

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA
Financial Statements
Year Ended March 31, 2018

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA
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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of the Gambling Awareness Foundation of Nova Scotia

We have audited the accompanying financial statements of Gambling Awareness Foundation 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 Directors of Gambling Awareness Foundation of Nova Scotia (*continued*)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gambling Awareness Foundation of Nova Scotia as at March 31, 2018 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
July 3, 2018

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**Statement of Revenues and Expenditures****Year Ended March 31, 2018**

	2018	2018	2017
REVENUES			
Nova Scotia Provincial Lotteries and Casino Corporation	\$ 550,000	\$ 568,231	\$ 552,259
Investment income	125,000	143,211	97,749
Unrealized gains (losses) on investments	-	(19,529)	125,236
	675,000	691,913	775,244
EXPENDITURES			
Grants	527,000	226,713	290,639
Administrative costs	128,000	13,601	10,670
Investment management fees	20,000	12,783	12,846
	675,000	253,097	314,155
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 438,816	\$ 461,089

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended March 31, 2018

	General Fund	Restricted Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 2,318,860	\$ 3,064,701	\$ 5,383,561	\$ 4,922,472
Excess of revenues over expenditures (<i>Note 7</i>)	362,913	75,903	438,816	461,089
NET ASSETS - END OF YEAR	\$ 2,681,773	\$ 3,140,604	\$ 5,822,377	\$ 5,383,561

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Statement of Financial Position

Year Ended March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash (<i>Note 4</i>)	\$ 1,812,951	\$ 1,238,644
Restricted cash - CDA (<i>Note 4</i>)	40,148	39,736
Marketable securities (<i>Note 5</i>)	4,417,291	4,342,500
Accounts receivable (<i>Note 6</i>)	62,964	44,889
Due from Nova Scotia Provincial Lotteries and Casino Corporation	43,018	43,559
	6,376,372	5,709,328
LIABILITIES		
Accounts payable and accrued liabilities	29,019	10,810
Deferred revenue for CDA grants	179,795	179,795
Grants payable	8,960	8,960
Due to NS Department of Health and Wellness	336,362	126,362
	554,136	325,927
NET FINANCIAL ASSETS	5,822,236	5,383,401
NON-FINANCIAL ASSETS		
Prepaid expenses	141	159
	\$ 5,822,377	\$ 5,383,561

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA
Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 438,816	\$ 461,089
Changes in non-cash working capital:		
Accounts receivable	(18,075)	(15,262)
Prepaid expenses	19	-
Accounts payable and accrued liabilities	18,209	(6,184)
Due from Nova Scotia Provincial Lotteries & Casino Corporation	541	(2,480)
Grants payable	-	720
Due to NS Department of Health and Wellness	210,000	94,219
	210,694	71,013
Cash flow from operating activities	649,510	532,102
INVESTING ACTIVITY		
Marketable securities	(74,791)	(189,702)
Cash flow used by investing activity	(74,791)	(189,702)
FINANCING ACTIVITY		
Restricted cash - CDA	(412)	(273)
Cash flow used by financing activity	(412)	(273)
INCREASE IN CASH FLOW	574,307	342,127
Cash - beginning of year	1,238,644	896,517
CASH - END OF YEAR	\$ 1,812,951	\$ 1,238,644

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2018

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 (GANS).

The purpose of the Foundation is to receive, maintain and disburse funds 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 (NSPLCC) to the Department of Health and Wellness. The Foundation is governed by a Board of Directors. In March 2011, the Nova Scotia government released a five-year gaming strategy that recommended integrating GANS with the Nova Scotia Health Research Foundation. In anticipation of this integration, GANS's volunteer board of directors was dissolved and was replaced by staff from the Department of Health and Wellness.

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 Foundation of Nova Scotia follows the deferral method of accounting for externally restricted 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 FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2018

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 Foundation of 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:

	2018	2017
Cash - CDA	\$ 40,148	\$ 39,736
Cash - operating	<u>1,812,952</u>	<u>1,238,644</u>
	\$ 1,853,100	\$ 1,278,380

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2018

5. INVESTMENTS

Investments consist of the following:

	2018	2017
CIBC Wood Gundy - CDA	\$ 3,323,904	\$ 3,259,943
CIBC Wood Gundy - operating	<u>1,093,388</u>	1,082,557
	\$ 4,417,291	\$ 4,342,500

6. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable consist of the following:		
Accrued interest receivable - CDA	\$ 36,013	\$ 24,640
Accrued interest receivable	23,862	15,927
HST receivable	1,763	2,995
Pension overpayment - NSHEP	1,326	1,326
	\$ 62,963	\$ 44,888

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 (expired 2012), 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 Foundation of Nova Scotia funding streams accrue a surplus.

The revised MOA expired in 2012, and does not specify how the accumulated CDA funds should be disposed of. The Board is working in concert with the Department of Health and Wellness to evaluate options on how to proceed with the surplus.

	2018	2017
Opening fund balance	\$ 3,064,701	\$ 2,915,958
Unrealized gains (losses) - CDA	(3,110)	98,727
Income and realized gains (losses) - CDA	91,796	62,862
Investment expense - CDA	(12,783)	(12,846)
	\$ 3,140,604	\$ 3,064,701

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2018

8. GRANTS

The purpose of the Foundation is to receive, maintain and disburse funds 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.

Section 11.0 of the expired MOA (note 7) requires that funds received by the Foundation 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. Grants totaling \$290,639 were awarded in the 2017 fiscal year. There were \$226,712 of grants approved during fiscal 2018.

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 NSPLCC provides the Foundation with funding necessary to provide grant support. The Foundation's ability to issue grants is currently dependant on receiving adequate funding from the NSPLCC.

13. INCOME TAX STATUS

Gambling Awareness Foundation of Nova Scotia is a Non-Profit Organization under the meaning assigned in Section 149 of the Income Tax Act, and as such, is exempt from income tax.

14. COMPARATIVE FIGURES

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