

**Recreation Nova Scotia
Financial Statements**

March 31, 2026

Draft - For Management Only

Recreation Nova Scotia Contents

For the year ended March 31, 2026

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Independent Auditor's Report

To the Board of Recreation Nova Scotia:

Opinion

We have audited the financial statements of Recreation Nova Scotia (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations - unrestricted, changes in net assets and cash flows for the year then ended, and notes to the financial statements and schedules, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, 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 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 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.

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.

Dartmouth, Nova Scotia

Chartered Professional Accountants

Recreation Nova Scotia Statement of Financial Position

As at March 31, 2026

	2026	2025
Assets		
Current		
Cash	607,439	657,447
Accounts receivable (Note 3)	61,332	45,817
Term deposits (Note 4)	206,705	202,242
Prepaid expenses	25,768	-
	901,244	905,506
Capital assets (Note 5)	233	696
	901,477	906,202
Liabilities		
Current		
Accounts payable and accruals	47,789	82,846
Deferred contributions (Note 6) (Note 7)	415,810	382,315
	463,599	465,161
Net Assets		
Unrestricted	78,097	213,955
Internally Restricted (Note 8)	4,590	1,895
Externally Restricted (Note 9)	225,191	225,191
Internally Restricted Reserve Fund (Note 10)	130,000	-
	437,878	441,041
	901,477	906,202

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 - Unrestricted
For the year ended March 31, 2026

	2026	2025
Revenues		
Program (Schedule 1)	554,494	473,345
Operational (Schedule 3)	438,491	457,299
	992,985	930,644
Operating Expenses		
Program (Schedule 2)	560,388	484,982
Administration (Schedule 4)	435,760	405,910
	996,148	890,892
(Deficiency) excess of revenue over expenses	(3,163)	39,752

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Recreation Nova Scotia
Statement of Changes in Net Assets
For the year ended March 31, 2026

	<i>Unrestricted Fund</i>	<i>Internally Restricted (Note 8)</i>	<i>Externally Restricted (Note 9)</i>	<i>Internally Restricted Reserve Fund (Note 10)</i>	2026	2025
Net assets, beginning of year	213,955	1,895	225,191	-	441,041	401,289
(Deficiency) Excess of revenues over expenses	(3,163)	-	-	-	(3,163)	39,752
Interfund Transfer	(132,695)	2,695	-	130,000	-	-
Net assets, end of year	78,097	4,590	225,191	130,000	437,878	441,041

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Recreation Nova Scotia
Statement of Cash Flows
For the year ended March 31, 2026

	2026	2025
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(3,163)	39,752
Amortization	463	463
	(2,700)	40,215
Changes in working capital accounts		
Accounts receivable	(15,515)	(9,420)
Prepaid expenses	(25,768)	-
Accounts payable and accruals	(35,057)	3,142
Deferred contributions	33,495	64,941
	(45,545)	98,878
Investing		
Net purchase of term deposits	(4,463)	(8,599)
(Decrease) increase in cash resources	(50,008)	90,279
Cash resources, beginning of year	657,447	567,168
Cash resources, end of year	607,439	657,447

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

The 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 four funds: General Fund, Internally Restricted Fund, Externally Restricted Fund and Reserve 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.

The Internally Restricted Reserve Fund reports the Organization's reserve that has been internally restricted by the board to accumulate to one third of the operating expenses related to Recreation Nova Scotia's core operations as described in Note 10.

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

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.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization follows 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is based on the estimated useful lives of capital assets. Accruals for expenditures incurred may be estimated on management's knowledge.

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 years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the years 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 not made such an election during the year.

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

2. Significant accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

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, etc. 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; etc. 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.

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. 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

	2026	2025
Trade receivables	36,739	19,402
HST receivable	24,593	26,415
	61,332	45,817

4. Term deposits

	2026	2025
Toronto-Dominion Bank		
2.50% Guaranteed Investment Certificate matured June 13, 2025.	-	101,121
2.50% Guaranteed Investment Certificate matured June 13, 2025.	-	101,121
1.80% Guaranteed Investment Certificate maturing April 10, 2026.	103,353	-
1.80% Guaranteed Investment Certificate maturing April 10, 2026.	103,352	-
	206,705	202,242

The term deposits were reinvested subsequent to year-end bearing interest at 1.80%.

5. Capital assets

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Computer equipment	12,515	12,282	233	696

Recreation Nova Scotia
Notes to the Financial Statements
For the year ended March 31, 2026

6. Deferred contributions

Changes in the deferred contribution balance are as follows:

	2026	2025
Balance, beginning of year	382,315	317,374
Amounts received during the year	913,769	859,435
Less: Amount recognized as revenue during the year	(880,274)	(794,494)
	415,810	382,315

Deferred contributions consist of:

	2026	2025
Regional Physical Activity Consultants (RPAC) Initiative	175,566	192,843
High Five	47,835	47,835
Before and After Program (BAP)	12,896	24,896
Truth and Reconciliation	4,200	4,200
Anti-Racism Action Program	-	23,000
Operations funding	-	18,460
Atlantic Recreation and Facilities Conference	162,569	50,000
Membership fees	4,531	3,755
Activate your Neighbourhood	8,213	9,109
Reaching Each and Everyone (REEO)	-	8,217
	415,810	382,315

Deferred contributions for the Regional Physical Activity Consultants (RPAC) Initiative includes \$59,489 of funding to be used for leadership training development. The funding body authorized a total of \$100,000 to be used towards this initiative from the Organization's deferred RPAC balance of which \$40,512 was used in the current year.

7. Government assistance

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

\$516,000 for the period of April 1, 2025 to March 31, 2026 to support the position of Six Regional Physical Activity Consultants (RPAC) and grant administration. For the current year contract, \$398,886 of related expenditures were incurred and \$40,000 for grant administration was recognized at year end resulting in \$77,114 of unspent program funds. The \$77,114 in excess program funding is included in deferred revenue as at March 31, 2026 for future program initiatives. An additional \$15,000 and \$40,512 was recognized into revenue from deferred contributions for grant administration and a new leadership program.

\$261,680 for the period of April 1, 2025 to March 31, 2026, \$65,000 of which was to be allocated to the Recreation Education Program, \$106,680 for core operations, and \$90,000 for increased human resource capacity for the positions of Shared Strategy Program Manager and PRO Administrative Manager.

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 (2025 - \$949) was distributed in the form of scholarships. At March 31, 2026, there is \$4,590 (2025 - \$1,895) of undistributed funds which are presented in the internally restricted fund on the statement of changes in net assets. During the year, \$2,695 (2025 - Nil) was transferred from the general fund for deposits received for the James Bayer Fund.

9. Externally restricted

The externally restricted RPAC fund originated from 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. Since the setup of the externally restricted RPAC fund, \$16,738 has been used to support projects and initiatives.

10. Internally Restricted Reserve Fund

During the year, the board established an Internally Restricted Reserve Fund and approved the transfer in April 2025 of \$130,000 from the Unrestricted Fund to the Internally Restricted Reserve fund. The purpose of the fund is to accumulate to one-third of the Organization's annual operating expenses to ensure future organizational stability.

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 current 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, accounts receivable and term deposits. The Organization is exposed to concentration risk on its cash and investments in that all of its cash and term deposits are held with one financial institution. To minimize the credit risk, the Organization places cash and term deposits with high quality financial institutions of Canada.

The organization believes that its credit risk for accounts receivable is minimized as it has a large and diverse customer base. To reduce the risk, the organization only extends credit when there is credit worthiness.

Recreation Nova Scotia
Schedule 1 - Schedule of Program Revenues
For the year ended March 31, 2026

	2026	2025
Program Revenues		
Activate your Neighborhood	897	251
Anti Racism Charter	29,250	-
Building Climate Resilience Together	4,566	-
Connect	-	2,200
Education	70,513	-
High Five	-	73,500
Reaching Each and Everyone (REEO)	8,217	13,939
Regional Physical Activity Consultants (RPAC)	441,051	383,455
	554,494	473,345

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Schedule 2 - Schedule of Program Expenses
For the year ended March 31, 2026

	2026	2025
Program Expenses		
Activate Your Neighborhood	151	251
Anti-Racism Action Program	24,820	-
Building Climate Resilience Together	4,566	-
Connect	-	13,871
Community Sport and Inclusion	-	1,286
High Five	-	72,180
Reaching Each and Everyone (REEO)	20,940	13,939
Education	70,513	-
Regional Physical Activity Consultants (RPAC) Initiative	439,398	383,455
	560,388	484,982

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Recreation Nova Scotia
Schedule 3 - Schedule of Operational Revenues
For the year ended March 31, 2026

	2026	2025
Operational Revenues		
Communities, Culture, Tourism & Heritage (CCTH) - Core	196,680	196,680
Communities, Culture, Tourism & Heritage (CCTH) - Other	42,685	91,540
Membership dues	30,585	33,639
Nova Scotia Conference	106,229	66,592
Other	7,312	13,848
Regional Physical Activity Consultants (RPAC) grant administration	55,000	55,000
	438,491	457,299

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Schedule 4 - Schedule of Administration Expenses
For the year ended March 31, 2026

	2026	2025
Administration Expenses		
Amortization	463	463
Bad Debt	4,646	993
Board of Directors	8,637	1,626
Nova Scotia Conference	77,076	45,935
Other (meetings, general office, memberships, etc.)	69,001	46,848
Professional Fees	47,090	45,164
Rent	-	8,784
Salaries and Benefits	228,847	256,097
	435,760	405,910

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