

GAMBLING AWARENESS OF NOVA SCOTIA

Financial Statements

Year Ended March 31, 2017

GAMBLING AWARENESS OF NOVA SCOTIA

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Year Ended March 31, 2017

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Member of The AC Group of Independent Accounting Firms

INDEPENDENT AUDITOR'S REPORT

To the Members of Gambling Awareness of Nova Scotia

We have audited the accompanying financial statements of Gambling Awareness of Nova Scotia, which comprise the statements of revenues and expenditures, 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 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.

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 Members 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, 2017 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.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
June 29, 2017

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Revenues and Expenditures

Year Ended March 31, 2017

	Budget 2017	Total 2017	Total 2016
REVENUES			
Nova Scotia Provincial Lotteries and Casino Corporation	\$ 550,000	\$ 552,259	\$ 549,343
Investment income	108,000	97,749	128,968
Unused grants	-	-	6,325
	658,000	650,008	684,636
EXPENDITURES			
Grants	355,000	290,639	-
Office	11,110	13,551	25,182
Professional fees	13,890	9,965	16,984
Research expenses	580,000	-	-
Health Authority grants	1,396,800	-	-
	2,356,800	314,155	42,166
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(1,698,800)	335,853	642,470
OTHER INCOME			
Unrealized gain (loss) on investments	14,000	125,236	(129,817)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,684,800)	\$ 461,089	\$ 512,653

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Changes in Net Assets

Year Ended March 31, 2017

	General Fund	Restricted Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 2,006,515	\$ 2,915,958	\$ 4,922,473	\$ 4,409,820
Excess of revenues over expenditures (<i>Note 7</i>)	312,346	148,743	461,089	512,653
NET ASSETS - END OF YEAR	\$ 2,318,861	\$ 3,064,701	\$ 5,383,562	\$ 4,922,473

GAMBLING AWARENESS OF NOVA SCOTIA**Statement of Financial Position***(Schedule 1)***Year Ended March 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Cash <i>(Note 4)</i>	\$ 1,238,644	\$ 896,517
Community Development account - restricted <i>(Note 4)</i>	39,736	39,463
Marketable securities <i>(Note 5)</i>	4,342,500	4,152,798
Accounts receivable <i>(Note 6)</i>	43,563	28,300
Due from Nova Scotia Provincial Lotteries and Casino Corporation	43,559	41,079
	5,708,002	5,158,157
LIABILITIES		
Accounts payable and accrued liabilities	9,484	15,666
Deferred revenue for CDA grants	179,795	179,795
Grants payable	8,960	8,240
Due to NS Department of Health and Wellness	126,362	32,143
	324,601	235,844
NET FINANCIAL ASSETS	5,383,401	4,922,313
NON-FINANCIAL ASSETS		
Prepaid expenses	160	160
	\$ 5,383,561	\$ 4,922,473

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 461,089	\$ 512,653
Changes in non-cash working capital:		
Accounts receivable	(15,263)	15,798
Accounts payable and accrued liabilities	(6,183)	152
Due from Nova Scotia Provincial Lotteries & Casino Corporation	(2,480)	(1,461)
Grants payable	720	(34,760)
Due to NS Department of Health and Wellness	94,219	(887,913)
	71,013	(908,184)
Cash flow from operating activities	532,102	(395,531)
INVESTING ACTIVITY		
Marketable securities	(189,702)	23,385
Cash flow from (used by) investing activity	(189,702)	23,385
FINANCING ACTIVITY		
Community Development account - restricted	(273)	(2,576)
Cash flow used by financing activity	(273)	(2,576)
INCREASE (DECREASE) IN CASH FLOW	342,127	(374,722)
Cash - beginning of year	896,517	1,271,239
CASH - END OF YEAR	\$ 1,238,644	\$ 896,517

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2017

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, 2017

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:

	2017	2016
Cash - general	\$ 1,238,644	\$ 896,517
CIBC Community Development Account	39,736	39,463
	\$ 1,278,380	\$ 935,980

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2017

5. INVESTMENTS

Investments consist of the following:

	2017	2016
CIBC Wood Gundy CDA account	\$ 3,259,943	\$ 3,103,230
CIBC Wood Gundy operating account	1,082,557	1,049,568
	\$ 4,342,500	\$ 4,152,798

6. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable consist of the following:		
HST receivable	\$ 2,996	\$ -
Accrued interest receivable - operating account	15,927	8,910
Accrued interest receivable - CDA	24,640	19,390
	\$ 43,563	\$ 28,300

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.

	2017	2016
Opening fund balance	\$ 2,915,958	\$ 2,947,312
Unrealized gains (losses) from CDA Investments	98,727	(110,449)
Realized gains (losses) from CDA Investments	62,862	87,983
Unused Grants	-	6,325
Accrued interest receivable - CDA account	(12,846)	(15,221)
	\$ 3,064,701	\$ 2,915,950

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. Grants totalling \$290,639 were awarded in the 2017 fiscal year. There were no grants approved during fiscal 2016.

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2017

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, 2017 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.
