

Financial statements

Sherbrooke Restoration Commission

March 31, 2018

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## Independent auditor's report

To the members of  
Sherbrooke Restoration Commission

We have audited the accompanying financial statements of the Sherbrooke Restoration Commission, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net debt and cash flows for the year then ended, and 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sherbrooke Restoration Commission as at March 31, 2018, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance Canadian public sector accounting standards.

New Glasgow, Canada  
June 26, 2018



Chartered Professional Accountants  
Licensed Public Accountants

# Sherbrooke Restoration Commission

## Statement of operations

Year ended March 31	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Operating grants			
Board of Governors of the Nova Scotia Museum	\$ 1,747,857	\$ 1,758,359	\$ 1,747,857
Program revenue (Schedule 2)	291,750	230,713	272,151
Other			
Development Society	-	8,179	340
Gate admissions	115,000	129,220	106,444
Government capital maintenance grants	50,000	56,289	59,455
Interest	1,000	1,056	538
Miscellaneous	2,000	571	435
Municipal grants	-	-	50
<b>Total revenues</b>	<u>2,207,607</u>	<u>2,184,387</u>	<u>2,187,270</u>
<b>Expenses</b>			
General operating (Schedule 1)	1,037,863	834,098	993,026
Program (Schedule 2)	1,083,718	1,184,196	1,091,476
Capital maintenance	<u>86,026</u>	<u>73,974</u>	<u>80,306</u>
<b>Total expenses</b>	<u>2,207,607</u>	<u>2,092,268</u>	<u>2,164,808</u>
<b>Annual surplus</b>	\$ <u>-</u>	\$ <u>92,119</u>	\$ <u>22,462</u>
<hr/>			
<b>Accumulated deficit, beginning of year</b>		\$ (288,474)	\$ (310,936)
<b>Annual surplus</b>		<u>92,119</u>	<u>22,462</u>
<b>Accumulated deficit, end of year</b>		\$ <u>(196,355)</u>	\$ <u>(288,474)</u>

See accompanying notes to the financial statements.

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# Sherbrooke Restoration Commission

## Statement of financial position

March 31	2018	2017
<b>Financial assets</b>		
Cash and cash equivalents	\$ 363,887	\$ 84,930
Inventory for resale	20,458	30,837
Receivables	14,363	17,308
Pension asset (Note 6)	<u>42,697</u>	<u>-</u>
<b>Total financial assets</b>	<b>\$ <u>441,405</u></b>	<b>\$ <u>133,075</u></b>
<b>Financial liabilities</b>		
Payables	\$ 94,023	\$ 106,041
Deferred revenue (Note 3)	256,063	48,781
Accrued benefit liability (Note 4)	-	288,732
Pension transfer deficit liability (Note 4 and 6)	<u>305,536</u>	<u>-</u>
<b>Total financial liabilities</b>	<b><u>655,622</u></b>	<b><u>443,554</u></b>
<b>Net debt</b>	<b><u>(214,217)</u></b>	<b><u>(310,479)</u></b>
<b>Non-financial assets</b>		
Inventory	11,294	20,494
Prepays	<u>6,568</u>	<u>1,511</u>
	<u>17,862</u>	<u>22,005</u>
<b>Accumulated deficit</b>	<b>\$ <u>(196,355)</u></b>	<b>\$ <u>(288,474)</u></b>

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements.

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## Sherbrooke Restoration Commission

### Statement of changes in net debt

Year ended March 31	Budget	2018	2017
Annual surplus	\$ _____ -	\$ <u>92,119</u>	\$ <u>22,462</u>
Change in other non-financial assets:			
Inventory	-	<u>9,200</u>	6,314
Prepays	_____ -	<u>(5,057)</u>	<u>249</u>
	_____ -	<u>4,143</u>	<u>6,563</u>
	-	<u>96,262</u>	29,025
Net debt, beginning of year	_____ -	<u>(310,479)</u>	<u>(339,504)</u>
Net debt, end of year	\$ _____ -	\$ <u>(214,217)</u>	\$ <u>(310,479)</u>

See accompanying notes to the financial statements.

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## Sherbrooke Restoration Commission

### Statement of cash flows

Year ended March 31	2018	2017
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Annual surplus	\$ 92,119	\$ 22,462
Non-cash items		
Accrued benefit liability	(288,732)	(27,015)
Pension asset	(42,697)	-
Pension transfer deficit liability	<u>305,536</u>	<u>-</u>
	66,226	(4,553)
Change in non-cash operating working capital		
Receivables	2,945	18,872
Inventory	19,579	8,557
Prepays	(5,057)	249
Payables	(12,018)	(33,303)
Deferred revenue	<u>207,282</u>	<u>7,248</u>
Net change in cash and cash equivalents	278,957	(2,930)
Cash and cash equivalents		
Beginning of year	<u>84,930</u>	<u>87,860</u>
End of year	\$ <u>363,887</u>	\$ <u>84,930</u>

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See accompanying Notes to the financial statements.

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# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2018

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### 1. Nature of operations

The Commission operates the Sherbrooke Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

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### 2. Summary of significant accounting policies

#### Basis of accounting

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants (CPA) Canada.

Significant aspects of the accounting policies adopted by the Commission are as follows:

#### Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires the Commission's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Certain of these estimates require subjective or complex judgements that may be uncertain. Estimates include the post-employment benefits, valuation of inventory and allowances for uncollectible receivables. Actual results could differ from those estimates.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other financial institutions.

#### Tangible capital assets

Tangible capital assets are recorded as expenses. Capital expenses since 1974 have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets. As of March 31, 2018, the Commission spent \$Nil (2017: \$Nil) on capital items.

#### Post-employment benefits

The costs of the multi-employer pension plan are the employer's contributions due to the plan in the period and are accounted for as a defined contribution plan.

#### Revenue recognition

Unrestricted contributions and government grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions and government grants that are externally restricted such that they must be used for a specific purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.



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# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### **Government transfers**

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

#### **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 normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net debt for the year.

#### **Budget figures**

The budget figures contained in these financial statements were approved by the commission on November 9, 2016.

#### **Deferred revenue**

Deferred revenue related to operations is recognized as related expenses occur.

#### **Contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when the following criteria are met.

- i. An environmental standard exists;
- ii. Contamination exceeds the environmental standard;
- iii. The commission is directly responsible, or accepts responsibility; and
- iv. A reasonable estimate of the amount can be made.

As of March 31, 2018, there are no known contaminated sites identified.

#### **Financial instruments**

The Commission's financial instruments consist of cash and cash equivalents, receivables, payables and deferred revenue and are carried at cost which approximates their fair value.

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# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2018

<b>3. Deferred revenue</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Sustainability grant	\$ -	\$ 30,885
Union negotiations grant	-	6,634
Canada 150 celebrations grant	-	8,179
Pension transfer deficit liability funding	<b>246,000</b>	-
Chimney repairs	<b>7,700</b>	-
Deposits for subsequent year programs	<b><u>2,363</u></b>	<u>3,083</u>
	<b>\$ <u>256,063</u></b>	<b>\$ <u>48,781</u></b>

Deferred revenue reported on the Statement of financial position is made up of the following:

Balance, beginning of year	\$ <b>48,781</b>	\$ 41,533
Contributions from		
Canada 150 celebrations	-	10,000
Deposits on programs	<b>2,363</b>	3,083
Pension transfer deficit liability funding	<b>246,000</b>	-
Chimney repairs	<b><u>7,700</u></b>	<u>-</u>
	<b><u>256,063</u></b>	<u>13,083</u>
Utilized for:		
Union negotiations	<b>6,634</b>	267
Wardrobe	<b>8,179</b>	1,821
Deposits on programs	<b>3,083</b>	3,747
Sustainability grant	<b><u>30,885</u></b>	<u>-</u>
	<b><u>48,781</u></b>	<u>5,835</u>
Balance, end of year	<b>\$ <u>256,063</u></b>	<b>\$ <u>48,781</u></b>

### 4. Pension Plan

In prior years, the Commission operated a defined benefit pension plan (Pension Plan for Employees of Sherbrooke Restoration Commission) for all permanent employees which provided benefits to employees upon retirement based on length of service and average earnings during employment as defined. The data and plan provisions used to determine the results of March 31, 2017 were the same as the December 31, 2013 funding valuations.

The actuary that provided the accrued benefit asset/liability calculation followed the guidelines outlined in PSAS 3250 for Employee Future Benefits, regarding adjustments to the accrued benefit asset/liability. These guidelines state that any adjustment to the accrued benefit asset/liability should reflect the actual employee contribution made during the fiscal year.

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# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2018

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#### 4. Pension Plan (continued)

Information regarding the Commission's March 31, 2017 pension plan is as follows:

	<u>2017</u>
Fair value of plan assets	\$ 3,390,547
Accrued benefit obligation	<u>3,914,142</u>
Funded status – plan deficit	(523,595)
Unamortized actuarial loss	197,104
Employer contributions January to March	<u>37,759</u>
Accrued benefit liability	\$ <u>(288,732)</u>

Effective May 1, 2017, assets and liabilities from the Pension Plan for Employees of Sherbrooke Restoration Commission ("original plan") were transferred to the Nova Scotia Public Service Superannuation Plan ("PSSP"). Members of the original plan became members of the PSSP on that date.

Commencing on May 1, 2017, the Commission's only obligation with respect to the PSSP is to remit employer contributions when due. As such, in accordance with CPA PS 3250, the Commission will no longer be required to separately report a pension expense and accrued benefit liability relating to a defined benefit plan.

The asset and liability transfer resulted in a pension transfer deficit liability in the amount of \$305,536 which consisted of a \$246,100 transfer deficit, \$15,135 in interest at 6.15% and costs relating to the valuation of the pension plan upon transfer of \$44,301.

The PSSP is considered a multi-employer pension plan. The Commission accounts for this pension plan as a defined contribution plan whereby no accrued liability is recorded and contributions paid or payable are expensed in the year.

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# Sherbrooke Restoration Commission

## Notes to the financial statements

March 31, 2018

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### 5. Financial instruments

#### **Fair value of financial instruments**

The book value of cash and cash equivalents, receivables, payables and deferred revenue approximate fair values at March 31, 2018 due to their short term maturity.

#### **Credit risk**

Credit risk is the risk of loss associated with a counterpart's inability to fulfill its payment obligations. The Commission's credit risk is attributable to receivables. Management believes that the credit risk with respect to financial instruments included in receivables is low.

#### **Interest rate risk**

The Commission does not have any debt outstanding at March 31, 2018. Accordingly, there is no exposure to interest rate risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

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### 6. Subsequent event

Effective May 1, 2018, the pension transfer deficit liability associated with the transfer of the Pension Plan for Employees of Sherbrooke Restoration Commission ("original plan") to the Nova Scotia Public Service Superannuation Plan ("PSSP") was paid in the amount of \$305,536. The repayment consisted of \$246,000 in funding which was received from the Province of Nova Scotia on March 27, 2018, \$42,697 in remaining pension assets from the original plan and the remaining balance was paid using funds from operations.

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# Sherbrooke Restoration Commission

## General operating expenses

## Schedule 1

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Advertising and promotions	\$ 32,417	\$ 44,711	\$ 32,409
Exhibit centre expenses	3,000	851	-
Furnishings and equipment	200	1,800	139
Heat, light and power	69,000	81,637	67,460
Insurance and taxes	700	1,462	1,822
Interest and bank charges	8,500	9,748	9,871
Maintenance supplies	42,000	34,866	47,578
Miscellaneous	10,000	15,789	19,930
Motor vehicles	7,000	7,008	6,728
Office supplies and postage	6,700	14,370	6,726
Professional fees	16,000	19,378	21,956
Property maintenance and security salaries	238,210	259,995	240,812
Pension plan and other benefits	110,000	85,995	151,619
Salaries and wages – administration	317,928	182,913	252,481
Salaries and wages – retroactive	19,461	-	(2,420)
Sewer and water	36,000	37,060	37,060
Staff and commission training and travel	6,000	9,170	94
Visitor services	51,747	32,195	44,389
Telephone	15,000	17,143	15,964
Workers' compensation	<u>48,000</u>	<u>(21,993)</u>	<u>38,408</u>
	<b><u>\$1,037,863</u></b>	<b><u>\$ 834,098</u></b>	<b><u>\$ 993,026</u></b>

# Sherbrooke Restoration Commission

## Program revenue and expenses

## Schedule 2

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Ambrotype studio	\$ 15,000	\$ 9,571	\$ 10,749
Blacksmith shop	2,500	1,303	2,871
Wardrobe shop	-	-	-
Weaving shop	500	-	92
Hands on history	30,000	21,845	27,013
Company store (Schedule 3)	92,000	95,477	94,280
Interpreters	14,500	13,907	17,974
Jordan barn	-	-	20
Pottery shop	-	-	-
Restaurant (Schedule 3)	65,000	54,350	58,423
Sawmill operations	250	191	283
Special events	35,000	21,006	29,817
Turner shop	2,000	527	3,093
Woodworking shop	<u>35,000</u>	<u>12,536</u>	<u>27,536</u>
	<u>291,750</u>	<u>230,713</u>	<u>272,151</u>
<b>Expenses</b>			
Ambrotype studio	33,668	31,783	33,812
Blacksmith shop	26,847	20,365	13,977
Wardrobe shop	58,599	67,347	55,377
Weaving shop	41,947	42,149	39,257
Hands on history	92,611	114,910	87,677
Company store (Schedule 3)	113,592	117,124	110,417
Interpreters	339,323	387,118	354,468
Jordan barn	64,518	101,747	90,527
Pottery shop	14,395	-	12,594
Restaurant (Schedule 3)	96,289	100,228	90,604
Print shop	500	862	335
Sawmill operations	33,146	28,943	31,237
Special events	14,000	23,392	16,253
Turner shop	57,842	49,601	55,674
Woodworking shop	<u>96,441</u>	<u>98,627</u>	<u>99,267</u>
	<u>1,083,718</u>	<u>1,184,196</u>	<u>1,091,476</u>
Net expenses	\$ <u>791,968</u>	\$ <u>953,483</u>	\$ <u>819,325</u>

# Sherbrooke Restoration Commission

## Retail operations

## Schedule 3

Year ended March 31

2018

2017

### Company Store

#### Revenue

Sales	\$ <u>95,477</u>	\$ <u>94,280</u>
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#### Cost of goods sold

Merchandise inventory, opening	17,651	19,109
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Purchases	<u>46,838</u>	<u>38,452</u>
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Merchandise available for sale	64,489	57,561
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Less: Merchandise inventory, ending	<u>17,211</u>	<u>17,651</u>
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Cost of goods sold	<u>47,278</u>	<u>39,910</u>
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Gross profit	<u>48,199</u>	<u>54,370</u>
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#### Expenses

Salaries and wages	<u>69,846</u>	<u>70,507</u>
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Net loss	\$ <u>(21,647)</u>	\$ <u>(16,137)</u>
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### Restaurant

#### Revenue

Sales	\$ <u>54,350</u>	\$ <u>58,423</u>
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#### Cost of goods sold

Restaurant inventory, opening	-	695
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Purchases	<u>41,635</u>	<u>34,928</u>
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Merchandise available for sale	41,635	35,623
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Less: Restaurant inventory, ending	<u>-</u>	<u>-</u>
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Cost of goods sold	<u>41,635</u>	<u>35,623</u>
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Gross profit	<u>12,715</u>	<u>22,800</u>
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#### Expenses

Salaries and wages	<u>58,593</u>	<u>54,981</u>
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Net loss	\$ <u>(45,878)</u>	\$ <u>(32,181)</u>
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