

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Financial Statements
(Unaudited)
March 31, 2009

May 12, 2009

Review Engagement Report

To the Board of Trustees of
The Public Archives of Nova Scotia

We have reviewed the statement of financial position of the **Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia** (the "Archives") as at March 31, 2009 and the statements of changes in net assets and revenue and expenditures for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Statement of Financial Position

(Unaudited)

As at March 31, 2009

	Endowment Fund \$	Archival Ancillary Fund \$	2009 Total \$	2008 Total \$
Assets				
Current assets				
Cash	-	30,506	30,506	32,421
Marketable securities, at amortized cost (market value \$4,772 (2008 - \$30,791))	4,772	-	4,772	30,791
Accounts receivable	-	6,974	6,974	-
HST receivable	-	5,661	5,661	2,998
Amount held in trust by Province of Nova Scotia	48,562	-	48,562	49,227
	53,334	43,141	96,475	115,437
Equipment (note 3)	-	31,777	31,777	22,587
	53,334	74,918	128,252	138,024
Liabilities				
Current liabilities				
Amounts payable and accrued liabilities	-	15,457	15,457	5,242
Deferred contributions (note 4)	-	2,546	2,546	2,970
	-	18,003	18,003	8,212
Net Assets				
Net assets				
Endowments	53,334	-	53,334	80,018
Investment in equipment	-	29,231	29,231	19,617
Unrestricted	-	27,684	27,684	30,177
	53,334	56,915	110,249	129,812
	53,334	74,918	128,252	138,024

Approved by the Board of Trustees

 Chair

 Vice Chair

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Statement of Changes in Net Assets

(Unaudited)

For the year ended March 31, 2009

	Endowment Funds \$	Investment in equipment \$	Archival Ancillary Fund \$	2009 Total \$	2008 Total \$
Net assets – Beginning of year	80,018	19,617	30,177	129,812	150,638
Transfer of funds for the acquisition of equipment	-	16,670	(16,670)		
Repayment of Blakely trust fund	(26,233)	-	-	(26,233)	
Excess of revenue over expenditures (expenditures over revenue) for the year	(451)	(7,056)	14,177	6,670	(20,826)
Net assets – End of year	<u>53,334</u>	<u>29,231</u>	<u>27,684</u>	<u>110,249</u>	<u>129,812</u>

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Statement of Revenue and Expenditures

(Unaudited)

For the year ended March 31, 2009

	Endowment Funds \$	Archival Ancillary Fund \$	2009 Total \$	2008 Total \$
Revenue				
Reprographic and other recoveries		66,531	66,531	49,378
Funding for special collections maintenance		89,555	89,555	58,074
Interest	1,434		1,434	4,260
Amortization of deferred contributions		425	425	425
Other income		3,500	3,500	1,000
	1,434	160,011	161,445	113,137
Expenditures				
Amortization		7,480	7,480	8,390
Conferences and seminars		2,805	2,805	7,307
General operating		25,640	25,640	3,522
Membership dues		200	200	250
Professional services		5,559	5,559	3,143
Special collections maintenance		101,345	101,345	105,016
Subscriptions and periodicals	1,885	-	1,885	4,568
Travel		9,861	9,861	1,767
	1,885	152,890	154,775	133,963
Excess of revenue over expenditures (expenditures over revenue) for the year	(451)	7,121	6,670	(20,826)

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2009

1 Status and nature of activities

The Public Archives of Nova Scotia (the "Archives"), a provincially-owned entity, is primarily responsible for acquiring and preserving the corporate memory of government and documentary heritage of the Province of Nova Scotia. The Archives is both a deposit library for publications of the Government of Nova Scotia and a historical research facility.

Three trust funds, the Fergusson, Blakley and Shand, have been endowed to, and are controlled by, the Archives.

2 Significant accounting policies

The accounting policies of the Archival Ancillary and Trust Funds of the Archives (the "Trust Funds") are established and maintained in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

Future accounting changes

The Canadian Institute of Chartered Accountants (CICA) had issued the following accounting standards that will become effective for the Archives on April 1, 2009:

Section 4400, "Financial Statement Presentation by Not-for-Profit Organizations", has been amended to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. Section 4400 has also been amended to clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions.

Section 4430, "Capital Assets Held by Not-for-Profit Organizations", establishes disclosure requirements for capital assets for which financial information is not reasonably determinable. Based on the capital assets currently held by the Archives and the disclosures already in place, this revision is not expected to have any impact on the financial statements.

Section 4460, "Disclosure of Related Party Transactions by Not-for Profit Organizations", establishes disclosure requirements for related party transactions. Based on the transactions of the Archives, this revision is not expected to have any impact on the financial statements.

Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations", establishes disclosure requirements of allocated expenses. This section will require not-for-profit organizations to disclose the allocation of general support expenses between different functions; this section will enhance a reader's ability to understand the effect of allocations.

Section 1751, "Interim Financial Statements", establishes, among other things, requirements to present comprehensive income and its components. Based on the Archives's financial instruments, this revision is not expected to have any impact on the financial statements.

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2009

2 Significant accounting policies (continued)

Goodwill and intangible assets

On January 31, 2008 the CICA issued a new accounting standard that will become effective for the Archives on April 1, 2009: Section 3064, "Goodwill and Intangible Assets". Section 3064 will replace Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs", revising disclosure and presentation requirements. The Archives is currently assessing the impact of these new standards on its financial statements.

Fund accounting

The Trust Funds use fund accounting to prepare its financial statements. Fund balances include balances invested in endowments, equipment and unrestricted balances.

The Archival Ancillary Fund accounts for reprographic and other revenue, recoveries, interest on trust funds and other special items and equipment.

The Endowment Funds account for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

Financial instruments

The Archives has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value. Financial instruments consist of accounts receivable, which will result in future cash receipts, as well as accounts payable and accrued liabilities, which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

The fair values of accounts receivable and accounts payable and accrued liabilities approximate the carrying values due to their short-term to maturity.

The Archives is exposed to normal credit risk with respect to its accounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Archives is not exposed to significant credit risk from any one customer and no provision for doubtful accounts has been recorded in the accounts.

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2009

2 Significant accounting policies (continued)

Financial instruments (continued)

On April 1, 2007, the Archives adopted two new accounting standards issued by the Accounting Standards Board: (i) Section 3855 Financial Instruments – Recognition and Measurement; and (ii) Section 3865 Hedges.

The new standards prescribe how financial instruments are to be recognized depending on their classification and the Archives has implemented the following classifications:

- Fixed income investments are classified as “Financial Assets Held to Maturity”.
- These financial assets are recorded at amortized cost using the effective interest method. Accounts receivable and inter-fund balances are classified as “Loans and Receivables”. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities are classified as “Other Financial Liabilities”. After their initial fair value measurement, they are measured at amortized cost net of transaction costs using the effective interest method.

These new standards were applied without restatement of prior year amounts. Upon initial application, all adjustments to the carrying amount of financial assets and liabilities were recognized as an adjustment to the opening balance of fund balances.

Revenue recognition

The Trust Funds follow the restricted fund method of accounting for contributions, which includes designated contributions from the public, bequests and Government support.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be estimated and collection is reasonably assured.

Restricted and endowment contributions are recognized as revenue, in the related fund, when received or receivable to the extent that amounts to be received can be estimated and collection is reasonably assured.

Contributions received for projects not completed at year-end are shown as deferred revenue to the extent that contributions exceed expenditures to date on these projects.

Archival Ancillary and Trust Funds of the Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2009

2 Significant accounting policies (continued)

Equipment

Purchased equipment is recorded at cost. When an asset no longer contributes to the Trust Funds' ability to provide services, its carrying amount is written down to its residual value.

Equipment is amortized using the straight-line method over the following years:

Computer software	10 years
Computer and microfilm equipment	5 years
Furniture and other office equipment	10 years

Deferred contributions related to equipment are amortized to income on the same basis that the assets to which they relate are amortized.

Statement of cash flows

A statement of cash flows has not been included with these financial statements as it would provide no additional meaningful information.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and cash flows of the Trust Funds during the year. Actual results could differ from these estimates.

3 Equipment

			2009	2008
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Computer software	42,841	21,040	21,801	13,811
Computer equipment	37,420	31,665	5,755	2,713
Microfilm equipment	31,102	30,791	311	932
Furniture	7,721	5,824	1,897	2,669
Other office equipment	4,488	2,475	2,013	2,462
	123,572	91,795	31,777	22,587

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4 Deferred contributions

Deferred contributions related to equipment represent restricted contributions for the purchase of computer and other equipment. The change in the deferred contributions balance for the year is as follows:

	2009	2008
	\$	\$
Balance -- Beginning of year	2,970	3,395
Less: Amount amortized to revenue	(424)	(425)
Balance -- End of year	<u>2,546</u>	<u>2,970</u>