

Public Archives of Nova Scotia

Financial Statements
(Unaudited)
March 31, 2016



June 22, 2016

Review Engagement Report

To the Board of Trustees of 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, 2016 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, 2016

	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents	1,233,625	905,308
Accounts receivable	7,676	10,389
HST receivable (note 5 (i))	15,133	12,682
Amounts held in trust by Province of Nova Scotia	–	38,509
Portfolio investments (notes 3 and 5 (i))	1,240,663	1,258,229
	<u>2,497,097</u>	<u>2,225,117</u>
Liabilities		
Accounts payable and accrued liabilities	10,700	11,300
HST payable	3,104	1,640
Deferred revenues (note 4)	170,231	169,529
Endowment obligations (note 5)	2,208,774	1,942,634
	<u>2,392,809</u>	<u>2,125,103</u>
Net financial assets	104,288	100,014
Non-financial assets		
Tangible capital assets (note 6)	7,263	13,180
Accumulated surplus	<u>111,551</u>	<u>113,194</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	111,551	113,194
Accumulated remeasurement gains (losses)	–	–
	<u>111,551</u>	<u>113,194</u>

Approved by the Board of Trustees

_____ Chair _____ Vice Chair

The accompanying notes are an integral part of these financial statements.

Public Archives of Nova Scotia

Statement of Operations and Accumulated Surplus (Unaudited)

For the year ended March 31, 2016

	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
Revenue			
Reprographic and other recoveries	48,000	30,063	56,389
Funding for special collections maintenance	39,700	14,671	23,657
Income from endowment funds (note 5)	18,400	62,699	47,699
Amortization of deferred contributions	–	–	426
	<u>106,100</u>	<u>107,433</u>	<u>128,171</u>
Expenditures			
Amortization of tangible capital assets	8,000	5,917	5,982
Archival material	–	2,098	6,604
Conferences and seminars	–	–	500
General operating	17,000	16,786	33,262
Investment management fees	–	16,343	19,134
Professional services	11,200	13,524	14,923
Special collections maintenance	68,900	12,656	23,365
Special projects	–	40,800	18,000
Travel	1,000	952	1,087
	<u>106,100</u>	<u>109,076</u>	<u>122,857</u>
Annual surplus (deficit)	–	(1,643)	5,314
Accumulated surplus – Beginning of year	<u>113,194</u>	<u>113,194</u>	<u>107,880</u>
Accumulated surplus – End of year	<u>113,194</u>	<u>111,551</u>	<u>113,194</u>

The accompanying notes are an integral part of these financial statements

Public Archives of Nova Scotia

Statement of Remeasurement Gains (Losses)

(Unaudited)

For the year ended March 31, 2016

	2016 \$	2015 \$
Accumulated remeasurement gains (losses) – Beginning of year	–	–
Unrealized gain (loss) arising during the year on investments	–	–
Accumulated remeasurement gains (losses) – End of year	–	–

The accompanying notes are an integral part of these financial statements

Public Archives of Nova Scotia

Statement of Changes in Net Financial Assets

(Unaudited)

For the year ended March 31, 2016

	2016 \$	2015 \$
Annual surplus (deficit)	<u>(1,643)</u>	<u>5,314</u>
Changes in tangible capital assets		
Amortization of tangible capital assets	<u>5,917</u>	<u>5,982</u>
Increase in net financial assets for the year	4,274	11,296
Net financial assets – Beginning of year	<u>100,014</u>	<u>88,718</u>
Net financial assets – End of year	<u>104,288</u>	<u>100,014</u>

The accompanying notes are an integral part of these financial statements

Public Archives of Nova Scotia

Statement of Cash Flows

(Unaudited)

For the year ended March 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	(1,643)	5,314
Charges (credits) to annual surplus (deficit) not involving cash		
Amortization of deferred contributions	–	(426)
Amortization of tangible capital assets	5,917	5,982
	4,274	10,870
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	2,713	(138)
Increase (decrease) in HST payable, related to operations	1,464	(232)
Increase (decrease) in accounts payable and accrued liabilities	(600)	(39)
	7,851	10,461
Investing activities		
Decrease (increase) in HST receivable, related to endowment obligations	(2,451)	(2,871)
Purchase of portfolio investments	(106,175)	(102,877)
Proceeds on sale of portfolio investments	107,483	101,510
Receipts of funds from the Estate of Hilda Evelyn Fergusson	284,884	591,772
Receipts of funds held in trust by the Province of Nova Scotia	36,624	–
Investment income in excess of expenditures of internally restricted funds	702	1,586
Investment income in excess of expenditures (expenditures in excess of investment income) of endowment obligations	(601)	7,863
	320,466	596,983
Net change in cash and cash equivalents during the year	328,317	607,444
Cash and cash equivalents – Beginning of year	905,308	297,864
Cash and cash equivalents – End of year	1,233,625	905,308

The accompanying notes are an integral part of these financial statements

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2016

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, 2016

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 year.

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, 2016

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:

	2016 \$	2015 \$
Fixed income investments, held to maturity, at amortized cost (market value \$490,155 (2015 - \$504,649))	461,984	461,984
Investments available-for-sale, at market value (cost \$584,190 (2015 - \$576,476))	778,679	796,245
	<u>1,240,663</u>	<u>1,258,229</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2016

4 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. These funds were transferred to form part of the endowment provided by the same contributor in the prior fiscal year.

	2016	2015
	\$	\$
Balance – Beginning of year	–	12,741
Less: Transfer to endowment obligation (note 5 (iii))	–	(12,741)
Balance – End of year	–	–

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.

	2016	2015
	\$	\$
Balance – Beginning of year	169,529	167,943
Add: Investment income	702	1,586
Balance – End of year	170,231	169,529

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2016

5 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.

	2016 \$	2015 \$
Balance – Beginning of year	1,308,340	1,268,079
Add:		
Investment income	52,909	51,147
Realized gain	9,022	12,460
Change in unrealized gains	(25,278)	23,749
Less:		
Expenditures	(60,601)	(47,095)
Balance – End of year	<u>1,284,392</u>	<u>1,308,340</u>
Comprised of:		
Cash and cash equivalents	28,596	37,429
HST receivable	15,133	12,682
Portfolio investments (note 3)	1,240,663	1,258,229
	<u>1,284,392</u>	<u>1,308,340</u>

ii) Gwendolyn V. Shand Fund

This endowment fund, consisting of cash and cash equivalents, 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.

	2016 \$	2015 \$
Balance – Beginning of year	26,233	25,948
Add: Investment income	182	285
Less: Expenditures	(1,615)	-
Balance – End of year	<u>24,800</u>	<u>26,233</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2016

5 Endowment obligations (continued)

iii) C. Bruce Fergusson Trust

This endowment fund, consisting of cash and cash equivalents, is externally restricted by the Estates of C. Bruce Fergusson and Hilda Evelyn Fergusson. The conditions of the endowment are that no more than one-half of the income from the Trust and not any part of its principal shall be used for the purchase of acquisitions for the holding of the Archives that fall within its mandate and which can include but are not limited to: personal and family papers, diaries, letters, broadsides, manuscript material, rare books, pamphlets, monographs, published and near print material, historical photographic prints and negatives, maps, plans, drawings, lithographs, paintings, documentary art and audio-visual materials.

	2016	2015
	\$	\$
Balance – Beginning of year	608,061	–
Add:		
Transfer from deferred revenue (note 4 (i))	–	12,741
Receipt of funds from the Estate of Hilda Evelyn Fergusson	284,884	591,772
Investment income	7,120	4,152
Less:		
Expenditures	(483)	(604)
Balance – End of year	899,582	608,061
Comprised of:		
Cash and cash equivalents	899,582	595,785
Amounts held in trust by Province of Nova Scotia	–	12,276
	899,582	608,061

6 Tangible capital assets

	2016		2015	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Computer software	24,345	20,840	3,505	5,839
Computer and microfilm equipment	26,751	23,184	3,567	7,072
Furniture and other office equipment	4,488	4,297	191	269
	55,584	48,321	7,263	13,180