

GAMBLING AWARENESS OF NOVA SCOTIA

Financial Statements

Year Ended March 31, 2016

GAMBLING AWARENESS OF NOVA SCOTIA

Index to Financial Statements

Year Ended March 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Changes in Net Financial Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Gambling Awareness of Nova Scotia

We have audited the accompanying financial statements of Gambling Awareness of Nova Scotia, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the standards issued by the Public Sector Accounting Board, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report to the Directors of Gambling Awareness of Nova Scotia *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gambling Awareness of Nova Scotia as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with the standards issued by the Public Sector Accounting Board.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
June 24, 2016

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Operations

Year Ended March 31, 2016

	Budget 2016	2016	2015
REVENUE			
Nova Scotia Provincial Lotteries and Casino Corporation	\$ 480,000	\$ 549,342	\$ 478,117
Investment income	167,000	128,968	143,425
Unused grants	-	6,325	-
Other revenue	1,000	-	-
	648,000	684,635	621,542
EXPENDITURES			
Office	36,536	25,182	16,198
Professional fees	7,800	16,983	18,765
Rental	28,500	-	20,371
Competitive research grants	273,000	-	-
Community capacity building	80,000	-	-
Consulting fees	219,464	-	-
Travel (recovery)	2,700	-	(215)
Salaries and wages (recovery)	-	-	(2,105)
	648,000	42,165	53,014
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS			
	-	642,470	568,528
OTHER INCOME (EXPENSES)			
Unrealized gain (loss) on investments	-	(129,817)	120,215
Sexual Violence Strategy	-	-	1,526
	-	(129,817)	121,741
EXCESS OF REVENUE OVER EXPENDITURES	\$ -	\$ 512,653	\$ 690,269

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Changes in Net Financial Assets

Year Ended March 31, 2016

	General Fund	Restricted Fund	2016	2015
NET FINANCIAL ASSETS - BEGINNING OF YEAR	\$ 1,462,508	\$ 2,947,312	\$ 4,409,820	\$ 3,719,551
Excess of revenue over expenditures (<i>Note 7</i>)	544,015	(31,362)	512,653	690,269
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,006,523	\$ 2,915,950	\$ 4,922,473	\$ 4,409,820

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Financial Position

Year Ended March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash (<i>Note 4</i>)	\$ 896,516	\$ 1,271,239
Community Development account - restricted (<i>Note 4</i>)	39,463	36,887
Marketable securities (<i>Note 5</i>)	4,152,798	4,176,183
Accounts receivable (<i>Note 6</i>)	28,300	44,098
Due from Nova Scotia Provincial Lotteries and Casino Corporation	41,079	39,618
	5,158,156	5,568,025
LIABILITIES		
Accounts payable and accrued liabilities	15,666	15,515
Deferred revenue for CDA grants	179,795	179,795
Grants payable	8,240	43,000
Due to NS Department of Health and Wellness	32,143	920,056
	235,844	1,158,366
NET FINANCIAL ASSETS	4,922,312	4,409,659
NON-FINANCIAL ASSETS		
Prepaid expenses	161	161
	\$ 4,922,473	\$ 4,409,820

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 512,653	\$ 690,269
Changes in non-cash working capital:		
Accounts receivable	15,798	(971)
Accounts payable and accrued liabilities	152	(29,212)
Prepaid expenses	-	2,420
Due from Nova Scotia Provincial Lotteries and Casino Corporation	(1,461)	(4,973)
Grants payable	(34,760)	(165,000)
Due to NS Department of Health and Wellness	(887,913)	171,739
	(908,184)	(25,997)
Cash flow from (used by) operating activities	(395,531)	664,272
INVESTING ACTIVITY		
Marketable securities	23,385	(237,760)
FINANCING ACTIVITY		
Community Development account - restricted	(2,576)	(359)
INCREASE (DECREASE) IN CASH FLOW	(374,722)	426,153
Cash - beginning of year	1,271,239	845,086
CASH - END OF YEAR	\$ 896,517	\$ 1,271,239

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2016

1. DESCRIPTION OF BUSINESS

On March 11, 1998, The Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The Gaming Control Act was amended on July 27, 2010, whereby the name of the Foundation was changed to Gambling Awareness Foundation of Nova Scotia.

The purpose of the Foundation is to receive, maintain and disburse VLT Problem Gaming Fund monies in furtherance of the purposes set out in the Gaming Control Act, including research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailer agreements, to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Provincial Lotteries and Casino Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

Responsibility for the Foundation was transferred from the Nova Scotia Provincial Lotteries and Casino Corporation to the Department of Health and Wellness. The Foundation is governed by a Board of Directors. The objectives of the Foundation and its governance and accountability framework are established in a Memorandum of Agreement (MOA) with the Department. The MOA was last revised in March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with standards issued by the Public Sector Accounting Board.

Revenue recognition

Gambling Awareness Nova Scotia follows the deferral method of accounting for contributions. Interest earned in the Community Development Account (CDA) is recognized as revenue in the year in which the related expenses are incurred. The CDA contributions from unused grant funding are recognized as a direct increase to the restricted CDA fund. Unrestricted contributions and revenues are recognized as revenue when they are received or receivable, if the amount received can be estimated and the collection is reasonably assured.

Investment income includes dividends and interest income, and realized and unrealized gains and losses. Unrealized gains and losses are recognized as revenue in the statements of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Unrestricted investment income is recognized as revenue when earned.

Cash

Cash includes cash less outstanding cheques plus outstanding deposits.

Marketable securities

The Foundation's investments are carried at fair value and consist of cash and cash equivalents, fixed income investments, and investments in mutual funds.

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GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include loss provisions, expense accruals, deferred revenue, and revenue. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

Grants payable

Grants payable are carried at the contract amount.

3. FINANCIAL INSTRUMENTS

Gambling Awareness Nova Scotia's financial instruments consist of cash, investments, accounts receivable, accounts payable, and current and long-term grants payable. Equity investments, mutual funds and term deposits which are held-for-trading are carried at fair value.

Long-term debt is recorded at its amortized cost using the effective interest method.

Long-term grants payable are recorded at the contract amount.

Fair Value

The foundation's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

When available, fair value of marketable securities is determined by reference to bid price at the end of the year in an active market. When the bid price is not available, or the market for a financial instrument is not active, fair value has been determined by reference to published price quotations and to the fair value of other financial instruments which bear similar risks and returns. The Foundation minimizes risk through its investment in guaranteed investment certificates.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the foundation manages exposure through its normal operating and financing activities. The foundation is exposed to interest rate risk primarily through its interest bearing investments.

4. CASH

Cash consists of the following:

	2016	2015
Cash - general	\$ 896,517	\$ 1,271,239
CIBC Community Development Account	39,463	36,887
	\$ 935,980	\$ 1,308,126

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2016

5. INVESTMENTS

Investments consist of the following:

	2016	2015
CIBC Wood Gundy CDA account	\$ 3,103,230	\$ 3,138,632
CIBC Wood Gundy operating account	1,049,568	1,037,551
	\$ 4,152,798	\$ 4,176,183

6. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable consist of the following:		
HST receivable	\$ -	\$ 6,480
Accrued interest receivable - operating account	8,910	15,692
Accrued interest receivable - CDA account	19,390	21,925
	\$ 28,300	\$ 44,097

7. COMMUNITY DEVELOPMENT ACCOUNT

Section 8 of the previous Memorandum of Agreement (MOA) between the Foundation and the Department of Health Promotion and Protection required the creation of a Community Development Account (CDA). Amounts were allocated from within the Foundation's bank account to establish the CDA in 2005-06.

Under the revised MOA, dated March 2009, the interest accrued in the account shall be used to provide grants to community health boards (CHBs) to support problem gambling initiatives. The fund balance is not to decrease below its initial level and will be increased annually if the Gambling Awareness Nova Scotia funding streams accrue a surplus.

	2016	2015
Opening fund balance	\$ 2,947,312	\$ 2,749,852
Unrealized gains (losses) from CDA Investments	(110,449)	110,380
Realized gains (losses) from CDA Investments	87,983	97,955
Unused Grants	6,325	-
Investment expense on CDA funds	(15,221)	(10,875)
	\$ 2,915,950	\$ 2,947,312

8. GRANTS

Section 11.0 of the MOA requires that funds received by the Foundation shall be allocated to research grants and community grants as well as to the necessary operational expenses of the Foundation and other initiatives that support its objectives and strategic priorities. Research and community grants funding shall be according to the objectives of the Foundation as noted in the regulations to the Act, and the MOA. There were no grants approved during fiscal 2016.

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2016

9. PUBLIC SECTOR COMPENSATION DISCLOSURES ACT

The Public Sector Compensation Disclosure Act requires the Foundation to disclose the amount of compensation paid to any employee earning in excess of \$100,000 per year. For the fiscal year ended March 31, 2016, the Foundation had no employees, and as such, no compensation above the threshold to disclose.

10. RELATED PARTY TRANSACTIONS

The Foundation is related to all other departments, agencies, boards and commissions of the Province of Nova Scotia. Transactions with other provincial entities described in Note 6, were entered into in the normal course of operations.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Consistent with similar not-for-profit organizations, the Foundation's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Foundation's exposure.

12. ECONOMIC DEPENDENCE

The Nova Scotia Provincial Lotteries and Casino Corporation provides the Foundation with funding necessary to provide grant support. The Foundation's ability to issue research grants is currently dependant on receiving adequate funding from the Nova Scotia Provincial Lotteries and Casino Corporation.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the presentation adopted for the current year.
