

*Financial Statements of*

**THE ROBB NASH PROJECT INC.**

*August 31, 2020*

## 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, 2020, 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, 2020, 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 LLP, featuring the word "Deloitte" in a stylized, cursive script followed by "LLP" in a smaller, sans-serif font.

Chartered Professional Accountants

January 20, 2021  
Winnipeg, Manitoba

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# THE ROBB NASH PROJECT INC.

## Statement of Operations

Year Ended August 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Donations	\$ 1,015,557	\$ 1,493,497
Concert revenue	7,500	-
Amortization of deferred contributions		
Capital	44,429	138,972
Operating	-	55,460
Gain on disposal of capital assets	2,533	33,379
Merchandise Sales	-	300
Other	100,413	9,216
	<u>1,170,432</u>	<u>1,730,824</u>
EXPENSES		
Operating - Schedule	1,383,444	1,419,037
Amortization of capital assets	20,003	27,480
	<u>1,403,447</u>	<u>1,446,517</u>
NET (LOSS) INCOME FOR THE YEAR	<u>\$ (233,015)</u>	<u>\$ 284,307</u>

**THE ROBB NASH PROJECT INC.**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2020**

	2020				Total
	Invested in Capital Assets	Business Model Change	New Program Reserve	Unrestricted Surplus (Deficit)	
Balance, beginning of year	25,227	\$ 150,000	\$ 220,000	\$ 100,550	\$ 495,777
Net 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

	2019				Total
	Invested in Capital Assets	Business Model Change	New Program Reserve	Unrestricted Surplus (Deficit)	
Balance, beginning of year	\$ 119,280	\$ -	\$ 70,000	\$ 22,190	\$ 211,470
Net income for the year	144,871	-	-	139,436	284,307
Interfund transfers	(238,924)	150,000	150,000	(61,076)	-
Balance, end of year	\$ 25,227	\$ 150,000	\$ 220,000	\$ 100,550	\$ 495,777

**THE ROBB NASH PROJECT INC.**  
**Statement of Financial Position**  
**August 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 2,329	\$ 7,526
Investments (Note 3)	156,302	317,203
Government remittances receivable	24,102	-
Prepaid expenses	1,328	999
	<b>184,061</b>	<b>325,728</b>
LOAN RECEIVABLE (Note 4)	36,784	36,784
INVESTMENTS (Note 3)	101,894	151,034
CAPITAL ASSETS (Note 5)	39,269	69,656
	<b>\$ 362,008</b>	<b>\$ 583,202</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 59,246	\$ 34,268
Government remittances payable	-	8,728
	<b>59,246</b>	<b>42,996</b>
LONG-TERM DEBT (Note 6)	40,000	-
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 7)	-	44,429
	<b>99,246</b>	<b>87,425</b>
<b>CAPITAL SURPLUS</b>		
Invested in capital assets (Note 8)	39,269	25,227
Business Model Change	-	150,000
New program reserve (Note 9)	120,000	220,000
Surplus	103,493	100,550
	<b>262,762</b>	<b>495,777</b>
	<b>\$ 362,008</b>	<b>\$ 583,202</b>

..... Director

..... Director

**THE ROBB NASH PROJECT INC.****Statement of Cash Flows**

Year Ended August 31, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Net (loss) income for the year	\$ (233,015)	\$ 284,307
Items not affecting cash:		
Amortization of capital assets	20,003	27,480
Amortization of deferred contributions - capital	(44,429)	(138,972)
Amortization of deferred contributions - operating	-	(55,460)
Gain on disposal of capital assets	(2,533)	(33,379)
	<u>(259,974)</u>	83,976
Changes in non-cash operating working capital items:		
Government remittances	(32,830)	16,992
Prepaid expenses	(329)	(781)
Accounts payable	24,978	24,370
	<u>(268,155)</u>	124,557
<b>FINANCING ACTIVITIES</b>		
Proceeds of loans payable	40,000	-
Repayment of loans payable	-	(152,166)
Deferred contributions received - capital assets	-	52,788
Deferred contributions received - operating	-	35,000
	<u>40,000</u>	(64,378)
<b>INVESTING ACTIVITIES</b>		
Redemption (purchase) of investments	210,041	(468,237)
Collection of loan receivable	-	12,000
Proceeds on disposal of capital assets	37,260	437,100
Purchase of capital assets	(24,343)	(98,798)
	<u>222,958</u>	(117,935)
<b>NET DECREASE IN CASH POSITION</b>	<b>(5,197)</b>	<b>(57,756)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>7,526</b>	<b>65,282</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 2,329</b>	<b>\$ 7,526</b>



**THE ROBB NASH PROJECT INC.**  
**Notes to the Financial Statements**  
**August 31, 2020**

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**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:

Cargo Van	30%
Equipment	3 years

*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, 2020**

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**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, 2020**

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**3. INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Bonds	\$ 204,757	\$ 250,976
Mutual Funds	-	168,845
Common Shares	45,369	43,491
Foreign Securities	1,817	2,153
Cash	6,253	2,772
	<u>258,196</u>	<u>468,237</u>
Less: maturing within 12 months	<u>(156,302)</u>	<u>(317,203)</u>
	<u>\$ 101,894</u>	<u>\$ 151,034</u>

**4. LOAN RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Loan to employee, bearing no interest, to be repaid by February 1, 2023	\$ 36,784	\$ 36,784

**5. CAPITAL ASSETS**

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	73,653	34,384	39,269	29,341
Cargo Van	-	-	-	40,315
	<u>\$ 73,653</u>	<u>\$ 34,384</u>	<u>\$ 39,269</u>	<u>\$ 69,656</u>

**6. LOAN PAYABLE**

	<u>2020</u>	<u>2019</u>
Canada Emergency Business Account loan, bearing no interest, no principal repayments required before December 31, 2022	\$ 40,000	\$ -

**THE ROBB NASH PROJECT INC.**  
**Notes to the Financial Statements**  
**August 31, 2020**

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**7. DEFERRED CONTRIBUTIONS**

	<u>2020</u>	<u>2019</u>
Related to Operations		
Balance, beginning of year	\$ -	\$ 20,460
Add: contributions received	-	35,000
Less: amounts amortized to revenue	-	(55,460)
	<u>\$ -</u>	<u>\$ -</u>
Related to Capital Assets		
Balance, beginning of year	\$ 44,429	\$ 130,613
Add: contributions received	-	52,788
Less: amounts amortized to revenue	(44,429)	(138,972)
	<u>\$ -</u>	<u>\$ 44,429</u>

**8. NET INVESTMENT IN CAPITAL ASSETS**

a) Invested in capital assets is calculated as follows:

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 39,269	\$ 69,656
Amounts financed by deferred contributions	-	(44,429)
	<u>\$ 39,269</u>	<u>\$ 25,227</u>

**THE ROBB NASH PROJECT INC.**  
**Notes to the Financial Statements**  
**August 31, 2020**

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**8. NET INVESTMENT IN CAPITAL ASSETS (continued)**

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

	<u>2020</u>	<u>2019</u>
Amortization of deferred contributions related to capital assets	\$ 44,429	\$ 138,972
Amortization of capital assets	(20,003)	(27,480)
Gain on disposal of capital assets	2,533	33,379
	<u>26,959</u>	<u>144,871</u>
Deferred contribution received – capital assets	-	(52,788)
Purchase of capital assets	24,343	98,798
Repayment of long-term debt	-	152,166
Proceeds on disposal of capital assets	(37,260)	(437,100)
	<u>\$ 14,042</u>	<u>\$ (94,053)</u>

**9. TRANSFERS TO RESERVES**

During the year, the Organization transferred \$100,000 from the New Program Reserve, which was established in 2018 (and funded with a further transfer of \$150,000 in 2019) to increase the impact and reach of youth programming. During the year, the Organization transferred \$150,000 from the Business Model Change Reserve which was established at \$150,000 in 2019 to address the increased costs expected from the changes made to the current program delivery across the country.

**10. RELATED PARTY TRANSACTIONS**

The loan receivable amount is due from an employee of the Organization. Loan transactions with this related party and the amount due to this related party have been disclosed in notes to these financial statements. This transaction is measured at the exchange amount.

**11. RECENT DEVELOPMENTS**

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, 2020**

	<u>2020</u>	<u>2019</u>
Accomodations	\$ 22,114	\$ 22,364
Accounting and legal	9,843	8,906
Administrative	48,317	32,997
Advertising and promotions	78	8,860
Bank and payroll	2,349	2,346
Communications	3,110	2,673
Concert expenses	533,139	422,108
Courier and postage	3,922	6,445
Equipment rentals	2,853	20,872
Ground transportation	12,062	18,777
Insurance - liability	2,523	2,438
Interest	3,101	4,343
Materials and supplies	50,178	35,851
Meals	13,729	26,972
Office supplies	4,842	4,558
Outside services	37,791	30,606
Salaries and employee benefits	438,051	450,547
Sub-contracting	191,667	259,743
Tour bus	1,995	54,702
Web related	1,780	2,929
	<b>\$ 1,383,444</b>	<b>\$ 1,419,037</b>