

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

Financial Statements  
(Unaudited)  
**March 31, 2011**

May 11, 2011

## **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, 2011 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 inquiry, 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, 2011

	Endowment Fund \$	Archival Ancillary Fund \$	2011 Total \$	2010 Total \$
<b>Assets</b>				
<b>Current assets</b>				
Cash	95,391	50,631	146,022	104,438
Marketable securities, at amortized cost (market value \$30,734 (2010 - \$88,352))	31,502	—	31,502	88,560
Accounts receivable	—	3,939	3,939	3,450
HST receivable	3,315	3,632	6,947	5,780
Amount held in trust by Province of Nova Scotia	37,983	—	37,983	48,095
	168,191	58,202	226,393	250,323
<b>Portfolio investments –</b> available for sale, at market value	604,174	—	604,174	549,711
<b>Portfolio investments – held to</b> maturity, at amortized cost (market value \$429,855 (2010 - \$370,577))	419,493	—	419,493	361,489
<b>Equipment</b> (note 3)	—	19,343	19,343	24,418
	1,191,858	77,545	1,269,403	1,185,941
<b>Liabilities</b>				
<b>Current liabilities</b>				
Amounts payable and accrued liabilities	—	14,374	14,374	11,368
Deferred contributions (note 4)	—	1,698	1,698	2,122
	—	16,072	16,072	13,490
<b>Net assets</b>				
Endowments	1,191,858	—	1,191,858	1,102,667
Investment in equipment	—	17,645	17,645	22,296
Unrestricted	—	43,828	43,828	47,488
	1,191,858	61,473	1,253,331	1,172,451
	1,191,858	77,545	1,269,403	1,185,941

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, 2011

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	Endowment Fund \$	Investment in equipment \$	Archival Ancillary Fund \$	2011 Total \$	2010 Total \$
<b>Net assets – Beginning of year</b>	1,102,667	22,296	47,488	1,172,451	912,111
Funds received from the Estate of Shirley A. Blakeley	805	–	–	805	106,247
Realized loss on portfolio investments	(5,079)	–	–	(5,079)	(14,205)
Changes in unrealized gain on portfolio investments	78,070	–	–	78,070	129,465
Excess of revenue over expenditures (expenditures over revenue) for the year	15,395	(4,651)	(3,660)	7,084	38,833
<b>Net assets – End of year</b>	<u>1,191,858</u>	<u>17,645</u>	<u>43,828</u>	<u>1,253,331</u>	<u>1,172,451</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, 2011

	<b>Endowment Fund \$</b>	<b>Archival Ancillary Fund \$</b>	<b>2011 Total \$</b>	<b>2010 Total \$</b>
<b>Revenue</b>				
Reprographic and other recoveries	—	50,167	50,167	41,293
Funding for special collections maintenance	—	23,239	23,239	86,405
Investment income	46,970	—	46,970	39,782
Amortization of deferred contributions	—	424	424	424
Other income	—	—	—	8,150
	<b>46,970</b>	<b>73,830</b>	<b>120,800</b>	<b>176,054</b>
<b>Expenditures</b>				
Amortization	—	5,075	5,075	7,359
Archival material	16,110	—	16,110	
Conferences and seminars	—	3,290	3,290	892
General operating	614	8,035	8,649	8,222
Investment management fees	13,222	—	13,222	11,356
Membership dues	—	25	25	200
Professional services	1,629	15,065	16,694	4,478
Special collections maintenance	—	50,386	50,386	99,637
Subscriptions and periodicals	—	265	265	1,168
Travel	—	—	—	3,909
	<b>31,575</b>	<b>82,141</b>	<b>113,716</b>	<b>137,221</b>
<b>Excess of revenue over expenditures (expenditures over revenue) for the year</b>	<b>15,395</b>	<b>(8,311)</b>	<b>7,084</b>	<b>38,833</b>

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

Notes to Financial Statements

(Unaudited)

**For the year ended March 31, 2011**

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## **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, Blakeley 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 Canadian generally accepted accounting principles (“GAAP”). Outlined below are those policies considered particularly significant.

### **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.

### **Fund accounting**

The Trust Funds use fund accounting to prepare the 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 Fund accounts for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

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

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2011

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## 2 Significant accounting policies (continued)

### Endowment Funds

#### i) Dr. Phyllis R. Blakeley Fund

This endowment fund, consisting of cash, marketable securities and portfolio investments, is externally restricted by the terms of the Estate of Shirley A. Blakeley and is under the administration of the Board of Trustees. The income earned by this fund may be used at the discretion of a committee of the Board of Trustees for the purchase of books, maps, manuscripts, pictures, publications or other archival materials for the promotion of historical research, or in any other way in which the committee in their discretion considers the income may be used to the benefit of Nova Scotia History.

#### ii) Charles Bruce Fergusson Fund

This endowment fund, consisting of amounts held in trust by the Province of Nova Scotia, is internally restricted by the Archives to be used to purchase rare books, manuscripts, prints, watercolours, oil paintings and outstanding photographs for the Archives.

#### iii) Gwendolyn V. Shand Fund

This endowment fund, consisting of amounts held in trust by the Province of Nova Scotia, is externally restricted by the Estate of Gwendolyn V. Shand to be used for any special project such as the purchase of important manuscripts or paintings of historical interest.

### Revenue recognition

The Trust Funds follows 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.

Income from investments includes the realized gains or losses from sale of securities, as well as dividend and interest income. Investment income is recognized as revenue when earned.

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

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2011

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## 2 Significant accounting policies (continued)

### Amortization

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 equipment	5 years
Furniture and other office equipment	10 years

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

### Financial instruments and risk management

#### i) Recognition and measurement

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.
- All other investments are classified as "Financial Assets Available-for-Sale." These financial assets are marked-to-market through the statement of financial position at each period end.
- 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.



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

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2011

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## 2 Significant accounting policies (continued)

### Financial instruments (continued)

#### ii) Fair market value

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 fair value of portfolio investments held to maturity approximates the carrying values and the portfolio investments available for sale are carried at fair value.

#### iii) Credit risk

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.

#### iv) Liquidity risk

The Archives is exposed to liquidity risk with respect to its portfolio investments. Management believes the Archives has no significant liquidity risk as its assets are highly liquid in nature.

### Management estimates

The preparation of financial statements in conformity with GAAP 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 and expenditures of the Trust Funds during the year. Actual results could differ from these estimates.

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

## Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2011

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### 3 Equipment

	<b>2011</b>		<b>2010</b>	
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>	<b>\$</b>
		<b>\$</b>		
Computer software	24,345	8,961	15,384	17,819
Computer equipment	9,223	6,733	2,490	3,910
Furniture	7,721	7,368	353	1,125
Other office equipment	4,488	3,372	1,116	1,564
	<u>45,777</u>	<u>26,434</u>	<u>19,343</u>	<u>24,418</u>

### 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:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Balance – Beginning of year	2,122	2,546
Less: Amount amortized to revenue	<u>(424)</u>	<u>(424)</u>
Balance – End of year	<u>1,698</u>	<u>2,122</u>