

**Recreation NL
Financial Statements
March 31, 2024**

Recreation NL

March 31, 2024

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Independent Auditors' Report

To the Board of Directors
Recreation NL

Opinion

We have audited the financial statements of Recreation NL, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Recreation NL as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not for profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 these financial statements in accordance with Canadian accounting standards for not for profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.


Chartered Professional Accountants

Paradise, Newfoundland and Labrador
July 31, 2024

Recreation NL

Statement of Financial Position

March 31, 2024

	2024	2023
Assets		
Current Assets		
Cash	\$ -	\$ 359,510
Short term investments (Note 2)	560,373	452,310
Accounts receivable, net of allowances (Note 3)	164,345	76,284
Prepays	2,873	3,210
	727,591	891,314
Property and equipment (Note 4)	3,742	4,932
	\$ 731,333	\$ 896,246
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness	\$ 11,060	\$ -
Accounts payable and accrued liabilities	40,750	25,166
Government remittances payable	6,641	10,925
Deferred revenue (Note 7)	69,515	113,621
	127,966	149,712
Canada emergency business account loan (Note 6)	-	60,000
	127,966	209,712
Net assets	603,367	686,534
	\$ 731,333	\$ 896,246

Approved on Behalf of the Board:

_____, President

_____, Executive Director

The accompanying notes are an integral part of these financial statements.

Recreation NL

Statement of Changes in Net Assets

For the Year Ended March 31, 2024

	Investment in Capital Assets	Unrestricted Net Assets	2024	2023
Net assets, beginning of year	\$ 4,932	\$ 681,602	\$ 686,534	\$ 674,236
Excess (deficiency) of revenue over expenses	(1,190)	(81,977)	(83,167)	12,298
Net assets, end of year	\$ 3,742	\$ 599,625	\$ 603,367	\$ 686,534

The accompanying notes are an integral part of these financial statements.

Recreation NL

Statement of Operations

For the Year Ended March 31, 2024

	2024	2023
Revenue (Note 9)		
Membership fees	\$ 6,350	\$ 12,650
Programs and services	31,391	131,263
Standing committee	292,052	314,028
Grants	135,000	135,000
Special projects	352,888	364,802
Other revenue	33,096	14,071
	850,777	971,814
Operating expenses (Note 10)		
Administration	295,814	280,642
Programs and services	33,676	115,436
Standing committees	342,778	270,419
Special projects	261,676	293,019
	933,944	959,516
Excess (deficiency) of revenue over expenses	\$ (83,167)	\$ 12,298

The accompanying notes are an integral part of these financial statements.

Recreation NL

Statement of Cash Flows

For the Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenses	\$ (83,167)	\$ 12,298
Depreciation	1,190	1,596
	(81,977)	13,894
Changes in non-cash working capital items:		
Accounts receivable	(88,060)	19,480
Prepays	337	(687)
Accounts payable and accrued liabilities	11,300	8,296
Deferred revenue	(44,107)	36,115
Severance pay liability	-	(76,960)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(202,507)	138
FINANCING ACTIVITIES:		
Proceeds from Long term debt	(60,000)	-
Net increase in cash and cash equivalents	(262,507)	138
Cash and cash equivalents at beginning of year	811,820	811,682
Cash and cash equivalents at end of year	\$ 549,313	\$ 811,820
Cash and cash equivalents consist of the following:		
Cash	\$ (11,060)	\$ 359,510
Short term investments	560,373	452,310
	\$ 549,313	\$ 811,820

The accompanying notes are an integral part of these financial statements.

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

1. Significant Accounting Policies

Nature of business

Recreation NL is a not for profit organization established in 1971, which promotes a clean environment, an active lifestyle for all ages and a commitment to provide recreation.

The organization is exempt from income tax under section 149 (1)(L) of the Income Tax Act.

The organization is dependent on government funding to provide sufficient funds to continue operations.

Basis of accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not for profit organizations.

Cash and cash equivalents

Cash and cash equivalents includes short-term investments and deposits with chartered banks which are carried at the lower of cost and market value with a maturity date of twelve months or less from the acquisition date.

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided for using the declining balance method over the estimated useful lives as follows for the major classes of assets:

Equipment	20%
Computers	30%
Leasehold improvements	20%

Impairment of long lived assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

1. Significant Accounting Policies

Financial instruments

The organization recognizes and measures financial assets and financial liabilities on the balance sheet when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a settlement date basis. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, loans and receivables, held to maturity, available for sale or other financial liabilities.

Revenue recognition

Contributions are recognized at the time services are provided. Contributions collected in advance are deferred and taken into income as the services are provided. Contributions represent grants and other revenue received from various sources.

Other revenue is recognized when the significant risks and rewards of ownership have been completed and there are no significant obligations remaining.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. The organization makes estimates with respect to the collectability of accounts receivable and the estimated useful lives of property and equipment. Actual results could differ from those estimates and may have an impact on future periods.

2. Short term investments

	2024	2023
GIC, interest at 4.00%, matures Oct 2024	\$ 204,300	\$ -
GIC, interest at 4.25%, matures Oct 2024	312,445	-
GIC, interest at 4.25%, matures July 2024	43,628	-
GIC, interest at 2.85%, matured	-	410,221
GIC, interest at 2.40%, matured	-	42,089
	\$ 560,373	\$ 452,310

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

3. Accounts receivable

Accounts receivable consists of the following:

	2024	2023
Trade	\$ 80,991	\$ 10,256
HST receivable	83,354	66,028
	\$ 164,345	\$ 76,284

4. Property and equipment

Property and equipment consists of the following:

	Cost	Accumulated Depreciation	2024 Net Book Value	2023 Net Book Value
Equipment	\$ 14,507	\$ 14,395	\$ 112	\$ 141
Computers	31,532	30,107	1,425	2,036
Leasehold improvements	11,679	9,474	2,205	2,755
	\$ 57,718	\$ 53,976	\$ 3,742	\$ 4,932

5. Severance pay

The organization has a commitment related to a severance package for the Executive Director. The severance pay is one week's salary for each year of service upon termination of full time employment, payable at the salary rate effective at termination. During the year, the severance pay for the executive director was paid out.

6. Canada Emergency Business Account (CEBA) Loan

The CEBA loan is unsecured, guaranteed by the Government of Canada, non-interest bearing and was repaid during the year.

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

7. Deferred revenue

	2024	2023
Eat Great and Participate	\$ 52,121	\$ 44,714
AGM	17,394	1,225
Professional development	-	63,162
Strategic plan	-	4,520
	\$ 69,515	\$ 113,621

8. Risk management

Credit risk

The organization does not face significant credit risk exposure. The fair values of items that meet the definition of financial instruments approximate their carrying values. These items include accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the organization maintains a portion of its invested assets in liquid securities.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the organization is exposed are price risk. Management is of the opinion they are not exposed to price risk.

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

9. Revenue

	2024 Budget	2024 Actual	Variance	2023
Membership fees				
Municipalities	\$ 12,000	\$ 4,705	\$ (7,295)	\$ 7,725
Affiliate	1,500	995	(505)	2,975
Recreation commission	3,000	450	(2,550)	1,350
Commercial	3,500	200	(3,300)	600
	20,000	6,350	(13,650)	12,650
Programs and services				
AGM and conference	25,000	19,793	(5,207)	1,250
ARFC conference	-	7,236	7,236	101,852
CPRA National	-	4,362	4,362	15,750
Marketing and promotion	10,000	-	(10,000)	12,411
	35,000	31,391	(3,609)	131,263
Standing committee				
Recreation inclusion committee	150,000	150,000	-	153,929
Professional development	50,000	142,052	92,052	160,099
	200,000	292,052	92,052	314,028
Grants				
Operating	135,000	135,000	-	135,000
Special projects				
Eat Great and Participate	130,000	122,593	(7,407)	116,944
Physical Activity	130,000	125,191	(4,809)	134,182
Framework for Recreation	40,000	65,000	25,000	40,000
High Five	60,000	30,104	(29,896)	63,676
June is Recreation Month	10,000	10,000	-	10,000
	370,000	352,888	(17,112)	364,802
Other revenue				
CEWS	-	20,000	20,000	5,582
Interest income	10,000	13,096	3,096	6,754
Miscellaneous	-	-	-	1,735
	10,000	33,096	23,096	14,071
	\$ 770,000	\$ 850,777	\$ 80,777	\$ 971,814

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

10. Operating expenses

	2024 Budget	2024 Actual	Variance	2023
Administration				
Salaries and wages	\$ 210,000	\$ 170,678	\$ 39,322	\$ 200,083
Professional fees	12,000	46,291	(34,291)	30,498
Board meeting	16,000	35,380	(19,380)	19,695
Office supplies	10,000	23,459	(13,459)	10,752
CPRA membership	10,000	11,990	(1,990)	13,443
Bank charges and interest	-	2,981	(2,981)	1,261
Executive director's travel	2,700	2,700	-	2,925
Depreciation	-	1,190	(1,190)	1,596
Bad debts	-	1,070	(1,070)	389
Other	-	75	(75)	-
	260,700	295,814	(35,114)	280,642
Regional Budgets				
Central	1,000	-	1,000	-
Eastern	1,000	-	1,000	-
Labrador	1,000	-	1,000	-
Western	1,000	-	1,000	-
Avalon	1,000	-	1,000	-
	5,000	-	5,000	-
Programs and services				
AGM and conferences	15,000	18,367	(3,367)	-
Marketing and promotion	10,000	15,309	(5,309)	115,436
	25,000	33,676	(8,676)	115,436
Standing committee				
Professional development	40,000	207,511	(167,511)	141,550
Recreation inclusion	135,000	135,267	(267)	128,869
	175,000	342,778	(167,778)	270,419

Recreation NL

Notes to the Financial Statements
For the Year Ended March 31, 2024

10. Operating expenses

	2024 Budget	2024 Actual	Variance	2023
Special projects				
Physical Activity	100,000	94,067	5,933	99,170
Eat Great and Participate	117,000	84,977	32,023	105,431
June is Recreation Month	5,000	12,883	(7,883)	10,043
High Five	40,000	31,675	8,325	43,172
Framework for Recreation	36,000	38,074	(2,074)	35,203
	298,000	261,676	36,324	293,019
	\$ 763,700	\$ 933,944	\$ (170,244)	\$ 959,516