# RECREATION NOVA SCOTIA

## FINANCIAL STATEMENTS

## MARCH 31, 2020

bakertilly

# RECREATION NOVA SCOTIA
# INDEX
# MARCH 31, 2020

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
**Recreation Nova Scotia**

*Qualified Opinion*

We have audited the financial statements of **Recreation Nova Scotia** ("the Organization"), which comprise the statement of financial position as at March 31, 2020 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 the Organization as at March 31, 2020, and 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 Qualified Opinion*

In common with many non-profit organizations, Recreation Nova Scotia derives revenue from certain fundraising projects, ticket sales and other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Recreation Nova Scotia and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over operating expenses, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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.

*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.

*Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
September 30, 2020

**Chartered Professional Accountants**

# RECREATION NOVA SCOTIA
## STATEMENT OF OPERATIONS
## FOR THE YEAR ENDED MARCH 31, 2020

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| **REVENUES** | | |
| Program (Schedule 1) | **697,316** | 768,460 |
| Core funding - Communities, Culture and Heritage | **156,680** | 156,680 |
| Membership dues | **29,885** | 24,270 |
| Non-Core Funding | **40,000** | - |
| Other | **60,993** | 31,238 |
| | **984,874** | 980,648 |
| **OPERATING EXPENSES** | | |
| Program (Schedule 2) | **694,406** | 705,700 |
| Administration (Schedule 3) | **395,168** | 240,763 |
| | **1,089,574** | 946,463 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER OPERATING EXPENSES** | **( 104,700)** | 34,185 |

# RECREATION NOVA SCOTIA
## STATEMENT OF CHANGES IN NET ASSETS
## FOR THE YEAR ENDED MARCH 31, 2020

| | Unrestricted | Internally Restricted | **Total 2020** | Total 2019 |
|---|---|---|---|---|
| | $ | $ | **$** | $ |
| NET ASSETS - beginning of year | 357,458 | 2,844 | **360,302** | 326,117 |
| Excess(deficiency) of revenues over operating expenses | ( 104,700) | - | **( 104,700)** | 34,185 |
| NET ASSETS - end of year | 252,758 | 2,844 | **255,602** | 360,302 |

# RECREATION NOVA SCOTIA
# STATEMENT OF FINANCIAL POSITION
# AS AT MARCH 31, 2020



| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **ASSETS** | | |
| **CURRENT** | | |
| Cash | **295,595** | 365,720 |
| Term deposits (Note 3) | **182,500** | 177,145 |
| Accounts receivable (Note 4) | **33,649** | 51,483 |
| Prepaids | **7,854** | 797 |
| | **519,598** | 595,145 |
| **CAPITAL ASSETS** | **25,965** | 2,989 |
| | **545,563** | 598,134 |
| **LIABILITIES** | | |
| **CURRENT** | | |
| Accounts payable and accrued liabilities | **34,027** | 39,180 |
| Deferred revenue (Note 5) | **255,934** | 198,652 |
| | **289,961** | 237,832 |
| **NET ASSETS** | | |
| **INTERNALLY RESTRICTED (Note 6)** | **2,844** | 2,844 |
| **UNRESTRICTED** | **252,758** | 357,458 |
| | **255,602** | 360,302 |
| | **545,563** | 598,134 |

**COMMITMENT (Note 7)**

**SUBSEQUENT EVENT (Note 8)**

**Approved by the Board**

Heather Kelday **Director**

Misty James **Director**

# RECREATION NOVA SCOTIA
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED MARCH 31, 2020

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES** | | |
| **OPERATING** | | |
| Excess (deficiency) of revenues over operating expenses | **(104,700)** | 34,185 |
| Item not affecting cash | | |
| Amortization | **4,352** | - |
| | **(100,348)** | 34,185 |
| Changes in non-cash working capital items | | |
| Accounts receivable | **17,834** | (2,300) |
| Prepaids | **(7,057)** | 2,526 |
| Accounts payable and accrued liabilities | **(5,153)** | 22,214 |
| Deferred revenue | **57,282** | 30,851 |
| | **(37,442)** | 87,476 |
| **INVESTING** | | |
| Acquisition of term deposits | **(182,500)** | (177,145) |
| Disposal of term deposits | **177,145** | 174,205 |
| Acquisition of capital assets | **(27,328)** | (2,714) |
| | **(32,683)** | (5,654) |
| **CHANGE IN CASH** | **(70,125)** | 81,822 |
| **CASH - beginning of year** | **365,720** | 283,898 |
| **CASH - end of year** | **295,595** | 365,720 |

## 1. OPERATIONS

Recreation Nova Scotia ("the Organization") is a not-for-profit organization, incorporated under the Societies Act of Nova Scotia, operating to inspire and support a diverse and comprehensive network of partners committed to addressing the recreation needs of all Nova Scotians, through the provision of leadership and a strong provincial voice.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and term deposits

Cash consists of a bank balance and term deposits held with a financial institution.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and method over the estimated useful lives as follows:

| | | |
|---|---|---|
| Equipment | 30% | Diminishing balance |
| Computer equipment | 30% | Diminishing balance |

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value 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. Any 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 revenue. 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 collection is reasonably assured.

Revenue from all other sources is recognized when earned, the amount is fixed or determinable and collection is reasonably assured.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed goods and services

Contributed goods and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Organization's operations and would otherwise have been purchased.

The Organization benefits from donated services in the form of volunteer time for various programs and objectives of the Organization. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

Income taxes

The Organization is a non-profit organization under Section 149.1(1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Financial instruments

*Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value.

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

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

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

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in excess of revenues over operating expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 of revenues over operating expenses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

## 3. TERM DEPOSITS

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Toronto-Dominion Bank | | |
| 1.50% GIC maturing June 5, 2021 | **106,293** | - |
| 0.80% GIC maturing June 26, 2021 | **76,207** | - |
| Matured GICs | **-** | 177,145 |
| | **182,500** | 177,145 |

## 4. ACCOUNTS RECEIVABLE

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Trade receivables | **14,396** | 37,082 |
| HST recoverable | **19,253** | 14,401 |
| | **33,649** | 51,483 |

## 5. DEFERRED REVENUE

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Deferred revenue consists of: | | |
| Department of Communities, Culture and Heritage: | | |
| RPAC Initiative | **176,703** | 182,988 |
| High Five | **7,140** | - |
| Physical Literacy | **6,429** | 12,404 |
| BAP | **42,313** | - |
| Principles of Healthy Aging | **20,088** | - |
| Other deferred revenue | **3,261** | 3,260 |
| | **255,934** | 198,652 |

## 5. DEFERRED REVENUE (Continued)

Changes in deferred revenue are as follows:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Balance - beginning of year | **198,652** | 167,801 |
| Amount recognized as revenue | **( 195,391)** | ( 164,541) |
| Amounts received related to future periods | **252,673** | 195,392 |
| | **255,934** | 198,652 |

## 6. INTERNALLY RESTRICTED

The James Bayer Fund is designed to provide the members of the Organization with financial assistance to pursue development opportunities related to the field of recreation. During the year, $NIL was distributed in the form of scholarships (2019 - $680).

## 7. COMMITMENT

The Organization is committed to an office lease rental agreement which has minimum payments for the next five years as follows:

| | $ |
|---|---|
| 2021 | 48,759 |
| 2022 | 48,759 |
| 2023 | 48,759 |
| 2024 | 48,759 |
| 2025 | 24,380 |

## 8. SUBSEQUENT EVENT

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. During the 11 days that followed, the federal and provincial government issued many orders and restrictions on businesses and travel, leading up to the Province of Nova Scotia declaring a State of Emergency on March 22, 2020. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn.
While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic. The duration and severity of the COVID-19 pandemic is unknown at this time and the Council is unable to reliably predict the financial impact should the situation continue for a prolonged period.

## 9. FINANCIAL INSTRUMENTS

*Risks and concentrations*

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2020.

It is management's opinion that the Organization is not exposed to significant market, currency, interest rate, or other price risk from its financial instruments. The risks arising on financial instruments are limited to the following:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash, term deposits and accounts receivable. The Organization deposits its cash and term deposits in a reputable financial institution and therefore believes the risk of loss to be remote. The Organization is exposed to credit risk from accounts receivable. The Organization believes this credit risk is minimized as the Organization has a large and diverse customer base. A provision for impairment of accounts receivable is established when there is objective evidence that the Organization will not be able to collect all amounts due.

*Liquidity risk*

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

## 10. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

# RECREATION NOVA SCOTIA
# SCHEDULES
# FOR THE YEAR ENDED MARCH 31, 2020

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **SCHEDULE 1 - PROGRAM REVENUES** | | |
| Atlantic Conference | - | 6,980 |
| Before and After Program (BAP) | 70,187 | - |
| Connect | 18,200 | 73,306 |
| High Five | 114,468 | 119,116 |
| Mental Health | 1,760 | 30,829 |
| Nova Scotia Conference | 49,050 | 34,143 |
| Provincial Engagement | 12,000 | 18,459 |
| Outdoor Network | 4,376 | 16,074 |
| Physical Literacy | 5,990 | 22,559 |
| RPAC Initiative | 421,285 | 378,586 |
| Shared Strategy | - | 13,083 |
| Walkability | - | 55,000 |
| Women Active | - | 325 |
| | 697,316 | 768,460 |
| **SCHEDULE 2 - PROGRAM EXPENSES** | | |
| Atlantic Conference | 994 | 2,607 |
| Before and After Program | 70,873 | - |
| Connect | 26,694 | 52,038 |
| High Five | 98,920 | 92,248 |
| Mental Health | 1,508 | 25,836 |
| Nova Scotia Conference | 40,886 | 33,302 |
| Provincial Engagement | 24,893 | 17,675 |
| Outdoor Network | 7,291 | 11,442 |
| Physical Literacy | 5,765 | 22,559 |
| RPAC Initiative | 415,309 | 385,826 |
| Shared Strategy | 79 | 10,785 |
| Teen Challenge | 39 | 1,063 |
| Walkability | - | 49,994 |
| Women Active | 1,155 | 325 |
| | 694,406 | 705,700 |
| **SCHEDULE 3 - ADMINISTRATION** | | |
| Amortization | 4,352 | - |
| Bad Debts | 28,262 | 12,313 |
| Board of Directors | 6,636 | 6,194 |
| CPRA Partnership | 7,965 | 9,233 |
| Facilitate Education and Development of Recreation Professionals and Volunteers | 4,500 | 5,487 |
| Other (telephone, printer, office supplies, etc.) | 70,088 | 24,638 |
| Professional Fees | 31,262 | 11,986 |
| Rent | 26,044 | 8,500 |
| Salaries and Benefits | 216,059 | 162,412 |
| | 395,168 | 240,763 |