

Recreation Nova Scotia
Financial Statements
March 31, 2021

Recreation Nova Scotia Contents

For the year ended March 31, 2021

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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, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, notes to the financial statements and schedules, including a summary of significant accounting policies.

In our opinion, except for the 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, 2021, 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 for Qualified Opinion

As in common with many non-profit organizations, the Organization 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 the Organization and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses for the year ended March 31, 2021 and net assets as at April 1, 2020 and March 31, 2021.

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

Other Matter

The financial statements for the year ended March 31, 2020 were audited by a predecessor auditor. A qualified opinion was issued by the predecessor auditor in the Auditors' Report dated September 30, 2020.

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 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.

Dartmouth, Nova Scotia

September 21, 2021

MNP **LLP**

Chartered Professional Accountants

Recreation Nova Scotia Statement of Financial Position

As at March 31, 2021

	2021	2020
Assets		
Current		
Cash	341,134	295,595
Term deposits (Note 5)	-	182,500
Accounts receivable (Note 3)	60,513	33,649
Prepaid expenses and deposits	9,773	7,854
	411,420	519,598
Prepaid expenses and deposits	14,846	-
Capital assets (Note 4)	21,887	25,964
Term deposits (Note 5)	183,568	-
	631,721	545,562
Liabilities		
Current		
Accounts payable and accruals	51,798	34,028
Deferred contributions (Note 6), (Note 7)	84,387	255,934
	136,185	289,962
Commitment (Note 10)		
COVID-19 (Note 11)		
Net Assets		
Unrestricted	250,763	252,756
Internally Restricted (Note 8)	2,844	2,844
Externally Restricted (Note 9)	241,929	-
	495,536	255,600
	631,721	545,562

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Recreation Nova Scotia
Statement of Operations
For the year ended March 31, 2021

	<i>General Fund</i>	<i>Externally Restricted (Note 9)</i>	2021	<i>2020</i>
Revenues				
Program <i>(Schedule 1)</i>	531,834	241,929	773,763	697,316
Core funding - Communities, Culture and Heritage	156,680	-	156,680	156,680
Membership dues	18,235	-	18,235	29,885
Non-Core funding	40,000	-	40,000	40,000
Operational <i>(Schedule 2)</i>	133,535	-	133,535	60,993
	880,284	241,929	1,122,213	984,874
Operating Expenses				
Program <i>(Schedule 3)</i>	502,245	-	502,245	694,406
Administration <i>(Schedule 4)</i>	380,032	-	380,032	395,168
	882,277	-	882,277	1,089,574
Excess (deficiency) of revenues over expenses	(1,993)	241,929	239,936	(104,700)

The accompanying notes are an integral part of these financial statements

Recreation Nova Scotia
Statement of Changes in Net Assets
For the year ended March 31, 2021

	<i>General Fund</i>	<i>Internally Restricted (Note 8)</i>	<i>Externally Restricted (Note 9)</i>	2021	<i>2020</i>
Net assets, beginning of year	252,756	2,844	-	255,600	360,300
Excess (deficiency) of revenues over expenses	(1,993)	-	241,929	239,936	(104,700)
Net assets, end of year	250,763	2,844	241,929	495,536	255,600

The accompanying notes are an integral part of these financial statements

Recreation Nova Scotia
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	239,936	(104,700)
Amortization	4,078	4,352
	244,014	(100,348)
Changes in working capital accounts		
Accounts receivable	(26,864)	17,834
Prepaid expenses and deposits	(16,765)	(7,057)
Accounts payable and accruals	17,769	(5,153)
Deferred contributions	(171,547)	57,282
	46,607	(37,442)
Investing		
Purchase of capital assets	-	(27,328)
Purchase of term deposits	(1,068)	(182,500)
Disposal of term deposits	-	177,145
	(1,068)	(32,683)
Increase (decrease) in cash resources	45,539	(70,125)
Cash resources, beginning of year	295,595	365,720
Cash resources, end of year	341,134	295,595

The accompanying notes are an integral part of these financial statements

1. Nature of the organization

Recreation Nova Scotia (the "Organization") is a non-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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains three funds: General Fund, Internally Restricted Fund and Externally Restricted Fund.

The General Fund reports the Organization's revenue and expenses related to program delivery and administrative activities.

The Internally Restricted Fund reports the Organization's assets, liabilities, revenue and expenses related to the James Bayer Fund as described in Note 8.

The Externally Restricted Fund reports the Organization's assets, liabilities, revenue and expenses for special projects and initiatives related to the Regional Physical Activity Consultants Initiative (RPAC) as described in Note 9.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Investments

Investments are recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as current assets in concurrence with the nature of the investment.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Years
Computer equipment	straight-line	3 years
Furniture and fixtures	straight-line	10 years

Impairment of long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the General Fund, if there is not an appropriate restricted fund, in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Fund 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.

Contributed goods and services

Contributed goods and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated 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.

Government assistance

Government assistance is recorded in the financial statements when there is reasonable assurance that the Organization has complied with and will continue to comply with, all conditions necessary to obtain the assistance. Advances for expenses that have not yet been incurred are recorded as deferred revenue.

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.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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 contingent assets and liabilities 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 allowance for uncollectible accounts receivable, useful lives of capital assets and certain accrued liabilities and expenditures. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in deficiency of revenues and expenses in periods in which they become known.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future periods could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in deficiency of revenues over expenses in the periods in which they become known.

Recreation Nova Scotia
Notes to the Financial Statements
For the year ended March 31, 2021

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

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

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the deficiency of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of deficiency of revenues over expenses in the year the reversal occurs.

3. Accounts receivable

	2021	2020
Trade receivables	15,146	14,396
HST receivable	30,801	19,253
Temporary wage subsidy receivable (Note 11)	14,566	-
	60,513	33,649

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	4,600	3,067	1,533	3,067
Furniture and fixtures	25,442	5,088	20,354	22,897
	30,042	8,155	21,887	25,964

Recreation Nova Scotia
Notes to the Financial Statements
For the year ended March 31, 2021

5. Term deposits

	2021	2020
Toronto-Dominion Bank		
1.50% Guaranteed Investment Certificate maturing June 5, 2021	107,247	106,293
0.80% Guaranteed Investment Certificate maturing June 26, 2021	76,321	76,207
	183,568	182,500

Subsequent to year end, the term deposits were redeemed and reinvested on April 7, 2021 and April 28, 2021, respectively. The reinvested term deposits bear interest at 0.2% and mature April 7, 2022 and April 28, 2022, respectively. The reinvested term deposits have been presented as long-term in the Statement of Financial Position.

6. Deferred contributions

Changes in the deferred contribution balance are as follows:

	2021	2020
Balance, beginning of year	255,934	198,652
Amounts received during the year	514,300	252,673
Less: Amounts recognized as revenue during the year	(685,847)	(195,391)
	84,387	255,934

Deferred contributions consist of:

	2021	2020
Department of Communities, Culture and Heritage:		
Regional Physical Activity Consultants (RPAC) Initiative	-	176,703
High Five	7,140	7,140
Physical Literacy	6,429	6,429
Before and After Program (BAP)	26,896	42,313
Principles of Healthy Aging	20,088	20,088
Truth and Reconciliation	15,000	-
Other:		
Other	8,834	3,261
	84,387	255,934

7. Government assistance

During the year, the Organization was awarded funding from the Department of Nova Scotia Communities, Culture and Heritage for the following:

\$480,225 for the period of April 1, 2020 to March 31, 2021 to support the position of Six Regional Physical Activity Consultants (RPAC) and grant administration. For the current year contract, \$65,225 of related expenditures were not incurred at year end. The \$65,225 in excess funding was recognized as revenue of the externally restricted fund for RPAC as at March 31, 2021 as described in Note 9.

\$221,680 for the period of April 1, 2020 to March 31, 2021, \$65,000 of which was to be allocated to the High Five Program and the remaining funds allocated to core program initiatives.

\$45,000 as unrestricted COVID-19 emergency support for provincial recreational organizations.

\$40,000 for the period of April 1, 2020 to March 31, 2021 to fund the position of PRO Support Manager.

\$27,500 for the period of April 1, 2020 to March 31, 2021 to support the Organization's Strategic Planning and reprinting of the Recreation for Mental Health Game in French.

\$15,000 for the period of April 1, 2020 to March 31, 2021 to support the development of the Organization's Training and Education Services under the Truth and Reconciliation work. This was fully deferred at March 31, 2021.

\$13,500 for the final payment of the BAP Capacity Building Project. This agreement is complete at March 31, 2021.

\$5,590 for the period of December 1, 2020 to March 31, 2021 to support the Nova Scotia Connect Standardization and Enhancements Project.

8. Internally restricted

The James Bayer Fund is designed to provide members of the Organization with financial assistance to pursue development opportunities related to the field of recreation. During the year, \$nil (2020 - \$nil) was distributed in the form of scholarships. At March 31, 2021, there is \$2,844 of undistributed funds which are presented in the internally restricted fund on the statement of changes in net assets.

9. Externally restricted

The externally restricted RPAC fund includes funding received for the year ended March 31, 2020 in the amount of \$176,704 and for the year ended March 31, 2021 in the amount of \$65,225. These funds are available for future Regional Physical Activity Consultants Initiative (RPAC) projects or initiatives as approved by the Nova Scotia Department of Communities, Culture and Heritage.

10. Commitments

The Organization has entered into an office lease rental agreement with estimated minimum annual payments as follows:

2022	42,399
2023	42,399
2024	42,399
2025	21,200
	148,397

11. COVID-19

In early March 2020, there was a global outbreak of COVID-19 (coronavirus) which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Despite the impact of COVID-19, the Organization continues to operate as necessary, precautions have been implemented to mitigate the potential risk to employees and members.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

In response to the negative economic impact of COVID-19, the Government of Canada announced a 10% Temporary Wage Subsidy (TWS) in March 2020. The subsidy generally covered 10% of an employee's eligible wages for the period of March 19, 2020 to June 19, 2020, up to a maximum of \$1,375 per employee and \$25,000 per employer. The Organization qualified for this subsidy and received \$12,139 (2020 - \$2,428) during the year and recognized this amount as operational revenue in the statement of operations. As at March 31, 2021 \$14,566 of TWS was receivable and is included in accounts receivable (2020 - \$2,428).

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is exposed to interest rate cash flow risk with respect to its long-term investments.

Credit concentration

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. The Organization's main credit risk relates to its cash and long-term investments. The Organization is exposed to concentration risk on its cash and investments in that all of its cash and investments are held with one financial institution. To minimize the credit risk, the Organization places cash and investments with high quality financial institutions of Canada.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Recreation Nova Scotia
Schedule 1 - Schedule of Program Revenues

For the year ended March 31, 2021

	<i>General Fund</i>	<i>Externally Restricted (Note 9)</i>	2021	<i>2020</i>
Program Revenues				
High Five	71,561	-	71,561	114,468
Nova Scotia Conference	812	-	812	49,050
Before and After Program (BAP)	28,917	-	28,917	70,187
Mental Health	8,604	-	8,604	1,760
Connect	21,890	-	21,890	18,200
Outdoor Network	-	-	-	4,376
Provincial Engagement	-	-	-	12,000
Regional Physical Activity Consultants (RPAC)				
Initiative	400,000	241,929	641,929	421,285
Physical Literacy	50	-	50	5,990
	531,834	241,929	773,763	697,316

Recreation Nova Scotia
Schedule 2 - Schedule of Operational Revenues

For the year ended March 31, 2021

	2021	2020
Operational Revenues		
Canada Parks and Recreation Association	23,095	3,458
Insurance program	1,525	3,675
Interest	1,068	5,355
Lottery	-	4,577
Provincial government COVID-19 relief	45,000	-
RPAC grant administration	15,634	41,500
Strategic Planning and Recreation for Mental Health Game	27,001	-
Temporary wage subsidy <i>(Note 11)</i>	12,139	2,428
Youth Employment Experience	8,073	-
	133,535	60,993

Recreation Nova Scotia
Schedule 3 - Schedule of Program Expenses
For the year ended March 31, 2021

	2021	2020
Program Expenses		
Atlantic Conference	-	994
Before and After Program (BAP)	27,921	70,873
Connect	10,080	26,694
High Five	60,496	98,920
Mental Health	2,939	1,508
Nova Scotia Conference	438	40,886
Outdoor Network	395	7,291
Physical Literacy	-	5,765
Provincial Engagement	-	24,893
Regional Physical Activity Consultants (RPAC) Initiative	399,894	415,309
Shared Strategy	82	79
Teen Challenge	-	39
Women Active	-	1,155
	502,245	694,406

Recreation Nova Scotia
Schedule 4 - Schedule of Administration Expenses

For the year ended March 31, 2021

	2021	2020
Administration Expenses		
Amortization	4,078	4,352
Bad debts	8,497	28,262
Board of Directors	406	6,636
CPRA Partnership	10,757	7,965
Facilitate Education and Development of Recreation Professionals and Volunteers	600	4,500
Other (telephone, printer, office supplies, etc.)	46,816	70,088
Professional Fees	34,757	31,262
Rent	43,316	26,044
Salaries and Benefits	206,834	216,059
Consulting fees	23,971	-
	380,032	395,168
