

The Club Inclusion

Financial Statements

October 31, 2020

The Club Inclusion

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INDEPENDENT AUDITORS' REPORT

To the Members of
The Club Inclusion

Qualified Opinion

We have audited the financial statements of The Club Inclusion "(The Club)", which comprise the statement of financial position as at October 31, 2020, the statements of operations, changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements of The Club as at October 31, 2020 are prepared, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, The Club derives part of its revenue from donations and fundraising revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Club. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess (deficiency) of revenue or expenses, and cash flows from operations for the year ended October 31, 2020, current assets as at October 31, 2020, and net assets as at October 31, 2020. Our audit opinion on the financial statements for the year ended October 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 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.

Emphasis Matter

Without modifying our opinion, we draw attention to Note 7 to the financial statements, which describes the situation in the context of the COVID-19 global pandemic declared by the World Health Organization.

Responsibility 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 ASNFO, 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 Club'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 Club or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing The Club's financial reporting process.

Auditors' Responsibility 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 Club'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 Club'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 Club 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.

G & R

G&R CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Dartmouth, Nova Scotia

April 16, 2021

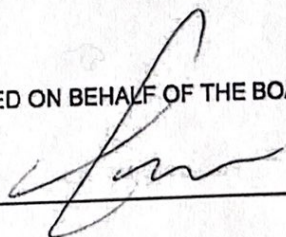
The Club Inclusion

Statement of Financial Position

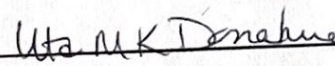
October 31, 2020

	General Fund \$	(note 5) Internally Restricted Fund \$	Total 2020 \$	Total 2019 \$
Assets				
Current Assets				
Cash	173,101	60,000	233,101	131,492
Accounts receivable	1,350	-	1,350	19,434
Grants receivable	26,283	-	26,283	10,000
HST receivable	2,853	-	2,853	4,416
Total Current Assets	203,587	60,000	263,587	165,342
Capital assets (note 3)	40,727	-	40,727	19,785
Total Assets	244,314	60,000	304,314	185,127
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	8,190	-	8,193	7,580
Deferred revenue (note 4)	117,390	-	117,390	74,794
Total Liabilities	125,580	-	125,583	82,374
Net Assets	118,731	60,000	178,731	102,753
Total Liabilities and Net Assets	244,311	60,000	304,314	185,127

SIGNED ON BEHALF OF THE BOARD



Director



Director

The Club Inclusion

Statement of Operations

For the Year Ended October 31, 2020

	General Fund \$	(note 5) Internally Restricted Fund \$	Total 2020 \$	Total 2019 \$
Revenues				
Donations	74,649	-	74,649	81,639
Fundraising	3,910	-	3,910	23,737
Grants -				
Government of Canada	1,465	-	1,465	4,063
Province of Nova Scotia	140,336	-	140,336	67,729
Other	15,897	-	15,897	10,531
United Way of Halifax	48,360	-	48,360	60,548
Other income	-	-	-	11,146
COVID-19 funding	64,405	-	64,405	-
Participant program fees -				
Club Dartmouth	260	-	260	1,000
Day programs	92,240	-	92,240	120,253
Drop in club	15,145	-	15,145	25,855
March break camp	120	-	120	1,620
Nutrition and life	510	-	510	3,009
Summer camp	10,605	-	10,605	40,337
Total Revenues	467,902	-	467,902	451,467
Expenses				
Advertising and marketing	-	-	-	6,815
Amortization	7,088	-	7,088	3,666
Fundraising	-	-	-	2,900
Office expenses	2,380	-	2,380	4,734
Participant program expenses -				
Club Dartmouth	7,905	-	7,905	5,662
Day program	105,117	-	105,117	109,557
Drop in club	92,857	-	92,857	86,527
Nutrition and life	3,832	-	3,832	9,907
Summer camp	35,004	-	35,004	70,855
Salaries -				
Administrative	10,144	-	10,144	11,142
Programs	127,597	-	127,597	116,851
Total Expenses	391,924	-	391,924	428,616
Excess of Revenue over Expenses for the Year	75,978	-	75,978	22,851

The Club Inclusion

Statement of Changes in Net Assets For the Year Ended October 31, 2020

	General Fund \$	(note 5) Internally Restricted Fund \$	Total 2020 \$	Total 2019 \$
Balances - Beginning of year	42,753	60,000	102,753	79,902
Excess of revenue over expenses for the year	75,978	-	75,978	22,851
Balances - End of Year	118,731	60,000	178,731	102,753

The Club Inclusion

Statement of Cash Flows

For the Year Ended October 31, 2020

	General Fund \$	(note 5) Internally Restricted Fund \$	Total 2020 \$	Total 2019 \$
Cash Flows from Operating Activities				
Excess of revenue over expenses for the year	75,978	-	75,978	22,851
Adjustments to earnings not involving cash - Amortization	7,088	-	7,088	3,666
	83,066	-	83,066	26,517
Changes in non-cash working capital -				
Decrease (Increase) in accounts receivable	18,084	-	18,084	(15,829)
Increase in grants receivable	(16,283)	-	(16,283)	(10,000)
Decrease (Increase) in HST receivable	1,563	-	1,563	(4,249)
Increase in accounts payable and accrued liabilities	609	-	609	175
Increase in deferred revenue	42,597	-	42,597	11,153
Total Cash Flows from Operating Activities	129,636	-	129,636	7,767
Cash Flows from Investing Activities				
Purchase of capital assets	(28,027)	-	(28,027)	(12,225)
Increase (Decrease) in Cash	101,609	-	101,609	(4,458)
Cash - Beginning of Year	71,492	60,000	131,492	135,950
Cash - End of Year	173,101	60,000	233,101	131,492

The Club Inclusion

Notes to Financial Statements

For the Year Ended October 31, 2020

The Club Inclusion ("The Club") is a not-for-profit organization incorporated under the Nova Scotia Society's Act on October 16, 2008 as a charitable organization to aid the social, cultural and recreational inclusion of people who have disabilities and learning difficulties in the communities of Halifax and Dartmouth, Nova Scotia.

The Club is a not-for-profit organization and a registered charity under the *Income Tax Act*, and as described in Section 149(1)(l) of the *Income Tax Act*, and may issue receipts for charitable donations and, as such, income from operations is exempt from income.

1. Significant Accounting Policies

Basis of Accounting

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

Cash

The Club defines cash as the amount of cash on hand and cash on deposit net of cheques that are issued and outstanding at the end of the year.

Financial Instruments

The financial assets and liabilities are initially recorded at fair value. The Club subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at cost include cash, accounts receivable, grants receivable and HST receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

Capital Assets

Capital assets are being amortized using the declining balance method at the following annual rates:

	<u>Rate</u>
Computer hardware	30%
Furniture and equipment	20%
Leasehold improvements	20%

In the year of acquisition, amortization is calculated at one-half the annual rate.

Contributed tangible equipment and leaseholds that are donated are typically not recorded unless it is deemed to have a significant value to The Club. Any recorded contributions are noted in the year in which they are recorded under the equipment and leasehold improvement schedule.

Impairment of Long-lived Assets

Capital assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the projected future net cash flows resulting from its use and eventual disposition. The impairment loss, if any, is measured as the amount by which the carrying amount of the asset exceeds its fair value.

The Club Inclusion

Notes to Financial Statements

For the Year Ended October 31, 2020

1. Significant Accounting Policies . . . (continued)

Revenue and Expense Recognition

All revenue and expenses are reported on the accrual basis.

The Club follows the deferral method of accounting for contributions. Under this method, contributions restricted for future periods as to the terms of its grants, funding agreements and contribution to the year in which the related expenses are incurred.

Unrestricted contributions, grants and subsidies, program and membership fees, and other income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund Accounting

The Club follows the fund accounting method of accounting. These funds match the revenue and expenses, and cash on hand relating to particular segments of the organization's operations. The General Fund summarizes those activities relating to overall operations of The Club. The internally restricted fund is set up and used as disclosed in Note 5.

Contributed and Donated Goods and Services

The Club typically does not record the value of donated equipment or services in the financial statements, unless it is deemed to have a significant value to the organizations and fair market value is can be determined. During the year, \$Nil in goods were donated (2019 - \$2,900).

The Club would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Statement of Cash Flows

The Club prepares the statement of cash flows on a net cash basis and reports cash flows from operating and financing activities using the indirect method.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities as at October 31, 2020 and the reported amount of revenues and expenses for the year then ended. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates included in these financial statements are allowance for doubtful accounts and accrued liabilities.

2. Financial Instruments

The significant financial risks to which The Club is exposed are credit risk and liquidity risk.

Unless otherwise noted, it is management's opinion that The Club is not exposed to significant interest rate risk, currency risk or market risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Club Inclusion

Notes to Financial Statements

For the Year Ended October 31, 2020

2. Financial Instruments ... (continued)

Credit Risk

Financial instruments that potentially subject The Club to credit risk consist of cash and accounts receivable. The Club uses reputable institutions for cash and believes the risk of loss to be remote. The Club estimates an allowance for doubtful accounts for accounts receivable. As at October 31, 2020 no allowance was recorded (2019 - \$nil) for accounts receivable. Any credit losses are provided for in the financial statements and have consistently been within management's expectations.

Liquidity Risk

Liquidity risk is the risk that The Club will not be able to meet its obligations as they become due. The Club's approach to managing liquidity risk is to ensure that it always has sufficient cash flows, cash on hand and credit facilities to meet its operating obligations.

3. Capital Assets

	Cost \$	Accumulated amortization \$	2020 Net Book Value \$	2019 Net Book Value \$
Computer hardware	5,855	2,141	3,714	1,875
Furniture and equipment	21,111	9,253	11,858	8,379
Leasehold improvements	37,411	12,256	25,155	9,531
	64,377	23,650	40,727	19,785

4. Deferred Revenue

Deferred revenue includes the unused portion of grant and donor funding, which is deferred based on funding agreements, and customer prepayments. The amounts that are deferred are intended to be used by The Club in the subsequent year. Deferred revenue is comprised of the following balances for the year as follows:

	2020 \$	2019 \$
Donations & other	6,845	35,121
Province of Nova Scotia	102,365	39,673
Customer prepayments	8,180	-
Total Deferred Revenue	117,390	74,794

The Club Inclusion

Notes to Financial Statements

For the Year Ended October 31, 2020

5. Internally Restricted Net Assets

Internally Restricted Net Assets represents funds that the Club receives that are restricted for use toward for future expenses. The Club has restricted funds based on anticipated future needs as follows:

	2020 \$	2019 \$
Contingency	60,000	60,000

6. Commitments

The Club leases facilities for office and activity space in Halifax under the terms of a five year lease agreement at a monthly rate of \$1,750 from September to June and \$1,400 from July and August, expiring September 30, 2023. The agreement allows for the rent amounts to be reviewed and amended annually.

7. Going Concern

In March 2020, the World-Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The impact of the COVID-19 outbreak continues to evolve as of the date of this report.

Management and those charged with governance are closely monitoring the situation and its impact on the Club. During the fiscal year, many of the operations of the Club temporarily ceased or were significantly modified for online delivery. Summer camps were offered virtually with greatly reduced in-person delivery. In September 2020, further in-person operations were re-introduced on a smaller, modified, scale, allowing the Club to ensure the safety of the staff and it's members.

As of the date of this report, online program delivery continues with continued in-person delivery being offered at reduced capacity. The Club expects to continue to operate in a surplus position for the 2021 fiscal year due to Emergency Program Funding received, increases in contributions from some agencies, as well as Federal wage subsidy funding. Depending on the severity and length of the COVID-19 pandemic, there may be material uncertainty and risk with respect to the Club's financial position going forward.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

8. Comparative Figures

Certain comparative figures have been reclassified to confirm with the financial statement presentation adopted for the present year. There has been no impact on prior year retained earnings.