

Public Archives of Nova Scotia

Financial Statements
(Unaudited)
March 31, 2014



June 20, 2014

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 **Public Archives of Nova Scotia** (the "Archives") as at March 31, 2014 and the statements of operations and accumulated surplus, remeasurement gains (losses), changes in net financial assets and cash flows 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 public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Public Archives of Nova Scotia

Statement of Financial Position

(Unaudited)

As at March 31, 2014

	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	297,864	261,060
Accounts receivable	10,251	7,012
HST receivable	9,811	7,516
Amounts held in trust by Province of Nova Scotia (notes 5 (i) and 6 (ii))	38,689	38,283
Portfolio investments (notes 3 and 6 (i))	1,220,451	1,149,482
	<u>1,577,066</u>	<u>1,463,353</u>
Liabilities		
Accounts payable and accrued liabilities	11,339	11,408
HST payable	1,872	250
Deferred contributions (note 4)	426	850
Deferred revenues (note 5)	180,684	143,256
Endowment obligations (note 6)	1,294,027	1,226,743
	<u>1,488,348</u>	<u>1,382,507</u>
Net financial assets	88,718	80,846
Non-financial assets		
Tangible capital assets (note 7)	19,162	25,676
Accumulated surplus	<u>107,880</u>	<u>106,522</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	107,880	106,522
Accumulated remeasurement gains (losses)	-	-
	<u>107,880</u>	<u>106,522</u>

Approved by the Board of Trustees

_____ Chair

_____ Vice Chair

Public Archives of Nova Scotia

Statement of Operations and Accumulated Surplus (Unaudited)

For the year ended March 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenue			
Reprographic and other recoveries	43,000	48,552	38,489
Funding for special collections maintenance	16,700	18,775	16,587
Income from internally restricted funds (note 5)	–	61	328
Income from endowment funds (note 6)	23,000	44,973	43,031
Amortization of deferred contributions (note 4)	500	424	424
	<hr/>	<hr/>	<hr/>
	83,200	112,785	98,859
Expenditures			
Amortization of tangible capital assets	9,000	6,514	6,199
Archival material	7,900	15,278	20,289
Conferences and seminars	1,000	–	67
General operating	19,000	25,021	11,523
Investment management fees	–	15,303	14,578
Professional services	–	20,702	12,700
Special collections maintenance	44,300	27,538	17,161
Travel	2,000	1,071	–
	<hr/>	<hr/>	<hr/>
	83,200	111,427	82,517
Annual surplus	–	1,358	16,342
Accumulated surplus – Beginning of year	<hr/>	<hr/>	<hr/>
	106,522	106,522	90,180
Accumulated surplus – End of year	<hr/>	<hr/>	<hr/>
	106,522	107,880	106,522

Public Archives of Nova Scotia

Statement of Remeasurement Gains (Losses)

(Unaudited)

For the year ended March 31, 2014

	2014 \$	2013 \$
Accumulated remeasurement gains (losses) – Beginning of year	–	–
Unrealized gain (loss) arising during the year on investments	–	–
Accumulated remeasurement gains (losses) – End of year	–	–

Public Archives of Nova Scotia

Statement of Changes in Net Financial Assets

(Unaudited)

For the year ended March 31, 2014

	2014 \$	2013 \$
Annual surplus	1,358	16,342
Changes in tangible capital assets		
Acquisition of tangible capital assets	–	(9,070)
Amortization of tangible capital assets	6,514	6,199
Increase (decrease) in tangible capital assets for the year	6,514	(2,871)
Increase in net financial assets for the year	7,872	13,471
Net financial assets – Beginning of year	80,846	67,375
Net financial assets – End of year	88,718	80,846

Public Archives of Nova Scotia

Statement of Cash Flows

(Unaudited)

For the year ended March 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Annual surplus	1,358	16,342
Charges (credits) to annual surplus not involving cash		
Amortization of deferred contributions	(424)	(424)
Amortization of tangible capital assets	6,514	6,199
	<u>7,448</u>	<u>22,117</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(3,239)	2,135
Decrease (increase) in HST payable, related to operations	1,622	1,985
Increase (decrease) in accounts payable and accrued liabilities	(69)	(1,192)
	<u>5,762</u>	<u>25,045</u>
Capital activities		
Purchase of tangible capital assets	<u>–</u>	<u>(9,070)</u>
Investing activities		
Decrease (increase) in HST receivable, related to endowment obligations	(2,295)	(2,101)
Purchase of portfolio investments	(170,877)	(183,233)
Proceeds on sale of portfolio investments	158,973	180,522
Receipts of funds from the Estate of Roberta Jollimore	35,797	130,387
Investment income in excess of expenditures of internally restricted funds	1,631	261
Investment income in excess of expenditures of endowment obligations	7,813	7,945
	<u>31,042</u>	<u>133,781</u>
Net change in cash and cash equivalents during the year	36,804	149,756
Cash and cash equivalents – Beginning of year	<u>261,060</u>	<u>111,304</u>
Cash and cash equivalents – End of year	<u>297,864</u>	<u>261,060</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2014

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.

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (“PSAS”) for government agencies as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants (“CICA”).

The financial statements have been prepared using the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances held at financial institutions, cash held within the investment portfolio and investment savings accounts which are equivalent to cash.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together, with the accumulated surplus, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost. When an asset no longer contributes to the Archives’ ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are 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 assets are amortized to annual surplus on the same basis as the assets to which they relate are amortized.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2014

2 Significant accounting policies (continued)

Portfolio investments

Portfolio investments are externally restricted by the terms of the Estate of Shirley A. Blakeley and are under the administration of the Board of Trustees.

Revenue recognition

Revenue is recognized in the period when received or receivable to the extent that amounts to be received can be estimated and collection is reasonably assured.

Externally restricted inflows, which include designated contributions from the public, bequests and Government support, are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Externally restricted inflows received before this criterion has been met are recorded as deferred revenue until the resources are used for the purpose or purposes specified.

Contributions received for internal 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 unrestricted investments which includes realized gains or losses from sale of securities dividends and interest income, is recognized as revenue when earned.

Use of estimates

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Such uncertainty exists when there could be a material difference between the recognized amount and another reasonably possible amount, as exists whenever estimates are used. The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reporting 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 expenditures during the period.

Estimates are based upon the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements and actual results could differ from those estimates.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2014

2 Significant accounting policies (continued)

Financial instruments

All financial instruments are measured using either the amortized cost method or the fair value method.

Financial instruments included in the amortized cost category, including fixed income investments, are recorded at either cost or amortized cost using the effective interest method. Transaction costs are included in the initial cost of financial instruments recognized using the cost method.

Financial instruments included in the fair value category, including investments available-for-sale, are initially recorded at fair value with each subsequent change in fair value recognized as follows:

- i) Internally or externally restricted financial instruments

As an increase or decrease in endowment obligations.

- ii) Unrestricted financial instruments

In the statement of remeasurement gains and losses until such time that the financial instrument is derecognized. When the financial instrument is derecognized the accumulated remeasurement gains or losses are reversed and recognized on the statement of operations and accumulated surplus. Transaction costs associated with financial instruments in the fair value category are expensed when incurred.

Fair value is determined utilizing quoted prices in active markets.

Accounts receivable, HST receivable and accounts payable and accrued liabilities are recorded at amortized cost.

3 Portfolio investments

Portfolio investments are comprised of:

	2014 \$	2013 \$
Fixed income investments, held to maturity, at amortized cost (market value \$495,795 (2013 - \$543,516))	461,984	501,771
Investments available-for-sale, at market value (cost \$562,446 (2013 - \$513,705))	758,467	647,711
	<u>1,220,451</u>	<u>1,149,482</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2014

4 Deferred contributions

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

	2014 \$	2013 \$
Balance – Beginning of year	850	1,274
Less: Amount amortized to revenue	(424)	(424)
Balance – End of year	<u>426</u>	<u>850</u>

5 Deferred revenues

Deferred revenues represent internally restricted funds designated for the following purposes:

i) Charles Bruce Fergusson Fund

This 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.

	2014 \$	2013 \$
Balance – Beginning of year	12,608	12,757
Add: Investment income	133	140
Less: Purchase of archival material	–	(289)
Balance – End of year	<u>12,741</u>	<u>12,608</u>

ii) Roberta Jollimore Fund

This fund, consisting of cash and cash equivalents, is internally restricted by the Archives to be used as designated by the Archives, which is currently being evaluated.

	2014 \$	2013 \$
Balance – Beginning of year	130,648	–
Add:		
Receipt of funds from the Estate of Roberta Jollimore	35,797	130,387
Investment income	1,559	300
Less:		
Expenditures	(61)	(39)
Balance – End of year	<u>167,943</u>	<u>130,648</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2014

6 Endowment obligations

Endowment obligations represent externally restricted funds designated for the following purposes:

i) Dr. Phyllis R. Blakeley Fund

This endowment fund, consisting of cash and cash equivalents, HST receivable 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 capital and 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.

	2014	2013
	\$	\$
Balance – Beginning of year	1,201,068	1,159,074
Add:		
Investment income	52,918	50,976
Realized gain	–	11,223
Change in unrealized gains	62,014	22,826
Less:		
Expenditures	(44,973)	(43,031)
Realized loss	(2,948)	–
Balance – End of year	<u>1,268,079</u>	<u>1,201,068</u>
Comprised of:		
Cash and cash equivalents	37,817	44,070
HST receivable	9,811	7,516
Portfolio investments (note 3)	1,220,451	1,149,482
	<u>1,268,079</u>	<u>1,201,068</u>

ii) 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.

	2014	2013
	\$	\$
Balance – Beginning of year	25,675	25,396
Add: Investment income	273	279
Balance – End of year	<u>25,948</u>	<u>25,675</u>

Public Archives of Nova Scotia

Notes to Financial Statements
(Unaudited)

For the year ended March 31, 2014

7 Tangible capital assets

			2014	2013
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	24,345	16,171	8,174	10,515
Computer and microfilm equipment	26,751	16,173	10,578	14,582
Other office equipment	4,488	4,078	410	579
	55,584	36,422	19,162	25,676