

Public Archives of Nova Scotia

Financial Statements
(Unaudited)
March 31, 2018



June 15, 2018

Independent Practitioners Review Engagement Report

To the Board of Advisors of Public Archives of Nova Scotia

We have reviewed the accompanying financial statements of Public Archives of Nova Scotia (the "Archives") that comprise the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus, remeasurement gains (losses), changes in net financial assets and cash flows for the year then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Archives as at March 31, 2018 and the results of its operations, its accumulated remeasurement gains (losses), its change in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Public Archives of Nova Scotia

Statement of Financial Position

(Unaudited)

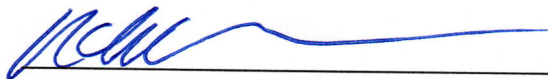
As at March 31, 2018

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents	227,135	283,912
Accounts receivable	15,908	12,460
HST receivable (notes 5 and 6)	22,614	18,620
Portfolio investments (notes 3, 5 and 6)	2,394,577	2,341,737
	<u>2,660,234</u>	<u>2,656,729</u>
Liabilities		
Accounts payable and accrued liabilities	16,926	12,750
HST payable	4,881	2,461
Deferred capital contribution (note 4)	7,917	10,179
Deferred revenues (note 5)	179,139	176,774
Endowment obligations (note 6)	2,336,009	2,340,343
	<u>2,544,872</u>	<u>2,542,507</u>
Net financial assets	115,362	114,222
Non-financial assets		
Tangible capital assets (note 7)	8,628	12,988
	<u>123,990</u>	<u>127,210</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	123,990	127,210
Accumulated remeasurement gains (losses)	-	-
	<u>123,990</u>	<u>127,210</u>

Approved by the Board of Advisors



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, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Revenue			
Reprographic and other recoveries	45,000	48,083	56,229
External funding for special collections maintenance	64,500	53,471	68,227
Income from endowment funds (note 6)	20,900	67,914	59,198
Amortization of deferred capital contribution	–	2,262	1,131
	<u>130,400</u>	<u>171,730</u>	<u>184,785</u>
Expenditures			
Amortization of tangible capital assets	2,000	4,360	5,585
Archival material	–	441	1,812
General operating	8,600	8,257	14,776
Investment management fees	–	26,627	21,663
Professional services	13,000	17,906	19,188
Special collections maintenance	55,800	74,149	71,613
Special projects	43,000	38,973	30,000
Travel, conferences and seminars	8,000	4,237	4,489
	<u>130,400</u>	<u>174,950</u>	<u>169,126</u>
Annual surplus (deficit)	–	(3,220)	15,659
Accumulated surplus – Beginning of year	<u>127,210</u>	<u>127,210</u>	<u>111,551</u>
Accumulated surplus – End of year	<u>127,210</u>	<u>123,990</u>	<u>127,210</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, 2018

	2018 \$	2017 \$
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, 2018

	2018 \$	2017 \$
Annual surplus (deficit)	(3,220)	15,659
Changes in tangible capital assets		
Purchase of tangible capital assets	–	(11,310)
Amortization of tangible capital assets	4,360	5,585
Increase in net financial assets for the year	1,140	9,934
Net financial assets – Beginning of year	114,222	104,288
Net financial assets – End of year	115,362	114,222

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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	(3,220)	15,659
Charges (credits) to annual surplus (deficit) not involving cash		
Amortization of deferred capital contribution	(2,262)	(1,131)
Amortization of tangible capital assets	4,360	5,585
	(1,122)	20,113
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(3,448)	4,784
Increase (decrease) in accounts payable and accrued liabilities	4,176	2,050
Increase (decrease) in HST payable, related to operations	(2,420)	(643)
	(2,814)	26,304
Investing activities		
Decrease (increase) in HST receivable, related to endowment obligations	(3,994)	(3,487)
Purchase of portfolio investments	(322,501)	(1,228,879)
Proceeds on sale of portfolio investments	253,157	237,323
Receipt of funds from the Estate of Allan C. Dunlop	-	5,078
Investment income in excess of expenditures of internally restricted funds	2,365	6,543
Investment income in excess of expenditures of endowment obligations	17,010	7,405
	(53,963)	(976,017)
Net change in cash and cash equivalents during the year	(56,777)	(949,713)
Cash and cash equivalents – Beginning of year	283,912	1,233,625
Cash and cash equivalents – End of year	227,135	283,912

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, 2018

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, 2018

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.

Fixed income investments that are held to maturity, are measured at amortized cost using the effective interest method. Transaction costs are included in the initial cost of the investment.

Investments that are available-for-sale, are initially recorded at fair value with each subsequent change in fair value recognized as described under the *Financial instruments*. Fair value is determined utilizing quoted prices in active markets.

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, 2018

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 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.

Accounts receivable, HST receivable, investments held to maturity and accounts payable and accrued liabilities are recorded at amortized cost.

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.

The Archives is subject to the following risks with respect to financial instruments:

i) Concentration of credit risk

Financial instruments which potentially subject the Archives to credit risk consist primarily of accounts receivable. The Archives has assessed its credit risk as being low and no provision has been provided as an allowance for doubtful accounts receivable in these financial statements.

ii) Interest rate risk

Interest rate risk is the risk the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Archives are not exposed to significant interest rate risk.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2018

2 Significant accounting policies (continued)

Financial instruments

iii) Liquidity risk

Liquidity risk is the risk that the Archives will encounter problems in raising funds to meet its commitments at maturity. The Archives is exposed to liquidity risk through its accounts payable and accrued liabilities. Management believes it has sufficient working capital to meet those obligations as they arise.

iv) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2018, the Archives held the following balances in US dollars ("USD") which have been expressed in Canadian dollars ("CAD"):

	2018	2017
	\$	\$
Cash and cash equivalents	21,984	28,347
Portfolio investments, at market value	340,317	438,805

3 Portfolio investments

	2018	2017
	\$	\$
Fixed income investments, held to maturity, at amortized cost (market value \$644,658 (2017 - \$653,651))	649,119	637,958
Investments available-for-sale, at market value (cost \$1,447,222 (2017 - \$1,389,525))	1,745,458	1,703,779
	<u>2,394,577</u>	<u>2,341,737</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2018

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:

	2018	2017
	\$	\$
Capital contribution	11,310	11,310
Accumulated amortization	(3,393)	(1,131)
	<u>7,917</u>	<u>10,179</u>

5 Deferred revenues

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

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.

	2018	2017
	\$	\$
Balance – Beginning of year	176,774	170,231
Add:		
Investment income	5,370	3,294
Realized gain	–	3,475
Change in unrealized gains	–	780
Less:		
Realized losses	(874)	–
Changes in unrealized losses	(271)	–
Expenditures	(1,860)	(1,006)
Balance – End of year	<u>179,139</u>	<u>176,774</u>
Comprised of:		
Cash and cash equivalents	5,655	18,922
HST receivable	430	151
Portfolio investments (note 3)	173,054	157,701
	<u>179,139</u>	<u>176,774</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2018

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.

	2018	2017
	\$	\$
Balance – Beginning of year	1,361,240	1,284,392
Add:		
Receipt of funds from the Estate of Allan C. Dunlop	–	5,078
Investment income	50,310	50,399
Realized gain	1,682	74
Change in unrealized gains	–	73,169
Less:		
Change in unrealized losses	(25,703)	–
Expenditures	(57,065)	(51,872)
Balance – End of year	<u>1,330,464</u>	<u>1,361,240</u>
Comprised of:		
Cash and cash equivalents	51,140	69,832
HST receivable	19,558	17,404
Portfolio investments (note 3)	1,259,766	1,274,004
	<u>1,330,464</u>	<u>1,361,240</u>

During the year, \$33,763 of the funds were used to fund special collections maintenance.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2018

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.

	2018	2017
	\$	\$
Balance – Beginning of year	25,467	24,800
Add:		
Investment income	666	383
Change in unrealized gains	–	430
Less:		
Change in unrealized losses	(35)	–
Expenditures	(711)	(146)
Balance – End of year	<u>25,387</u>	<u>25,467</u>
Comprised of:		
Cash and cash equivalents	1,699	1,775
HST receivable	62	22
Portfolio investments (note 3)	<u>23,626</u>	<u>23,670</u>
	<u>25,387</u>	<u>25,467</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2018

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.

	2018	2017
	\$	\$
Balance – Beginning of year	953,636	899,582
Add:		
Investment income	27,106	16,746
Change in unrealized gains	9,992	45,386
Less:		
Realized loss	(438)	(898)
Expenditures	(10,138)	(7,180)
Balance – End of year	<u>980,158</u>	<u>953,636</u>
Comprised of:		
Cash and cash equivalents	41,513	68,281
HST receivable	2,564	1,043
Portfolio investments (note 3)	938,131	886,362
Accounts payable and accrued liabilities	(2,050)	(2,050)
	<u>980,158</u>	<u>953,636</u>

7 Tangible capital assets

	2018		2017	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer software	24,345	23,760	585	1,754
Computer and microfilm equipment	38,061	30,144	7,917	11,086
Furniture and other office equipment	4,488	4,362	126	148
	<u>66,894</u>	<u>58,266</u>	<u>8,628</u>	<u>12,988</u>