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**NOVA SCOTIA TALENT TRUST**

FINANCIAL STATEMENTS  
MARCH 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF NOVA SCOTIA TALENT TRUST:

We have audited the accompanying financial statements, which comprise the statement of financial position of Nova Scotia Talent Trust as at March 31, 2018 and the statements of operating fund revenue, expenditures and fund balance and special award fund revenue, expenditures and fund balance, cash flows and schedule of special award funds 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 the 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 of 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 Corporation'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 Corporation'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 qualified audit opinion.

#### Basis for Qualified Opinion

Because we were appointed as auditors of the Trust during the current year we were unable to obtain sufficient appropriate audit evidence concerning the balances at March 31, 2017. Since the opening balances enter into the determination of the results of operations and cash flows, we were unable to determine whether any adjustments might be necessary to revenues, expenditures, excess of revenues over expenditures, and cash flows for the years ended March 31, 2018 and 2017, current assets, collections and current liabilities as at March 31, 2018 and 2017, and fund balances at April 1 and March 31 for both the 2018 and 2017 fiscal years.

Also, as is common with many charitable organizations, the Trust derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust and therefore, we were unable to determine whether adjustments might be necessary to donation and raffle revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets and collections as at March 31, 2018 and 2017, and fund balances as at April 1 and March 31 for both the 2018 and 2017 fiscal years.

#### Qualified Opinion

In our opinion, except for the effects of the matters in the Basis for Qualified Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of Nova Scotia Talent Trust as at March 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Other Matters

The financial statements of Nova Scotia Talent Trust for the year ended March 31, 2017 were not audited.

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**Levy  
Casey  
Carter  
MacLean**  
Chartered Professional  
Accountants

Stuart S. MacLean Inc.  
J.E. Melvin Inc.  
Greg T. Strange Inc.  
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Halifax, Nova Scotia  
September 13, 2018

  
Chartered Professional Accountants  
Licensed Public Accountants

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# NOVA SCOTIA TALENT TRUST

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2018

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### ASSETS

	Operating Fund	Special Award Fund	Total 2018	Total 2017 (Unaudited)
<b>Current</b>				
Cash	\$ 24,892	\$ -	\$ 24,892	\$ 7,591
Marketable securities	37,000	170,429	207,429	223,702
Accounts receivable	<u>7,060</u>	<u>-</u>	<u>7,060</u>	<u>2,763</u>
	68,952	170,429	239,381	234,056
<b>Collections (note 3)</b>	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>5,500</u>
	<u>\$ 74,452</u>	<u>\$ 170,429</u>	<u>\$ 244,881</u>	<u>\$ 239,556</u>

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### LIABILITIES

<b>Current</b>				
Payables and accruals, trade	\$ 9,444	\$ -	\$ 9,444	\$ 1,955
Deferred grants (note 4)	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
	<u>34,444</u>	<u>-</u>	<u>34,444</u>	<u>1,955</u>

### FUND BALANCES

Unrestricted	12,008	170,429	182,437	209,601
Internally restricted (note 5)	<u>28,000</u>	<u>-</u>	<u>28,000</u>	<u>28,000</u>
	<u>40,008</u>	<u>170,429</u>	<u>210,437</u>	<u>237,601</u>
	<u>\$ 74,452</u>	<u>\$ 170,429</u>	<u>\$ 244,881</u>	<u>\$ 239,556</u>

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On Behalf of the Board

Daphne Cruikshanks  
Director

Erin Sparks  
Director

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## NOVA SCOTIA TALENT TRUST

### STATEMENT OF OPERATING FUND REVENUE, EXPENDITURES AND FUND BALANCE YEAR ENDED MARCH 31, 2018

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	<u>2018</u>	<u>2017</u> (Unaudited)
<b>Revenue</b>		
Grants - Arts NS	\$ 100,000	\$ 100,000
- CNSLC	10,000	10,000
- HRM Community	5,000	-
- Special projects	25,000	-
- Support 4 Culture	-	5,000
Donations	24,303	21,914
Investment income	3,490	3,798
Raffle and miscellaneous	<u>3,665</u>	<u>1,751</u>
	<u>171,458</u>	<u>142,463</u>
<b>Administrative expenditures</b>		
Board meetings and travel	503	192
Executive director	31,345	26,208
Fundraising and events	4,172	4,115
Insurance	658	657
Office equipment	862	57
Office supplies	4,993	2,050
Professional fees	27,125	9,890
Promotion	8,617	8,466
Telephone and internet	<u>570</u>	<u>1,123</u>
	<u>78,845</u>	<u>52,758</u>
<b>Program expenditures</b>		
Scholarships	80,000	71,750
Scholarship program coordinator	13,352	12,564
Scholarship selection committee	<u>3,588</u>	<u>3,519</u>
	<u>96,940</u>	<u>87,833</u>
<b>Total expenditures</b>	<u>175,785</u>	<u>140,591</u>
<b>Excess (deficiency) of revenue over expenditures</b>	(4,327)	1,872
<b>Operating fund balance, beginning of year</b>	17,735	17,653
<b>Transfers to special award fund (note 6)</b>	<u>(1,400)</u>	<u>(1,790)</u>
<b>Operating fund balance, end of year</b>	<u>\$ 12,008</u>	<u>\$ 17,735</u>

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## NOVA SCOTIA TALENT TRUST

### STATEMENT OF SPECIAL AWARD FUND REVENUE, EXPENDITURES AND FUND BALANCE YEAR ENDED MARCH 31, 2018

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	<u>2018</u>	<u>2017</u> (Unaudited)
<b>Revenue for special awards</b>		
Donations	\$ 8,530	\$ 10,668
Investment income	<u>1,883</u>	<u>3,942</u>
	10,413	14,610
<b>Expenditures</b>		
Special awards	<u>(33,250)</u>	<u>(31,750)</u>
<b>Excess (deficiency) of revenue over expenditures (note 8)</b>	(22,837)	(17,140)
<b>Special award fund, beginning of year</b>	191,866	207,216
<b>Transfers from operating fund (note 6)</b>	<u>1,400</u>	<u>1,790</u>
<b>Special award fund, end of year</b>	<u>\$ 170,429</u>	<u>\$ 191,866</u>

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## NOVA SCOTIA TALENT TRUST

### STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2018

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	<u>2018</u>	<u>2017</u> (Unaudited)
<b>Operating Activities</b>		
Cash received from donors and grants	\$ 201,498	\$ 149,332
Investment income	4,740	7,756
Cash paid to suppliers and contractors	(91,960)	(70,041)
Scholarships and special awards granted	<u>(113,250)</u>	<u>(103,500)</u>
Net cash inflow (outflow) from operating activities	<u>1,028</u>	<u>(16,453)</u>
<b>Increase (decrease) in cash during the year</b>	<b>1,028</b>	<b>(16,453)</b>
Cash, beginning of year	<u>231,293</u>	<u>247,746</u>
Cash, end of year	<u>\$ 232,321</u>	<u>\$ 231,293</u>
<b>Represented by:</b>		
Cash	\$ 24,892	\$ 7,591
Marketable securities	<u>207,429</u>	<u>223,702</u>
	<u>\$ 232,321</u>	<u>\$ 231,293</u>

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# NOVA SCOTIA TALENT TRUST

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018

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### 1. Purpose of the organization

Nova Scotia Talent Trust ("NSTT") was established pursuant to the provisions of the Nova Scotia Companies Act and its purpose is to assist in the education and advancement of Nova Scotians in the arts. The NSTT is a registered charity and is exempt from income tax pursuant to section 149(f) of the Income Tax Act.

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### 2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with financial institutions.

(c) Fund accounting

The Operating Fund holds all grants, unrestricted contributions, and miscellaneous revenue items. General scholarships and operating expenses are disbursed from this fund.

Each year scholarship recipients are considered for fourteen special awards. Special Awards are issued at the discretion of the Scholarship Selection Committee and are provided in addition to scholarship amounts. The Special Award Fund holds all amounts donated for the specific purpose of funding the NSTT's special awards.

Any interfund balances are non-interest bearing with no set terms of repayment.

(d) Revenue recognition

The NSTT follows the restricted fund method of accounting for contributions. Under this approach, unrestricted operating contributions are recorded as revenue in the Operating Fund in the period in which they are received. Where a portion of a contribution relates to a future period's operating expenses, it is deferred and recognized in the subsequent period. Contributions which are externally restricted for the purpose of paying out special awards are recognized as revenue in the Special Award Fund.

Restricted investment income is recognized as revenue in the Special Award Fund when earned. Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

Miscellaneous revenue items are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) Contributed services

Volunteer services contributed on behalf of the NSTT in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their value.



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# NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018

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## 2. Significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

(g) Marketable securities

The NSTT's marketable securities are initially recognized, and subsequently measured at fair value without adjustments for transaction costs that would be incurred on disposals. Changes in fair value are recognized in fund revenue and expenditures in the period of change.

(h) Financial instruments

The NSTT initially measures its financial assets and financial liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. Other than the investments noted above, the NSTT subsequently measures its financial assets and financial liabilities at amortized cost.

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## 3. Collections held

During 2014 the NSTT received a painting of Portia White with an appraised value of \$5,500. The painting has been added to the NSTT's permanent collection and a charitable donation issued for its value. The painting is currently on display at Government House.

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## 4. Deferred grants

The NSTT received a \$25,000 grant through the Support 4 Culture program during the current fiscal year for the 75th anniversary activities which are to occur in fiscal 2019. No disbursements have occurred relating to these activities in 2018.

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## 5. Restricted equity

The NSTT's Board has designated \$28,000 of the unrestricted equity as a reserve for future contingencies.

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## 6. Interfund Transfers

Interfund transfers occur when amounts specifically donated for a particular special award are insufficient to cover the full value of the award. In such cases, operating funds are transferred to the Special Award Fund in order to compensate for the deficiency.

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# NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018

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## 7. Financial instruments

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The NSTT's marketable securities expose the NSTT to market risk as such investments are subject to price changes in the open market. The NSTT does not use derivative financial instruments to alter the effects of this risk.

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## 8. 2011 Canada Games young artist of excellence award

Pursuant to an agreement dated December 14, 2012, the NSTT received \$200,000 from the 2011 Canada Games Legacy Fund and has committed to providing two annual special awards of \$10,000 each for a period of ten years. Due to the annual \$20,000 awards, the Special Award Fund may show a deficit for the remainder of the commitment.

The grants are to provide opportunities for emerging artists in Nova Scotia to become better trained and recognized in their respective fields.

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## 9. Economic dependence

NSTT is economically dependent upon the Province of Nova Scotia through the Department of Communities, Culture, and Heritage/Arts Nova Scotia. The department provides the NSTT with grants which accounted for approximately 68% (2017 - 70%) of its revenue. These grants are needed to cover all of the administrative costs and some of the NSTT's annual scholarship disbursements.

**NOVA SCOTIA TALENT TRUST**

SCHEDULE OF SPECIAL AWARD FUNDS  
YEAR ENDED MARCH 31, 2018

	Balance March 31, 2017	Contributions Received	Investment Income	Special Awards Granted	Interfund Transfers (note 6)	Balance March 31, 2018
Charlotte Wilson Hammond (VANS)	\$ 10,270	\$ 993	\$ 273	\$ (1,000)	\$ -	\$ 10,536
Chico Berardi	24	-	-	-	-	24
Janice Merritt Flemming	3,718	1,000	-	(1,000)	-	-
Kenneth Elloway	-	97	99	(750)	-	3,164
Lieutenant Governor's	493	100	-	(1,500)	1,400	-
Portia White	3,901	1,357	13	(1,500)	-	363
Raymond Simpson	-	483	104	(1,000)	-	3,488
RBC Emerging Artists	26,532	1,500	-	(1,500)	-	-
Robert George Jackson	25,928	500	705	(1,500)	-	26,237
Shelagh MacKenzie	-	-	689	(1,000)	-	25,617
Theatre Nova Scotia	-	500	-	(500)	-	-
Tietje Zonneveld	-	1,000	-	(1,000)	-	-
Yue Lih & Marion Kuo	1,000	1,000	-	(1,000)	-	1,000
2011 Canada Games Young Artists of Excellence Award	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 191,866</u>	<u>\$ 8,530</u>	<u>\$ 1,883</u>	<u>\$ (33,250)</u>	<u>\$ 1,400</u>	<u>\$ 170,429</u>