Fundraising, donations, sponsorship and registration fee revenues are recorded when received, events revenue is recorded when received or receivable if the amount to be received can reasonably estimated and collectibility is reasonably assured.

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.

The Organization only recognizes contributed materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Contributed services

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its programs and services. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased, are recorded at fair value at the date of contribution, provided that fair value can be reasonably determined.

Government assistance

Government assistance relating to operations are recorded as revenue in the year it is received or receivable.

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

Special Olympics Prince Edward Island Inc.'s financial instruments consist of cash, short-term investments, accounts receivable, long-term investments and accounts payable and accrued liabilities.

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Special Olympics Prince Edward Island Inc.

Notes to Financial Statements

July 31, 2025

(b) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization 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 for the year. 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 for the year.

(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 and cash flows.
- iii) Market risk: The Organization's investment in publicly traded securities exposes the company to market risk since these equity investments are subject to price fluctuations in the open market.

3 Accounts receivable

	2025	2024
	\$	\$
Trade (note 10)	84,024	90,980
Government contributions	28,000	28,000
HST	27,895	26,837
	139,919	145,817

4 Long-term investments

The adjusted cost base of long-term investments at July 31, 2025 is \$743,425 (2024 - \$479,705). All long-term investments have been recorded at fair market value.

Special Olympics Prince Edward Island Inc.

Notes to Financial Statements

July 31, 2025

5 Capital assets

	2025		2024	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment	18,180	17,762	418	598
Leasehold improvements	28,634	25,805	2,829	3,535
	46,814	43,567	3,247	4,133

6 Accounts payable and accrued liabilities

	2025 \$	2024 \$
Trade payables and accrued liabilities	44,550	102,690
Source deductions payable	9,545	8,463
	54,095	111,153

7 Deferred revenue

	2025 \$	2024 \$
Balance - Beginning of year	41,579	80,551
Add: Government contributions received during the year	22,400	-
Add: Other funding received during the year	56,085	41,579
Less: Amount recognized as revenue during the year	(41,579)	(80,551)
Balance - End of year	78,485	41,579

8 Non-monetary transactions

The Organization received a reduction in rent from Sport PEI throughout the year of nil (2024 - \$757) in donations in-kind which has been recognized in the Statement of Operations.

The Organization received a reduction in bowling fees from Murphy's Community Centre throughout the year of \$7,484 (2024 - \$7,724) and a reduction of gymnasium fees of \$2,300 (2024 - \$1,615) in donations in-kind, which have been recognized in the Statement of Operations.

The Organization received a reduction in advertising and promotion fees from Stingray throughout the year of \$36,155 (2024 - \$30,125) for an annual radio partnership and \$350 (2024 - \$300) for the giving Tuesday promotion in donations in-kind, which have been recognized in the Statement of Operations.

Special Olympics Prince Edward Island Inc.

Notes to Financial Statements

July 31, 2025

The Organization held various sponsorship agreements, whereby goods and services were received in consideration for event invitations and advertising opportunities. These transactions are accounted for at the market value of the goods and services received. Donations in kind of \$71,421 (2024 - \$66,194) are recognized in Enriching Lives Gala in the Statement of Operations.

The Organization received a reduction in Team PEI gear from The Pin People of \$456 (2024 - nil) in donations in-kind which has been recognized in the Statement of Operations.

The Organization received a reduction in administration costs from Dalmac of \$2,500 (2024 - nil) in donations in-kind which has been recognized in the Statement of Operations.

9 Commitments

The minimum annual lease payments over the next year under an operating lease expiring in 2026 is as follows:

	\$
Year ending July 31, 2026	4,188

10 Related party transactions

During the year, the Organization received funding of \$266,467 (2024 - \$323,875) for various activities and paid accreditation fees of \$3,613 (2024 - \$5,299) to Special Olympics Canada.

Included in accounts receivable is \$24,858 (2024 - \$34,169) from Special Olympics Canada.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

11 Government assistance

Included in grant revenue is \$25,500 (2024 - \$21,000) that has been received from various levels of government.

Special Olympics Prince Edward Island Inc.

Schedule of Enriching Lives Gala Revenue

For the year ended July 31, 2025

Schedule 1

	2025	2024
	\$	\$
Donations in-kind (note 8)	71,421	66,194
Receipts	317,638	331,609
Disbursements	(153,150)	(112,659)
	<u>235,909</u>	<u>285,144</u>

Special Olympics Prince Edward Island Inc.

Schedule of Sports Programs Expenses

For the year ended July 31, 2025

Schedule 2

	2025 \$	2024 \$
Canada Games Training Team	5,324	113
Competitions		
Local	117,875	70,196
National (note 8)	5,494	175,321
Equipment	9,620	17,122
Program development (note 8)	156,325	125,337
Volunteer recognition	6,254	5,756
Wages	65,289	62,126
	366,181	455,971