

**GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**  
**Financial Statements**  
**Eight Month Period Ended November 30, 2020**

**AC Hunter Tellier Belgrave Adamson**  
**Chartered Professional Accountants**

**GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**

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**Eight Month Period Ended November 30, 2020**

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# Hunter Tellier Belgrave Adamson

## CHARTERED PROFESSIONAL ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

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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 statement of financial position as at November 30, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the eight month period 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 November 30, 2020, and the results of its operations and cash flows for the period then ended in accordance with Public Sector Accounting Standards (PSAS).

*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 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 PSAS, 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 related 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.

*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.

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

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  
December 17, 2020

AC HUNTER TELLIER BELGRAVE ADAMSON  
CHARTERED PROFESSIONAL ACCOUNTANTS

**GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA****Statement of Revenues and Expenditures****Eight Month Period Ended November 30, 2020**

	Budget <i>November 30</i> 2020	Total <b>(8 months)</b> <i>November 30</i> 2020	Total <b>(12 months)</b> <i>March 31</i> 2020
<b>REVENUES</b>			
Investment income	\$ 83,333	\$ 486,207	\$ 108,711
Nova Scotia Gaming Corporation (NSGC)	366,666	-	464,836
Unrealized losses on investments	-	-	(168,600)
	449,999	486,207	404,947
<b>EXPENDITURES</b>			
Grants	343,333	161,588	460,000
Administrative costs	20,000	49,917	32,984
Investment management fees	13,333	5,315	14,130
Project management	73,333	-	-
	449,999	216,820	507,114
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	-	269,387	(102,167)
<b>OTHER EXPENSES</b>			
Transfer to the Province of Nova Scotia	-	(6,633,073)	-
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ (6,363,686)	\$ (102,167)

**GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**

**Statement of Changes in Net Assets**

**Eight Month Period Ended November 30, 2020**

	General Fund	Restricted Fund	November 30 2020	March 31 2020
<b>NET ASSETS - BEGINNING OF PERIOD</b>	\$ 3,278,853	\$ 3,084,833	\$ 6,363,686	\$ 6,465,853
Deficiency of revenues over expenditures ( <i>Note 7</i> )	(3,278,853)	(3,084,833)	(6,363,686)	(102,167)
<b>NET ASSETS - END OF PERIOD</b>	\$ -	\$ -	\$ -	\$ 6,363,686

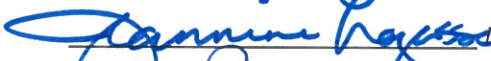
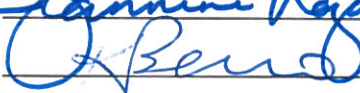
**GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**

**Statement of Financial Position**

**November 30, 2020**

	<i>November 30</i> <b>2020</b>	<i>March 31</i> <b>2020</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ -	\$ 2,060,381
Investments (Note 5)	-	4,448,249
Accounts receivable (Note 6)	-	9,329
Restricted cash - CDA (Note 4)	-	41,622
	<b>\$ -</b>	<b>\$ 6,559,581</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ 16,100
Deferred revenue for CDA grants	-	179,795
	-	195,895
<b>NET FINANCIAL ASSETS</b>	<b>-</b>	<b>6,363,686</b>
	<b>\$ -</b>	<b>\$ 6,363,686</b>

**ON BEHALF OF THE BOARD**

 Director  
 Director

**GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA****Statement of Cash Flows****Eight Month Period Ended November 30, 2020**

	<i>November 30</i> <b>2020</b>	<i>March 31</i> <b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	\$ (6,363,686)	\$ (102,167)
Changes in non-cash working capital:		
Accounts receivable	9,329	34,037
Prepaid expenses	-	141
Accounts payable and accrued liabilities	(16,100)	(2,569)
Due from Nova Scotia Gaming Corporation (NSGC)	-	41,542
Deferred revenue for CDA grants	(179,795)	-
Due to NS Department of Health and Wellness	-	(363,700)
	(186,566)	(290,549)
Cash flow from operating activities	(6,550,252)	(392,716)
<b>INVESTING ACTIVITY</b>		
Marketable securities	4,448,249	87,742
Cash flow from investing activity	4,448,249	87,742
<b>FINANCING ACTIVITY</b>		
Restricted cash - CDA	41,622	(787)
Cash flow from (used by) financing activity	41,622	(787)
<b>DECREASE IN CASH FLOW</b>	<b>(2,060,381)</b>	<b>(305,761)</b>
Cash - beginning of period	2,060,381	2,366,142
<b>CASH - END OF PERIOD</b>	<b>\$ -</b>	<b>\$ 2,060,381</b>



# GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

## Notes to Financial Statements

Eight Month Period Ended November 30, 2020

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### 1. DESCRIPTION OF OPERATIONS

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 Gaming Corporation (NSGC) has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

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.

On October 6, 2020, the Executive Council of Nova Scotia amended Gambling Awareness Foundation of Nova Scotia Regulations to expand the objectives of the Foundation effectively initiating the dissolution process, concluding with the transfer of Gambling Awareness Foundation of Nova Scotia's net assets to the Province of Nova Scotia. The initial transfer of net assets to the Province of Nova Scotia was completed on November 24, 2020 with the remaining HST and accrued interest receivables transferred upon receipt.

### 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.

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# GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

## Notes to Financial Statements

Eight Month Period Ended November 30, 2020

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

#### Investments

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

#### 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.

# GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

## Notes to Financial Statements

Eight Month Period Ended November 30, 2020

### 4. CASH

On November 24, 2020 the remaining bank balance totaling \$6,641,236 was transferred to the Province of Nova Scotia in agreement with the Department of Finance and Treasury Board as part of the dissolution process. The operating account will remain active until the accrued interest on the prior bank balance is transferred to the province.

	<i>November 30</i> 2020	<i>March 31</i> 2020
Cash - CDA	\$ -	\$ 41,622
Cash - operating	-	2,060,381
	<b>\$ -</b>	<b>\$ 2,102,003</b>

### 5. INVESTMENTS

On August 26, 2020 as part of the dissolution process, Gambling Awareness Foundation of Nova Scotia liquidated their investment portfolios totaling \$4,740,186.

	<i>November 30</i> 2020	<i>March 31</i> 2020
CIBC Wood Gundy - CDA	\$ -	\$ 3,299,573
CIBC Wood Gundy - operating	-	1,148,676
	<b>\$ -</b>	<b>\$ 4,448,249</b>

### 6. ACCOUNTS RECEIVABLE

In agreement with the Province of Nova Scotia, Gambling Awareness Foundation of Nova Scotia will transfer the remaining receivables which includes HST and accrued interest receivable of of \$7,199 and \$2,348 respectively to the Province of Nova Scotia upon receipt.

	<i>November 30</i> 2020	<i>March 31</i> 2020
Accounts receivable consist of the following:		
Accrued Interest Receivable (CDA)	\$ -	\$ 3,100
Accrued Interest Receivable	-	990
HST receivable		5,239
	<b>\$ -</b>	<b>\$ 9,329</b>

# GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA

## Notes to Financial Statements

### Eight Month Period Ended November 30, 2020

#### 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 did not specify how the accumulated CDA funds should be disposed of.

On October 6, 2020, the Executive Council of Nova Scotia amended Gambling Awareness Foundation of Nova Scotia Regulations to expand the objectives of the Foundation effectively initiating the dissolution process, concluding with the transfer of Gambling Awareness Foundation of Nova Scotia's net assets to the Province of Nova Scotia.

In accordance with Board approval, the CDA investment account totaling \$3,585,318 was liquidated on August 26, 2020 and then transferred to the Province on November 24, 2020 as part of the dissolution process.

	<i>November 30</i> <b>2020</b>	<i>March 31</i> <b>2020</b>
Opening fund balance	\$ 3,084,833	\$ 3,219,579
Unrealized gains (losses) - CDA	(258,188)	(172,967)
Income and realized gains (losses) - CDA	507,073	52,351
Investment expense - CDA	(5,315)	(14,130)
Transfer to Province of Nova Scotia	(3,328,403)	-
	<b>\$ -</b>	<b>\$ 3,084,833</b>

#### 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 \$161,588 (2020 - \$460,000) of grants approved during the period of April 1, 2020 and November 30, 2020.

#### 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 period ended November 30, 2020 the Foundation had no employees, and as such, no compensation above the threshold to disclose.

## **GAMBLING AWARENESS FOUNDATION OF NOVA SCOTIA**

### **Notes to Financial Statements**

**Eight Month Period Ended November 30, 2020**

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#### **10. 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.

#### **11. ECONOMIC DEPENDENCE**

The Nova Scotia Gaming Corporation 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 Nova Scotia Gaming Corporation.

#### **12. 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.

#### **13. COMPARATIVE FIGURES**

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

#### **14. SIGNIFICANT EVENT**

The outbreak of a novel strain of coronavirus resulted in the global declaration of a pandemic by the World Health Organization. Government measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the Foundation.