

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Financial Statements

Year Ended March 31, 2019

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Gambling Awareness Foundation of Nova Scotia

Opinion

We have audited the financial statements of Gambling Awareness Foundation of Nova Scotia (the Foundation), which comprise the statements of revenues and expenditures, financial position, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, and its results of 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. 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 Foundation 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 and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Foundation'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 Foundation'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 Foundation 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.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
June 26, 2019

AC HUNTER TELLIER BELGRAVE ADAMSON
Licensed Public Accountants

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**Statement of Revenues and Expenditures****Year Ended March 31, 2019**

	Budget 2019	Total 2019	Total 2018
REVENUES			
Nova Scotia Provincial Lotteries and Casino Corporation	\$ 550,000	\$ 527,804	\$ 568,231
Investment income	125,000	126,619	143,211
Unrealized gains (losses) on investments	-	25,310	(19,529)
	675,000	679,733	691,913
EXPENDITURES			
Administrative costs	11,000	18,670	13,601
Investment management fees	13,000	12,964	12,783
Grants	541,000	4,625	226,713
Project management	110,000	-	-
	675,000	36,259	253,097
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 643,474	\$ 438,816

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Statement of Changes in Net Assets

Year Ended March 31, 2019

	General Fund	Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 2,681,773	\$ 3,140,604	\$ 5,822,377	\$ 5,383,561
Excess of revenues over expenditures (<i>Note 7</i>)	564,499	78,975	643,474	438,816
NET ASSETS - END OF YEAR	\$ 3,246,272	\$ 3,219,579	\$ 6,465,851	\$ 5,822,377

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**Statement of Financial Position****Year Ended March 31, 2019**

	2019	2018
FINANCIAL ASSETS		
Cash (<i>Note 4</i>)	\$ 2,366,142	\$ 1,812,950
Restricted cash - CDA (<i>Note 4</i>)	40,835	40,148
Marketable securities (<i>Note 5</i>)	4,535,991	4,417,291
Accounts receivable (<i>Note 6</i>)	43,366	62,964
Due from Nova Scotia Provincial Lotteries and Casino Corporation	41,542	43,018
	7,027,876	6,376,371
LIABILITIES		
Accounts payable and accrued liabilities	18,671	29,018
Deferred revenue for CDA grants	179,795	179,795
Grants payable	-	8,960
Due to NS Department of Health and Wellness	363,700	336,362
	562,166	554,135
NET FINANCIAL ASSETS	6,465,710	5,822,236
NON-FINANCIAL ASSETS		
Prepaid expenses	141	140
	\$ 6,465,851	\$ 5,822,377

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**Statement of Cash Flows****Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 643,474	\$ 438,816
Changes in non-cash working capital:		
Accounts receivable	19,598	(18,075)
Prepaid expenses	-	19
Accounts payable and accrued liabilities	(10,352)	18,209
Due from Nova Scotia Provincial Lotteries & Casino Corporation	1,476	541
Grants payable	(8,960)	-
Due to NS Department of Health and Wellness	27,338	210,000
	29,100	210,694
Cash flow from operating activities	672,574	649,510
INVESTING ACTIVITY		
Marketable securities	(118,700)	(74,791)
Cash flow used by investing activity	(118,700)	(74,791)
FINANCING ACTIVITY		
Restricted cash - CDA	(687)	(412)
Cash flow used by financing activity	(687)	(412)
INCREASE IN CASH FLOW	553,187	574,307
Cash - beginning of year	1,812,952	1,238,644
CASH - END OF YEAR	\$ 2,366,139	\$ 1,812,951

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2019

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, 2019

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:

	2019	2018
Cash - CDA	\$ 40,835	\$ 40,148
Cash - operating	2,366,142	1,812,952
	\$ 2,406,977	\$ 1,853,100

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2019

5. INVESTMENTS

Investments consist of the following:

	2019	2018
CIBC Wood Gundy - CDA	\$ 3,414,440	\$ 3,323,904
CIBC Wood Gundy - operating	1,121,551	1,093,388
	\$ 4,535,990	\$ 4,417,292

6. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable consist of the following:		
Accrued Interest Receivable (CDA)	\$ 23,765	\$ 36,013
Accrued Interest Receivable	16,676	23,862
HST receivable	2,926	1,762
Pension Payable (ER)	-	(1,326)
	\$ 43,366	\$ 60,311

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.

	2019	2018
Opening fund balance	\$ 3,140,604	\$ 3,064,701
Unrealized gains (losses) - CDA	30,841	(3,110)
Income and realized gains (losses) - CDA	61,098	91,796
Investment expense - CDA	(12,964)	(12,783)
	\$ 3,219,579	\$ 3,140,604

GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2019

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. There were \$4,624 (2017 - \$226,712) of grants approved during fiscal 2019.

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, 2019 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.