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**NOVA SCOTIA TALENT TRUST**

FINANCIAL STATEMENTS  
MARCH 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

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TO THE BOARD OF DIRECTORS OF NOVA SCOTIA TALENT TRUST:

### Qualified Opinion

We have audited the financial statements of Nova Scotia Talent Trust (the "Talent Trust"), which comprise the statement of financial position as at March 31, 2022, and the statements of operating fund revenue, expenditures and fund balance and special award fund revenue, expenditures and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Talent Trust as at March 31, 2022, 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 Talent 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 Talent 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, 2022 and 2021, current assets and collections as at March 31, 2022 and 2021, and fund balances as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 Talent Trust 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 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 the financial statements, management is responsible for assessing the Talent Trust'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 Talent Trust or to cease operations, or has no realistic alternative but to do so.

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

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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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 judgement 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 Talent 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 Talent 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 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 Talent 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, 2022

  
Chartered Professional Accountants

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# NOVA SCOTIA TALENT TRUST

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2022

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### ASSETS

	Operating Fund	Special Award Fund	Total 2022	Total 2021
<b>Current</b>				
Cash	\$ 9,305	\$ -	\$ 9,305	\$ 6,852
Marketable securities	76,451	128,151	204,602	207,596
Receivables	<u>3,659</u>	<u>-</u>	<u>3,659</u>	<u>4,189</u>
	89,415	128,151	217,566	218,637
<b>Collections (note 3)</b>	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>5,500</u>
	<u>\$ 94,915</u>	<u>\$ 128,151</u>	<u>\$ 223,066</u>	<u>\$ 224,137</u>

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### LIABILITIES

<b>Current</b>				
Payables and accruals	\$ 4,985	\$ -	\$ 4,985	\$ 4,833
Deferred donation	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
	<u>5,985</u>	<u>-</u>	<u>5,985</u>	<u>4,833</u>

### FUND BALANCES

<b>Unrestricted</b>	60,930	128,151	189,081	191,304
<b>Internally restricted (note 4)</b>	<u>28,000</u>	<u>-</u>	<u>28,000</u>	<u>28,000</u>
	<u>88,930</u>	<u>128,151</u>	<u>217,081</u>	<u>219,304</u>
	<u>\$ 94,915</u>	<u>\$ 128,151</u>	<u>\$ 223,066</u>	<u>\$ 224,137</u>

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On Behalf of the Board

\_\_\_\_\_  
Director

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Director

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## NOVA SCOTIA TALENT TRUST

### STATEMENT OF OPERATING FUND REVENUE, EXPENDITURES AND FUND BALANCE YEAR ENDED MARCH 31, 2022

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	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Grants - Arts NS	\$ 100,000	\$ 100,000
- CNSLC	10,000	10,000
- COVID-19 support	-	9,000
Donations	47,616	33,877
Raffle and miscellaneous	<u>2,454</u>	<u>2,468</u>
	<u>160,070</u>	<u>155,345</u>
<b>Administrative expenditures</b>		
Executive director	43,199	28,174
Fundraising coordinator	-	6,289
Fundraising and events	5,080	3,510
Insurance	2,283	2,042
Office supplies and rent	4,601	4,655
Professional fees	4,300	14,298
Promotion	3,494	2,920
Telephone and internet	<u>501</u>	<u>553</u>
	<u>63,458</u>	<u>62,441</u>
<b>Program expenditures</b>		
Scholarships	71,000	74,000
Scholarship program coordinator	7,608	9,936
Scholarship selection committee	<u>2,743</u>	<u>2,484</u>
	<u>81,351</u>	<u>86,420</u>
<b>Total expenditures</b>	<u>144,809</u>	<u>148,861</u>
<b>Excess of revenue over expenditures before other income (expense)</b>	<b>15,261</b>	<b>6,484</b>
Investment income	2,545	13,288
Unrealized gain (loss) on investments	<u>(3,339)</u>	<u>20,108</u>
<b>Excess of revenue over expenditures</b>	<b>14,467</b>	<b>39,880</b>
<b>Operating fund balance, beginning of year</b>	<b>47,863</b>	<b>9,383</b>
<b>Transfers to special award fund (note 5)</b>	<u>(1,400)</u>	<u>(1,400)</u>
<b>Operating fund balance, end of year</b>	<u>\$ 60,930</u>	<u>\$ 47,863</u>

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## NOVA SCOTIA TALENT TRUST

### STATEMENT OF SPECIAL AWARD FUND REVENUE, EXPENDITURES AND FUND BALANCE YEAR ENDED MARCH 31, 2022

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	<u>2022</u>	<u>2021</u>
<b>Revenue for special awards</b>		
Donations	\$ 28,723	\$ 22,155
Investment income	<u>3,187</u>	<u>2,116</u>
	31,910	24,271
<b>Expenditures</b>		
Special awards	<u>(48,600)</u>	<u>(45,500)</u>
<b>Deficiency of revenue over expenditures (note 7)</b>	(16,690)	(21,229)
<b>Special award fund, beginning of year</b>	143,441	189,572
<b>Transfer to Nova Scotia Talent Trust Foundation</b>	-	(26,302)
<b>Transfers from operating fund (note 5)</b>	<u>1,400</u>	<u>1,400</u>
<b>Special award fund, end of year</b>	\$ <u>128,151</u>	\$ <u>143,441</u>

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## NOVA SCOTIA TALENT TRUST

### STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2022

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	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Cash received from donors and grants	\$ 189,792	\$ 177,499
Investment income	5,722	17,334
Unrealized gain (loss) on investments	(3,339)	20,108
Cash paid to suppliers and contractors	(73,116)	(73,689)
Scholarships and special awards granted	(119,600)	(119,500)
Cash transferred to the Nova Scotia Talent Trust Foundation	<u>-</u>	<u>(26,302)</u>
Net cash outflow from operating activities	<u>(541)</u>	<u>(4,550)</u>
<b>Decrease in cash and marketable securities during the year</b>	<b>(541)</b>	<b>(4,550)</b>
<b>Cash and marketable securities , beginning of year</b>	<u>214,448</u>	<u>218,998</u>
<b>Cash and marketable securities, end of year</b>	<u>\$ 213,907</u>	<u>\$ 214,448</u>
<b>Represented by:</b>		
Cash	\$ 9,305	\$ 6,852
Marketable securities	<u>204,602</u>	<u>207,596</u>
	<u>\$ 213,907</u>	<u>\$ 214,448</u>

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# NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022

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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 eighteen 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, 2022

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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. Restricted equity

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

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## 5. 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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## 6. 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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# NOVA SCOTIA TALENT TRUST

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022

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## 7. 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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## 8. 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 62% (2021 - 63%) 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, 2022**

	<u>Balance</u> <u>March 31, 2021</u>	<u>Contributions</u> <u>Received</u>	<u>Investment</u> <u>Income</u>	<u>Special</u> <u>Awards</u> <u>Granted</u>	<u>Interfund</u> <u>Transfers</u> <u>(note 5)</u>	<u>Balance</u> <u>March 31, 2022</u>
Charlotte Wilson Hammond (VANS)	\$ 10,412	\$ 1,078	\$ 324	\$ (1,000)	\$ -	\$ 10,814
James Burchill	-	8,000	-	(8,000)	-	-
Janice Merritt Flemming	-	1,000	-	(1,000)	-	-
Kenneth Elloway	4,472	960	139	(1,000)	-	4,571
Lieutenant Governor's	-	100	-	(1,500)	1,400	-
Portia White	211	1,000	7	(1,000)	-	218
Raymond Simpson	4,987	7,699	155	(1,000)	-	11,841
RBC Emerging Artists	-	2,500	-	(2,500)	-	-
RBC Emerging Artists BIPOC	-	2,500	-	(2,500)	-	-
Robert George Jackson	24,387	1,000	760	(2,000)	-	24,147
Shelagh MacKenzie	100	1,386	-	(1,100)	-	386
Theatre Nova Scotia	-	500	-	(500)	-	-
Yue Lih & Marion Kuo	1,000	1,000	-	(1,000)	-	1,000
Susan Wood	18,565	-	578	(1,500)	-	17,643
Peggy Corkum	20,893	-	651	(1,000)	-	20,544
Sheila Piercey	18,414	-	573	(2,000)	-	16,987
2011 Canada Games Young Artists of Excellence Award	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 143,441</u>	<u>\$ 28,723</u>	<u>\$ 3,187</u>	<u>\$ (48,600)</u>	<u>\$ 1,400</u>	<u>\$ 128,151</u>