
NOVA SCOTIA TALENT TRUST

FINANCIAL STATEMENTS
MARCH 31, 2019

INDEX

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operating Fund Revenue, Expenditures and Fund Balance	4
Statement of Special Award Fund Revenue, Expenditures and Fund Balance	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedule of Special Award Funds	10

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOVA SCOTIA TALENT TRUST:

Qualified Opinion

We have audited the financial statements of the Nova Scotia Talent Trust (the "Trust"), which comprise the statement of financial position as at March 31, 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Nova Scotia Talent Trust as at March 31, 2019, 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.

Basis for Qualified Opinion

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, verification of these revenues was limited to the amounts recorded in the records of the Trust. Therefore, we were not able to determine whether any 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, 2019 and 2018, current assets and collections as at March 31, 2019 and 2018, and fund balances as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 Trust in accordance with the ethical requirements that are relevant to our audits 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent 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 independent auditor's report. However, future events or conditions may cause the Trust 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.

Halifax, Nova Scotia
May 30, 2019


Chartered Professional Accountants
Licensed Public Accountants

NOVA SCOTIA TALENT TRUST

STATEMENT OF FINANCIAL POSITION MARCH 31, 2019

ASSETS

	Operating Fund	Special Award Fund	Total 2019	Total 2018
Current				
Cash	\$ -	\$ -	\$ -	\$ 24,892
Marketable securities	89,256	152,273	241,529	207,429
Accounts receivable	7,941	-	7,941	7,060
Prepaid expenses	<u>2,083</u>	<u>-</u>	<u>2,083</u>	<u>-</u>
	99,280	152,273	251,553	239,381
Collections (note 3)	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>5,500</u>
	<u>\$ 104,780</u>	<u>\$ 152,273</u>	<u>\$ 257,053</u>	<u>\$ 244,881</u>

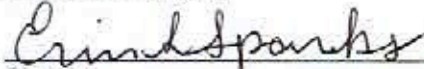
LIABILITIES

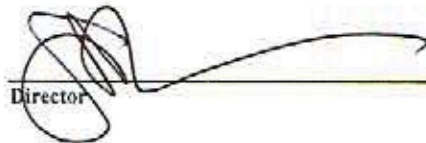
Current				
Bank indebtedness	\$ 7,268	\$ -	\$ 7,268	\$ -
Payables and accruals, trade	4,600	-	4,600	9,444
Deferred grants (note 4)	<u>57,200</u>	<u>-</u>	<u>57,200</u>	<u>25,000</u>
	<u>69,068</u>	<u>-</u>	<u>69,068</u>	<u>34,444</u>

FUND BALANCES

Unrestricted	7,712	152,273	159,985	182,437
Internally restricted (note 5)	<u>28,000</u>	<u>-</u>	<u>28,000</u>	<u>28,000</u>
	<u>35,712</u>	<u>152,273</u>	<u>187,985</u>	<u>210,437</u>
	<u>\$ 104,780</u>	<u>\$ 152,273</u>	<u>\$ 257,053</u>	<u>\$ 244,881</u>

On Behalf of the Board


Director


Director

NOVA SCOTIA TALENT TRUST

STATEMENT OF OPERATING FUND REVENUE, EXPENDITURES AND FUND BALANCE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Grants - Arts NS	\$ 100,000	\$ 100,000
- CNSLC	10,000	10,000
- HRM Community	-	5,000
- Special projects	5,000	25,000
Donations	21,649	24,303
Investment income	3,853	3,491
Raffle and miscellaneous	3,046	3,665
75th Anniversary	<u>36,020</u>	<u>-</u>
	<u>179,568</u>	<u>171,459</u>
Administrative expenditures		
Board meetings and travel	-	503
Executive director	30,708	31,345
Fundraising and events	4,556	4,172
Insurance	659	658
Office equipment	82	862
Office supplies	4,975	4,993
Professional fees	5,590	27,125
Promotion	4,624	8,617
Telephone and internet	<u>708</u>	<u>570</u>
	<u>51,902</u>	<u>78,845</u>
Program expenditures		
Scholarships	80,000	80,000
Scholarship program coordinator	12,215	13,352
Scholarship selection committee	3,210	3,588
75th anniversary	<u>35,138</u>	<u>-</u>
	<u>130,563</u>	<u>96,940</u>
Total expenditures	<u>182,465</u>	<u>175,785</u>
Deficiency of revenue over expenditures	(2,897)	(4,326)
Operating fund balance, beginning of year	12,009	17,735
Transfers to special award fund (note 6)	<u>(1,400)</u>	<u>(1,400)</u>
Operating fund balance, end of year	\$ <u>7,712</u>	\$ <u>12,009</u>

NOVA SCOTIA TALENT TRUST

STATEMENT OF SPECIAL AWARD FUND REVENUE, EXPENDITURES AND FUND BALANCE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue for special awards		
Donations	\$ 10,221	\$ 8,530
Investment income	<u>2,474</u>	<u>1,882</u>
	12,695	10,412
Expenditures		
Special awards	<u>(32,250)</u>	<u>(33,250)</u>
Deficiency of revenue over expenditures (note 8)	(19,555)	(22,838)
Special award fund, beginning of year	170,428	191,866
Transfers from operating fund (note 6)	<u>1,400</u>	<u>1,400</u>
Special award fund, end of year	<u>\$ 152,273</u>	<u>\$ 170,428</u>

NOVA SCOTIA TALENT TRUST

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Operating activities		
Cash received from donors and grants	\$ 218,137	\$ 201,498
Investment income	5,513	4,740
Cash paid to suppliers and contractors	(109,460)	(91,960)
Scholarships and special awards granted	<u>(112,250)</u>	<u>(113,250)</u>
Net cash inflow from operating activities	<u>1,940</u>	<u>1,028</u>
Increase in cash during the year	1,940	1,028
Cash, beginning of year	<u>232,321</u>	<u>231,293</u>
Cash, end of year	\$ <u>234,261</u>	\$ <u>232,321</u>
Represented by:		
Cash (bank indebtedness)	\$ (7,268)	\$ 24,892
Marketable securities	<u>241,529</u>	<u>207,429</u>
	<u>\$ 234,261</u>	<u>\$ 232,321</u>

NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019

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.

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.

NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019

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.

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.

4. Deferred grants

Deferred contributions represent funding received in the current year that relates to the subsequent year or an expenditure not yet incurred. Changes in the deferred contributions balance are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 25,000	\$ -
Less: amount recognized as revenue in the year	(25,000)	-
Add: amount received related to the subsequent year		
Halifax Regional Municipality	7,200	-
Province of Nova Scotia - Support4Culture Program	<u>50,000</u>	<u>25,000</u>
Balance, end of year	<u>\$ 57,200</u>	<u>\$ 25,000</u>

5. Restricted equity

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

NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019

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.

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.

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.

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 61% (2018 - 68%) 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, 2019

	Balance March 31, 2018	Contributions Received	Investment Income	Special Awards Granted	Interfund Transfers (note 6)	Balance March 31, 2019
Charlotte Wilson Hammond (VANS)	\$ 10,536	\$ 700	\$ 376	\$ (1,000)	\$ -	\$ 10,612
Chico Berardi	24	-	-	-	-	24
Janice Merritt Flemming	-	1,000	-	(1,000)	-	-
Kenneth Elloway	3,163	965	113	(750)	-	3,491
Lieutenant Governor's	-	100	-	(1,500)	1,400	-
Portia White	363	1,100	13	(1,000)	-	476
Raymond Simpson	3,487	1,165	124	(1,000)	-	3,776
RBC Emerging Artists	-	1,500	-	(1,500)	-	-
Robert George Jackson	26,237	900	935	(2,000)	-	26,072
Shelagh MacKenzie	25,617	292	913	-	-	26,822
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	100,000	-	-	(20,000)	-	80,000
	<u>\$ 170,427</u>	<u>\$ 10,222</u>	<u>\$ 2,474</u>	<u>\$ (32,250)</u>	<u>\$ 1,400</u>	<u>\$ 152,273</u>