



Financial statements

Sherbrooke Restoration Commission

March 31, 2009

# Contents

	<b>Page</b>
Auditors' report	1
Statement of operations	2
Statement of fund balances	3
Balance sheet	4
Statement of cash flows	5
Notes to the financial statements	6 – 9
Schedule 1 – General operating expenditures	10
Schedule 2 – Program revenue and expenditures	11
Schedule 3 – Retail operations	12

## Auditors' report

**Grant Thornton LLP**  
Suite 270, Aberdeen Business Centre  
610 East River Road, PO Box 427  
New Glasgow, NS  
B2H 5E5  
T (902) 752-8393  
F (902) 752-4009  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the members of  
Sherbrooke Restoration Commission

We have audited the balance sheet of Sherbrooke Restoration Commission as at March 31, 2009, and the statements of operations, fund balances and cash flows for the year then ended. These financial statements have been prepared to comply with accounting principles adopted for museum boards in the Province of Nova Scotia. These financial statements are the responsibility of the Commission's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009, and the results of its operations and cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the members of the Sherbrooke Restoration Commission and the Province of Nova Scotia to comply with accounting principles adopted for museum boards in Nova Scotia. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



New Glasgow, Nova Scotia  
May 12, 2009

Chartered accountants

---

# Sherbrooke Restoration Commission

## Statement of operations

Year Ended March 31	2009	2008	
	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Revenue			
Operating grants			
Board of Governors of the Nova Scotia			
Museum	\$ 1,786,392	\$ 1,786,392	\$ 1,041,700
Program revenue (Schedule 2)	337,975	367,693	311,090
Other			
Gate admissions	98,500	96,841	92,585
Government capital grants	65,000	65,050	65,020
Municipal grants	11,000	11,000	8,000
Interest	6,375	11,186	9,299
Miscellaneous	<u>4,125</u>	<u>3,802</u>	<u>5,233</u>
Total revenue	<u>2,309,367</u>	<u>2,341,964</u>	<u>1,532,927</u>
Expenditures			
General operating (Schedule 1)	830,420	843,431	634,607
Program (Schedule 2)	1,199,010	1,234,525	802,207
Capital	<u>69,700</u>	<u>85,384</u>	<u>59,781</u>
Total expenditures	<u>2,099,130</u>	<u>2,163,340</u>	<u>1,496,595</u>
Excess of revenue over expenditures	\$ <u>210,237</u>	\$ <u>178,624</u>	\$ <u>36,332</u>

---

---

## Sherbrooke Restoration Commission

### Statement of fund balances

Year Ended March 31 2009 2008

---

#### Investment in Capital Assets

Balance, beginning of year	\$	4,409,613	\$	4,404,253
Additions				
Furnishings and equipment		7,102		5,360
Balance, end of year	\$	4,416,715	\$	4,409,613

---

#### Reserve for Development

Balance, beginning of year	\$	68,477	\$	67,672
Transfer from operating fund surplus		150,000		74
Interest on GIC		3,853		731
Balance, end of year	\$	222,330	\$	68,477

---

#### Operating Fund Surplus

Balance, beginning of year	\$	71,455	\$	35,197
Excess of revenue over expenditures		178,624		36,332
		250,079		71,529
Transfer to reserve for development		(150,000)		(74)
Balance, end of year	\$	100,079	\$	71,455

---

See accompanying notes to the financial statements.

---

## Sherbrooke Restoration Commission

### Balance sheet

March 31 2009 2008

---

#### Assets

##### Current

Cash and cash equivalents	\$	100,906	\$	27,509
Guaranteed Investment Certificate (GIC) (Note 3)		222,330		68,477
Receivables		54,928		24,451
Inventory		122,352		120,455
Prepays		844		1,025
Accrued benefit asset (Note 4)		<u>20,626</u>		<u>11,318</u>

**521,986** 253,235

Capital assets (Note 2) 4,416,715 4,409,613

**\$ 4,938,701** **\$ 4,662,848**

---

#### Liabilities

##### Current

Payables	\$	125,885	\$	54,510
Accrued benefit liability (Note 4)		<u>-</u>		<u>-</u>
		<b>125,885</b>		<b>54,510</b>

Deferred revenue (Note 5) 73,692 58,793

**199,577** 113,303

#### Equity

Investment in capital assets (Page 3)	4,416,715		4,409,613
Reserve for development (Page 3)	222,330		68,477
Operating fund surplus (Page 3)	<u>100,079</u>		<u>71,455</u>

**4,739,124** 4,549,545

**\$ 4,938,701** **\$ 4,662,848**

---

Approved on behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements.

---

## Sherbrooke Restoration Commission

### Statement of cash flows

Year Ended March 31 2009 2008

---

Increase (decrease) in cash and cash equivalents

<b>Operating</b>			
Excess of revenue over expenditures	\$	178,624	\$ 36,332
Non-cash items			
Accrued benefit (asset) liability		(9,308)	(16,329)
Capital expenditures charged to operations		<u>7,102</u>	<u>5,360</u>
		176,418	25,363
Changes in non-cash operating working capital (Note 6)		<u>54,081</u>	<u>(4,187)</u>
Net increase in cash and cash equivalents		<u>230,499</u>	<u>21,176</u>
<b>Investing</b>			
Additions to capital assets		(7,102)	(5,360)
Transfer to reserve for development, net		<u>(150,000)</u>	<u>(74)</u>
		<u>(157,102)</u>	<u>(5,434)</u>
Net change in cash and cash equivalents		73,397	15,742
Cash and cash equivalents			
Beginning of year		<u>27,509</u>	<u>11,767</u>
End of year	\$	<u>100,906</u>	\$ <u>27,509</u>

---

See accompanying notes to the financial statements.

---

# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2009

---

### 1. Nature of operations

The Commission operates the Sherbrooke Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

---

### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with accounting principles adopted for museum boards in the Province of Nova Scotia. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because amortization is not recorded on capital assets and capital expenditures are included in the statement of operations.

#### **Fund accounting**

The assets and liabilities of the Commission are segregated into three funds: investment in capital assets, reserve for development, and operating fund surplus. The operating fund assets and liabilities are those which are used for the general operations of the Commission. The investment in capital assets comprises assets of enduring benefit and any related debt. The reserve for development fund assets is for the future development of the Village.

#### **Cash and cash equivalents**

Cash and cash equivalents are defined as cash in bank and cash on hand.

#### **Capital assets**

Capital assets reflect all expenditures of the Commission from June 15, 1971 to March 31, 1974 and all expenditures of a capital nature thereafter. These capital expenditures have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets.

#### **Financial instruments**

The carrying values of the Commission's financial instruments approximate fair value due to the short-term maturity and normal credit terms of those instruments.

#### **Employee future benefit obligations**

The cost of the defined benefit pension plan is accrued based on actuarial valuations, which are determined using the projected unit credit costing method pro-rated on service and management's best estimate of the expected long-term rate of return on plan assets, salary, escalation, retirement ages and expected growth rate of health care costs.

---

# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2009

---

### 2. Summary of significant accounting policies (cont.)

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles adopted for museum boards in Nova Scotia requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

#### **Revenue recognition**

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Government grants**

Government grants relating to operations are reflected as revenue in the operating fund.

#### **Adopted during fiscal 2009**

#### ***Inventory***

During fiscal 2008, the Commission implemented Canadian Institute of Chartered Accountants ("CICA") Section 3031 "Inventories" which was issued in June 2007 and has replaced existing Section 3030 with the same title. The new section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Commission applied the standard to the opening inventory for the year.

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The Company estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

There is no initial impact of measuring inventories under the new standard.

---

### 3. Guaranteed Investment Certificate (GIC)

During the year, the Sherbrooke Restoration Commission had net additions of \$150,000 (2008 - \$74) in the Sherbrooke Village Development Fund. Total internally restricted cash at year end is \$222,330. This fund is for capital items that fulfill the long term objectives of the Commission, such as enhancements.

---

# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2009

---

#### 4. Pension Plan

The Commission operates a defined benefit pension plan for all permanent employees which provide benefits to employees upon retirement based on length of service and average earnings during employment as defined. The most recent actuarial projection covered the financial position of the plan as at March 31, 2009.

During 2008, the actuary providing the accrued benefit asset/liabilities calculation adopted the guidelines outlined in CICA 3461 for Employee Future Benefits, regarding adjustments to the accrued benefit asset/liabilities. These guidelines state that any adjustment to the accrued benefit asset/liability should reflect the actual employee contribution made during the fiscal year. Therefore, the calculation of the accrued benefit asset/liability for fiscal 2008 includes all employee contributions made between January 1, 2007 and March 31, 2008.

Information about the Commission's pension plan is as follows:

	<u>2009</u>	<u>2008</u>
Fair value of plan assets	\$ 1,244,500	\$ 1,457,800
Accrued benefit obligation	<u>1,517,500</u>	<u>1,659,600</u>
Funded status – plan deficit	\$ <u>(273,000)</u>	<u>(201,800)</u>
Accrued benefit (asset) liability	\$ <u>(20,626)</u>	<u>(11,318)</u>

The significant actuarial assumptions adopted in valuing the plan are:

	<u>2009</u>	<u>2008</u>
Discount rate	7.00%	5.35%
Rate of compensation increase	3.00%	3.00%
Expected return on the plan assets	6.50%	6.50%

Other relevant disclosures include:

	<u>2009</u>	<u>2008</u>
Plan contributions	\$ <u>80,217</u>	<u>66,370</u>
Benefits paid	\$ <u>97,520</u>	<u>-</u>

All plan assets are held by Sun Life. Pension expense for the year ended March 31, 2009 is \$70,909 (2008 - \$50,041).

---

# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2009

---

### 5. Deferred revenue

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 58,793	\$ 80,385
Additions (expenditures), net	<u>14,899</u>	<u>(21,592)</u>
Balance, end of year	<u>\$ 73,692</u>	<u>\$ 58,793</u>

---

### 6. Changes in non-cash operating working capital

	<u>2009</u>	<u>2008</u>
Receivables	\$ (30,476)	\$ 49,266
Inventory	(1,897)	7,359
Prepays	180	(80)
Payables	71,375	(39,140)
Deferred revenue	<u>14,899</u>	<u>(21,592)</u>
	<u>\$ 54,081</u>	<u>\$ (4,187)</u>

---

### 7. Union contract

During the year, the Nova Scotia Government and General Employees Union was certified to represent the employees of Sherbrooke Restoration Commission in employee contract negotiations. There is no impact to the March 31, 2009 financial statements as a result of the Union certification.

---

### 8. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

---

**Schedule 1****Sherbrooke Restoration Commission  
General operating expenditures**

Year Ended March 31

**2009****2008**

---

	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Advertising and promotions	\$ 36,000	\$ 34,263	\$ 21,498
Bad debts	-	2,911	44
Freight	150	133	36
Heat, light and power	76,900	55,294	79,398
Insurance and taxes	4,400	3,501	2,350
Interest and bank charges	4,650	2,463	3,167
Maintenance supplies	27,000	17,850	17,997
Miscellaneous	7,825	4,234	4,324
Motor vehicles	6,900	5,756	4,956
Office supplies and postage	20,200	17,893	13,951
Professional fees	12,600	24,327	10,208
Property maintenance and security salaries	141,595	164,260	112,212
Pension plan and other benefits	156,200	131,509	93,717
Salaries and wages – administration	174,500	215,814	144,401
Sewer and water	41,200	36,226	29,870
Staff and Commission training and travel	29,600	31,912	25,290
Visitor services	42,100	47,514	37,509
Telephone	18,200	16,710	14,053
Workers' compensation	<u>30,400</u>	<u>30,861</u>	<u>19,626</u>
	<b>\$ 830,420</b>	<b>\$ 843,431</b>	<b>\$ 634,607</b>

---

See accompanying notes to the financial statements.

---

**Schedule 2****Sherbrooke Restoration Commission  
Program revenue and expenditures**

Year Ended March 31

**2009****2008**

---

	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Ambrotype studio	\$ 17,800	\$ 20,050	\$ 11,802
Blacksmith shop	20,550	22,568	23,992
Wardrobe shop	44,400	45,332	26,911
Weaving shop	46,800	44,256	26,176
Hands on history	20,750	28,362	(21,949)
Company store (Schedule 3)	(11,200)	21,991	(5,679)
Interpreters	322,300	311,902	205,780
Jordan barn	61,025	58,132	40,859
Pottery shop	51,215	47,460	34,967
Program management	102,995	107,848	83,521
Restaurant (Schedule 3)	56,700	57,027	420
Print shop	550	(1,415)	(701)
Sawmill operations	50,100	42,545	28,043
Special events	8,300	410	(12,610)
Turner shop	42,750	37,715	23,376
Woodworking shop	<u>26,000</u>	<u>22,649</u>	<u>26,209</u>
	<b>\$ 861,035</b>	<b>\$ 866,832</b>	<b>\$ 491,117</b>

---

Program expenditures	\$ 1,199,010	\$ 1,234,525	\$ 802,207
Less: Program revenue	<u>337,975</u>	<u>367,693</u>	<u>311,090</u>
Net expenditures	<b>\$ 861,035</b>	<b>\$ 866,832</b>	<b>\$ 491,117</b>

---

See accompanying notes to the financial statements.

---

**Schedule 3****Sherbrooke Restoration Commission**  
**Retail operations**

Year Ended March 31

**2009****2008**

---

**Company Store**

## Revenue

Sales \$ 109,895 \$ 127,469

## Cost of goods sold

Merchandise inventory, opening 34,881 35,824Purchases 65,901 75,652Merchandise available for sale 100,782 111,476Less: Merchandise inventory, ending 26,998 34,881Cost of goods sold 73,784 76,595Gross profit 36,111 50,874

## Expenses

Salaries and wages 55,248 40,618General expense 2,854 4,57758,102 45,195Net (loss) income \$ (21,991) \$ 5,679**Restaurant**

## Revenue

Sales \$ 51,545 \$ -

## Cost of goods sold

Inventory, opening - -

Purchases 33,634 -Merchandise available for sale 33,634 -Less: Inventory, ending 1,046 -Cost of goods sold 32,588 -Gross profit 18,957 -

## Expenses

Salaries and wages 67,782 -General expense 8,202 -75,984 -Net loss \$ (57,027) \$ -