

Financial Statements of

THE ROBB NASH PROJECT INC.

August 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Robb Nash Project Inc.

Opinion

We have audited the financial statements of The Robb Nash Project Inc., which comprise the statement of financial position as at August 31, 2021, 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 (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Robb Nash Project Inc. as at August 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Company 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 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 the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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 GAAS 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 GAAS, 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 Company'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 Company'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 Company 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.

The logo for Deloitte CP, featuring the word "Deloitte" in a stylized, handwritten-style font, followed by "CP" in a smaller, simpler font.

Chartered Professional Accountants

Winnipeg, Manitoba
January 20, 2022

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THE ROBB NASH PROJECT INC.

Statement of Operations

Year Ended August 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Donations	\$ 872,394	\$ 1,015,557
Concert revenue	1,500	7,500
Amortization of deferred contributions:		
Capital	-	44,429
Gain on disposal of capital assets	6,815	2,533
Government funding	190,877	89,380
Other	19,162	11,033
	<u>1,090,748</u>	<u>1,170,432</u>
EXPENSES		
Operating - Schedule	1,243,908	1,383,444
Amortization of capital assets	17,910	20,003
	<u>1,261,818</u>	<u>1,403,447</u>
NET LOSS FOR THE YEAR	<u>\$ (171,070)</u>	<u>\$ (233,015)</u>

THE ROBB NASH PROJECT INC.
Statement of Changes in Net Assets
Year Ended August 31, 2021

	2021				
	Invested in Capital Assets	Business Model Change	New Program Reserve	Unrestricted Surplus	Total
Balance, beginning of year	39,269	\$ -	\$ 120,000	\$ 103,493	\$ 262,762
Net loss for the year	(11,095)	-	-	(159,975)	(171,070)
Interfund transfers		-	(120,000)	120,000	-
Balance, end of year	\$ 28,174	\$ -	\$ -	\$ 63,518	\$ 91,692

	2020				
	Invested in Capital Assets	Business Model Change	New Program Reserve	Unrestricted Surplus	Total
Balance, beginning of year	\$ 25,227	\$ (150,000)	\$ 220,000	\$ 100,550	\$ 495,777
Net income (loss) for the year	26,959	-	-	(259,974)	(233,015)
Interfund transfers	(12,917)	(150,000)	(100,000)	262,917	-
Balance, end of year	\$ 39,269	\$ -	\$ 120,000	\$ 103,493	\$ 262,762

THE ROBB NASH PROJECT INC.
Statement of Financial Position
August 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash	\$ 89,025	\$ 2,329
Investments (Note 3)	364	156,302
Accounts receivable	5,574	-
Government remittances receivable	15,496	24,102
Prepaid expenses	2,176	1,328
	112,635	184,061
LOAN RECEIVABLE (Note 4)	36,784	36,784
INVESTMENTS (Note 3)	-	101,894
CAPITAL ASSETS (Note 5)	28,174	39,269
	\$ 177,593	\$ 362,008
LIABILITIES		
CURRENT		
Accounts payable	\$ 25,901	\$ 59,246
LONG-TERM DEBT (Note 6)	60,000	40,000
	85,901	99,246
CAPITAL SURPLUS		
Invested in capital assets (Note 7)	28,174	39,269
New program reserve (Note 8)	-	120,000
Surplus	63,518	103,493
	91,692	262,762
	\$ 177,593	\$ 362,008

..... Director

..... Director

THE ROBB NASH PROJECT INC.

Statement of Cash Flows

Year Ended August 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Net loss for the year	\$ (171,070)	\$ (233,015)
Items not affecting cash:		
Amortization of capital assets	17,910	20,003
Amortization of deferred contributions - capital	-	(44,429)
Gain on disposal of capital assets	(6,815)	(2,533)
	<u>(159,975)</u>	<u>(259,974)</u>
Changes in non-cash operating working capital items:		
Accounts receivable	(5,574)	-
Government remittances	8,606	(32,830)
Prepaid expenses	(848)	(329)
Accounts payable	(33,345)	24,978
	<u>(191,136)</u>	<u>(268,155)</u>
FINANCING ACTIVITIES		
Proceeds of loans payable	20,000	40,000
	<u>20,000</u>	<u>40,000</u>
INVESTING ACTIVITIES		
Redemption of investments	257,832	210,041
Proceeds on disposal of capital assets	-	37,260
Purchase of capital assets	-	(24,343)
	<u>257,832</u>	<u>222,958</u>
NET INCREASE (DECREASE) IN CASH POSITION	86,696	(5,197)
CASH POSITION, BEGINNING OF YEAR	2,329	7,526
CASH POSITION, END OF YEAR	\$ 89,025	\$ 2,329

THE ROBB NASH PROJECT INC.
Notes to the Financial Statements
August 31, 2021

1. INCORPORATION

The Robb Nash Project Inc. (the “Organization”) was incorporated without share capital on February 14, 2012. The Organization is principally involved in providing a rock concert experience geared towards helping young people. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

The Organization recognizes other revenue when persuasive evidence of an arrangement exists, delivery of the service has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Equipment	3 years
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c) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

THE ROBB NASH PROJECT INC.
Notes to the Financial Statements
August 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investments

Investments are measured at fair value, determined on the basis of market value. Purchases and sales of investments are recognized and derecognized using settlement date accounting. Transaction costs that are directly attributable to the acquisition of investments are added to the cost of investments. Changes in fair value are recognized in income.

e) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. Investments are measured at fair value.

Transaction costs related to financial instruments are measured at fair value and expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations and changes in net assets.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in the statement of operations, an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

f) 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. The area requiring the use of significant estimates relates to the useful life of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

THE ROBB NASH PROJECT INC.
Notes to the Financial Statements
August 31, 2021

3. INVESTMENTS

	<u>2021</u>	<u>2020</u>
Bonds	\$ -	\$ 204,757
Common Shares	-	45,369
Foreign Securities	-	1,817
Cash	<u>364</u>	<u>6,253</u>
	<u>364</u>	<u>258,196</u>
Less: maturing within 12 months	<u>(364)</u>	<u>(156,302)</u>
	<u>\$ -</u>	<u>\$ 101,894</u>

4. LOAN RECEIVABLE

	<u>2021</u>	<u>2020</u>
Loan to employee, bearing no interest, to be repaid by February 1, 2023	<u>\$ 36,784</u>	<u>\$ 36,784</u>

5. CAPITAL ASSETS

	<u>2021</u>			<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	<u>\$ 54,852</u>	<u>\$ 26,677</u>	<u>\$ 28,174</u>	<u>\$ 39,269</u>

6. LOAN PAYABLE

	<u>2021</u>	<u>2020</u>
Canada Emergency Business Account loan, bearing no interest, no principal repayments required before December 31, 2022	<u>\$ 60,000</u>	<u>\$ 40,000</u>

THE ROBB NASH PROJECT INC.
Notes to the Financial Statements
August 31, 2021

7. NET INVESTMENT IN CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
a) Invested in capital assets is calculated as follows:		
Capital assets	\$ 28,174	\$ 39,269
Amounts financed by deferred contributions	-	-
	<u>\$ 28,174</u>	<u>\$ 39,269</u>

b) Changes in net assets invested in capital assets is calculated as follows:

	<u>2021</u>	<u>2020</u>
Amortization of deferred contributions related to capital assets	\$ -	\$ 44,429
Amortization of capital assets	(17,910)	(20,003)
Gain on disposal of capital assets	6,815	2,533
	<u>(11,095)</u>	<u>26,959</u>
Purchase of capital assets	-	24,343
Proceeds on disposal of capital assets	-	(37,260)
	<u>\$ (11,095)</u>	<u>\$ 14,042</u>

8. TRANSFERS TO RESERVES

The New Program Reserve was established in 2019 to address the increased costs expected from the changes made to the current program delivery across the country. During the year, the Organization transferred \$120,000 (2019 - \$100,000) from the New Program Reserve to the Unrestricted net assets, as all of the funds had been used during the year. In the prior year, the Organization transferred \$150,000 from the Business Model Change Reserve to the Unrestricted net assets.

9. RELATED PARTY TRANSACTIONS

The loan receivable amount is due from an employee of the Organization. This transaction is measured at the exchange amount.

10. COVID-10

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operation of many businesses, including that of the Organization. At this time it is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's business.

THE ROBB NASH PROJECT INC.
Schedule of Operating Expenses
Year Ended August 31, 2021

	<u>2021</u>	<u>2020</u>
Accomodations	\$ 45,793	\$ 22,114
Accounting and legal	33,471	9,843
Administrative	27,821	48,317
Advertising and promotions	24,683	78
Bank/Payroll charges	2,004	2,349
Communications	3,396	3,110
Courier and postage	663	3,922
Education and training	1,208	-
Equipment rentals	27,757	2,853
Fundraising expenses	6,067	-
Ground transportation	20,528	12,062
Insurance - Liability	2,433	2,523
Interest	650	3,101
Materials and supplies	14,410	50,178
Meals	15,425	13,729
Office supplies	2,548	4,842
Outside services	53,652	37,791
Production expenses	252,648	533,139
Salaries and employee benefits	517,331	438,051
Sub-contracting	190,677	191,667
Tour bus	-	1,995
Web related	743	1,780
	\$ 1,243,908	\$ 1,383,444