

**Public Archives of Nova
Scotia**

**Financial Statements
(Unaudited)
March 31, 2017**



June 23, 2017

Review Engagement Report

To the Board of Advisors 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, 2017 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 Archives.

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 Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP
Summit Place, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 (902) 491 7400, F: +1 (902) 422 1166

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

Public Archives of Nova Scotia


Statement of Financial Position

(Unaudited)

As at March 31, 2017

	2017 \$	2016 \$
Financial assets		
Cash and cash equivalents	283,912	1,233,625
Accounts receivable	12,460	7,676
HST receivable (notes 5 and 6)	18,620	15,133
Portfolio investments (notes 3, 5 and 6)	2,341,737	1,240,663
	<u>2,656,729</u>	<u>2,497,097</u>
Liabilities		
Accounts payable and accrued liabilities	12,750	10,700
HST payable	2,461	3,104
Deferred capital contribution (note 4)	10,179	-
Deferred revenues (note 5)	176,774	170,231
Endowment obligations (note 6)	2,340,343	2,208,774
	<u>2,542,507</u>	<u>2,392,809</u>
Net financial assets	114,222	104,288
Non-financial assets		
Tangible capital assets (note 7)	12,988	7,263
Accumulated surplus	<u>127,210</u>	<u>111,551</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	127,210	111,551
Accumulated remeasurement gains (losses)	-	-
	<u>127,210</u>	<u>111,551</u>

Approved by the Board of Advisors


Acting Provincial Archivist


Executive Director - Communities, Culture and Heritage

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, 2017

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
Revenue			
Reprographic and other recoveries	47,400	56,229	30,063
Funding for special collections maintenance	42,100	68,227	14,671
Income from endowment funds (note 6)	61,600	59,198	62,699
Amortization of deferred capital contribution	-	1,131	-
	<u>151,100</u>	<u>184,785</u>	<u>107,433</u>
Expenditures			
Amortization of tangible capital assets	4,000	5,585	5,917
Archival material	-	1,812	2,098
General operating	8,600	14,776	16,786
Investment management fees	-	21,663	16,343
Professional services	12,500	19,188	13,524
Special collections maintenance	87,500	71,613	12,656
Special projects	30,000	30,000	40,800
Travel	8,500	4,489	952
	<u>151,100</u>	<u>169,126</u>	<u>109,076</u>
Annual surplus (deficit)	-	15,659	(1,643)
Accumulated surplus – Beginning of year	<u>111,551</u>	<u>111,551</u>	<u>113,194</u>
Accumulated surplus – End of year	<u>111,551</u>	<u>127,210</u>	<u>111,551</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, 2017

	2017	2016
	\$	\$
Accumulated remeasurement gains (losses) – Beginning of year	–	–
Unrealized gain (loss) arising during the year on investments	–	–
Accumulated remeasurement gains (losses) – End of year	<u>–</u>	<u>–</u>

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, 2017

	2017	2016
	\$	\$
Annual surplus (deficit)	15,659	(1,643)
Changes in tangible capital assets		
Purchase of tangible capital assets	(11,310)	—
Amortization of tangible capital assets	5,585	5,917
	<hr/>	<hr/>
Increase in net financial assets for the year	9,934	4,274
Net financial assets – Beginning of year	104,288	100,014
	<hr/>	<hr/>
Net financial assets – End of year	114,222	104,288
	<hr/>	<hr/>

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, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	15,659	(1,643)
Charges (credits) to annual surplus (deficit) not involving cash		
Amortization of deferred capital contribution	(1,131)	–
Amortization of tangible capital assets	5,585	5,917
	<u>20,113</u>	<u>4,274</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	4,784	2,713
Increase (decrease) in accounts payable and accrued liabilities	2,050	(600)
Increase (decrease) in HST payable, related to operations	(643)	1,464
	<u>26,304</u>	<u>7,851</u>
Investing activities		
Decrease (increase) in HST receivable, related to endowment obligations	(3,487)	(2,451)
Purchase of portfolio investments	(1,228,879)	(106,175)
Proceeds on sale of portfolio investments	237,323	107,483
Receipt of funds from the Estate of Hilda Evelyn Fergusson	–	284,884
Receipt of funds from the Estate of Allan C. Dunlop	5,078	–
Receipts of funds held in trust by the Province of Nova Scotia	–	36,624
Investment income in excess of expenditures of internally restricted funds	6,543	702
Investment income in excess of expenditures (expenditures in excess of investment income) of endowment obligations	7,405	(601)
	<u>(976,017)</u>	<u>320,466</u>
Net change in cash and cash equivalents during the year	(949,713)	328,317
Cash and cash equivalents – Beginning of year	1,233,625	905,308
Cash and cash equivalents – End of year	283,912	1,233,625

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, 2017

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 Accounting Standards Board.

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, 2017

2 Significant accounting policies (continued)

Portfolio investments

Portfolio investments consist of securities that are held by the Archives for which their use is either internally restricted by the Board of Advisors or externally restricted by the terms of the Estates of the donors and are under the administration of the Board of Advisors.

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.

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.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2017

2 Significant accounting policies (continued)

Financial instruments (continued)

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 deferred revenues or 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:

	2017	2016
	\$	\$
Fixed income investments, held to maturity, at amortized cost (market value \$653,651 (2016 - \$490,155))	637,958	461,984
Investments available-for-sale, at market value (cost \$1,389,525 (2016 - \$584,190))	1,703,779	778,679
	<u>2,341,737</u>	<u>1,240,663</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2017

4 Deferred capital contribution

Deferred contributions related to tangible capital assets represent contributions received for the purchase of computer and microfilm equipment. The balance of the deferred capital contribution for the year is as follows:

	2017	2016
	\$	\$
Capital contribution	11,310	—
Accumulated amortization	(1,131)	—
	<u>10,179</u>	<u>—</u>

5 Deferred revenues

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

i) Roberta Jollimore Fund

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

	2017	2016
	\$	\$
Balance – Beginning of year	170,231	169,529
Add:		
Investment income	3,294	702
Realized gain	3,475	—
Change in unrealized gains	780	—
Less:		
Expenditures	(1,006)	—
Balance – End of year	<u>176,774</u>	<u>170,231</u>
Comprised of:		
Cash and cash equivalents	18,922	170,231
HST receivable	151	—
Portfolio investments (note 3)	157,701	—
	<u>176,774</u>	<u>170,231</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2017

6 Endowment obligations

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

i) Dr. Phyllis R. Blakeley Trust

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 Advisors. The capital and income earned by this fund may be used at the discretion of the provincial archivist ad committee of the Board of Advisors 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.

	2017	2016
	\$	\$
Balance – Beginning of year	1,284,392	1,308,340
Add:		
Receipt of funds from the Estate of Allan C. Dunlop	5,078	–
Investment income	50,399	52,909
Realized gain	74	9,022
Change in unrealized gains	73,169	(25,278)
Less:		
Expenditures	(51,872)	(60,601)
Balance – End of year	<u>1,361,240</u>	<u>1,284,392</u>
Comprised of:		
Cash and cash equivalents	69,832	28,596
HST receivable	17,404	15,133
Portfolio investments (note 3)	<u>1,274,004</u>	<u>1,240,663</u>
	<u>1,361,240</u>	<u>1,284,392</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2017

6 Endowment obligations (continued)

ii) Gwendolyn V. Shand Fund

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

	2017	2016
	\$	\$
Balance – Beginning of year	24,800	26,233
Add:		
Investment income	383	182
Change in unrealized gains	430	–
Less:		
Expenditures	(146)	(1,615)
Balance – End of year	<u>25,467</u>	<u>24,800</u>
Comprised of:		
Cash and cash equivalents	1,775	24,800
HST receivable	22	–
Portfolio investments (note 3)	<u>23,670</u>	–
	<u>25,467</u>	<u>24,800</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2017

6 Endowment obligations (continued)

iii) C. Bruce Fergusson Fund

This endowment fund, consisting of cash and cash equivalents, HST receivable, portfolio investments and accounts payable and accrued liabilities, 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.

	2017 \$	2016 \$
Balance – Beginning of year	899,582	608,061
Add:		
Receipt of funds from the Estate of Hilda Evelyn Fergusson	–	284,884
Investment income	16,746	7,120
Change in unrealized gains	45,386	–
Less:		
Realized loss	(898)	–
Expenditures	(7,180)	(483)
Balance – End of year	<u>953,636</u>	<u>899,582</u>
Comprised of:		
Cash and cash equivalents	68,281	899,582
HST receivable	1,043	–
Portfolio investments (note 3)	886,362	–
Accounts payable and accrued liabilities	(2,050)	–
	<u>953,636</u>	<u>899,582</u>

7 Tangible capital assets

	2017		2016	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	24,345	22,591	1,754	3,505
Computer and microfilm equipment	38,061	26,975	11,086	3,567
Furniture and other office equipment	4,488	4,340	148	191
	<u>66,894</u>	<u>53,906</u>	<u>12,988</u>	<u>7,263</u>