

Recreation Nova Scotia
Financial Statements
March 31, 2023

Recreation Nova Scotia Contents

For the year ended March 31, 2023

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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, 2023, 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, 2023, 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 is 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, 2023 and net assets as at March 31, 2023.

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.

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

Chartered Professional Accountants

Recreation Nova Scotia Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	677,040	413,858
Accounts receivable (Note 3)	93,978	61,222
Term deposits (Note 5)	183,936	-
Prepaid expenses and deposits	6,034	24,596
	960,988	499,676
Capital assets (Note 4)	2,175	22,160
Term deposits (Note 5)	-	183,936
	963,163	705,772
Liabilities		
Current		
Accounts payable and accruals	70,336	64,398
Deferred contributions (Note 6), (Note 7)	506,891	260,383
	577,227	324,781
Commitment (Note 10)		
Net Assets		
Unrestricted	157,901	152,956
Internally Restricted (Note 8)	2,844	2,844
Externally Restricted (Note 9)	225,191	225,191
	385,936	380,991
	963,163	705,772

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, 2023

	<i>General</i>	<i>Externally Restricted (Note 9)</i>	2023	<i>2022</i>
Revenues				
Program <i>(Schedule 1)</i>	643,652	-	643,652	527,136
Core funding - Communities, Culture and Heritage	261,680	-	261,680	196,680
Membership dues	25,909	-	25,909	12,373
Operational <i>(Schedule 2)</i>	217,959	-	217,959	100,040
	1,149,200	-	1,149,200	836,229
Operating Expenses				
Program <i>(Schedule 3)</i>	624,878	-	624,878	511,972
Administration <i>(Schedule 4)</i>	515,051	-	515,051	438,802
	1,139,929	-	1,139,929	950,774
Deficiency of revenue over expenses before other items	9,271	-	9,271	(114,545)
Other items				
Loss on disposal of capital assets	(4,326)	-	(4,326)	-
Deficiency of revenues over expenses	4,945	-	4,945	(114,545)

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, 2023

	<i>General</i>	<i>Internally Restricted (Note 8)</i>	<i>Externally Restricted (Note 9)</i>	2023	<i>2022</i>
Net assets, beginning of year	152,956	2,844	225,191	380,991	495,536
Deficiency of revenues over expenses	4,945	-	-	4,945	(114,545)
Net assets, end of year	157,901	2,844	225,191	385,936	380,991

The accompanying notes are an integral part of these financial statements

Recreation Nova Scotia
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenues over expenses	4,945	(114,545)
Loss on disposal of capital assets	4,326	-
Amortization	3,659	6,252
	12,930	(108,293)
Changes in working capital accounts		
Accounts receivable	(32,756)	(709)
Prepaid expenses and deposits	18,562	23
Accounts payable and accruals	5,938	12,598
Deferred contributions	246,508	175,996
	251,182	79,615
Investing		
Purchase of capital assets	-	(6,524)
Proceeds on disposal of capital assets	12,000	-
Purchase of term deposits	-	(367)
	12,000	(6,891)
Increase in cash resources	263,182	72,724
Cash resources, beginning of year	413,858	341,134
Cash resources, end of year	677,040	413,858

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.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made such an election during the year.

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

Recreation Nova Scotia
Notes to the Financial Statements
For the year ended March 31, 2023

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 excess (deficiency) of revenues over expenses. 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 its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (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 excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Accounts receivable

	2023	2022
Trade receivables	90,242	16,391
HST receivable	3,736	44,831
	93,978	61,222

4. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	11,125	8,950	2,175	4,350
Furniture and fixtures	-	-	-	17,810
	11,125	8,950	2,175	22,160

Recreation Nova Scotia
Notes to the Financial Statements
For the year ended March 31, 2023

5. Term deposits

	2023	2022
Toronto-Dominion Bank		
1.60% Guaranteed Investment Certificate maturing April 7, 2023	107,462	107,462
1.80% Guaranteed Investment Certificate maturing April 28, 2023	76,474	76,474
	183,936	183,936

The reinvested term deposits bear interest at 4% maturing January 28, 2024. The reinvested term deposits have been presented as current in the Statement of Financial Position.

6. Deferred contributions

Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	260,383	84,387
Amounts received during the year	1,025,228	935,128
Less: Amounts recognized as revenue during the year	(778,720)	(759,132)
	506,891	260,383

Deferred contributions consist of:

	2023	2022
Department of Communities, Culture and Heritage:		
Regional Physical Activity Consultants (RPAC) Initiative	173,570	91,897
High Five	20,520	24,773
Physical Literacy	-	4,951
Before and After Program (BAP)	24,896	26,896
Truth and Reconciliation	4,200	4,200
Canada Parks and Recreation Association	-	25,645
Anti-Racism Action Program	100,000	28,821
Recreation Community Development Grant Program	-	40,000
Rental Equipment Program	181,500	-
Other	2,205	13,200
	506,891	260,383

7. Government assistance

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

\$461,000 for the period of April 1, 2022 to March 31, 2023 to support the position of Six Regional Physical Activity Consultants (RPAC) and grant administration. For the current year contract, \$173,570 of related expenditures were not incurred at year end. The \$173,570 in excess funding is included in deferred revenue as at March 31, 2023.

\$261,680 for the period of April 1, 2022 to March 31, 2023, \$65,000 of which was to be allocated to the High Five Program, \$90,000 for increased human resource capacity for the positions of Shared Strategy Program Manager and PRO Administrative Manager and the remaining funds allocated to core program initiatives. For the current year contract, \$20,520 of related expenditures were not incurred at year end. The \$20,520 in excess funding is included in deferred revenue as at March 31, 2023.

\$40,000 annually, for a three year period of April 1, 2022 to March 31, 2025 to support the Community, Sport, and Recreation Inclusion Knowledge Translation Coordinator position.

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 (2022 - \$nil) was distributed in the form of scholarships. At March 31, 2023, there is \$2,844 (2022- \$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. During the current year \$nil (2022 - \$16,738) was transferred to the General Fund to support current year activities.

10. Commitments

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

2024	53,419
2025	28,200
	81,619

Included in the above commitments are payments for an office lease signed subsequent to year end the lease commences November 1, 2023 and expires December 31, 2024.

11. 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.

12. Interfund transfers

During the year, the Organization transferred \$nil (2022 - \$16,378) from the Externally Restricted Fund to the General Fund to cover the excess of expenses over revenues for the Regional Physical Activity Consultants Initiative (RPAC) project.

Recreation Nova Scotia
Schedule 1 - Schedule of Program Revenues

For the year ended March 31, 2023

	<i>General Fund</i>	<i>Externally Restricted (Note 9)</i>	2023	<i>2022</i>
Program Revenues				
Regional Physical Activity Consultants (RPAC) Initiative	419,327	-	419,327	369,102
High Five	94,478	-	94,478	61,109
Mental Health Connect	5,021	-	5,021	24,626
Anti-Racism Action Program	-	-	-	10,800
Principles of Healthy Aging	119,888	-	119,888	26,979
Truth and Reconciliation	4,938	-	4,938	22,242
Physical Literacy	-	-	-	10,800
	-	-	-	1,478
	643,652	-	643,652	527,136

Recreation Nova Scotia
Schedule 2 - Schedule of Operational Revenues
For the year ended March 31, 2023

	2023	2022
Operational Revenues		
Canada Parks and Recreation Association	100,059	53,939
RPAC grant administration	31,200	31,200
Insurance program	-	2,850
Interest	-	368
Other	36,885	11,683
Nova Scotia Conference	49,815	-
	217,959	100,040

Recreation Nova Scotia
Schedule 3 - Schedule of Program Expenses
For the year ended March 31, 2023

				2023	2022
Program Expenses					
Regional Physical Activity Consultants (RPAC) Initiative	419,327	-	-	419,327	386,252
High Five	69,252	-	-	69,252	54,768
Mental Health	5,021	-	-	5,021	16,782
Connect	10,144	-	-	10,144	7,910
Principles of Healthy Aging	1,246	-	-	1,246	18,631
Physical Literacy	-	-	-	-	1,478
Anti-Racism Action Program	119,888	-	-	119,888	26,151
	624,878	-	-	624,878	511,972

Recreation Nova Scotia
Schedule 4 - Schedule of Administration Expenses
For the year ended March 31, 2023

				2023	2022
Administration Expenses					
Amortization	3,659	-	-	3,659	6,252
Board of Directors	2,007	-	-	2,007	1,945
CPRA Partnership	72,646	-	-	72,646	22,139
Consulting fees	-	-	-	-	10,683
Facilitate Education and Development of Recreation Professionals and Volunteers	-	-	-	-	533
Other (telephone, printer, office supplies, etc.)	74,772	-	-	74,772	46,945
Professional Fees	56,059	-	-	56,059	49,392
Rent	40,595	-	-	40,595	46,109
Salaries and Benefits	218,267	-	-	218,267	254,804
Nova Scotia Conference	47,046	-	-	47,046	-
	515,051	-	-	515,051	438,802