

Financial statements

Sherbrooke Restoration Commission

March 31, 2019

Contents

	Page
Management's responsibility for financial reporting	1
Independent auditor's report	2 - 3
Statement of operations	4
Statement of financial position	5
Statement of changes in net financial assets (debt)	6
Statement of cash flows	7
Notes to the financial statements	8 – 11
Schedule 1 – General operating expenses	12
Schedule 2 – Program revenue and expenses	13
Schedule 3 – Retail operations	14

Management's responsibility for financial reporting

The accompanying financial statements of the Sherbrooke Restoration Commission are the responsibility of management and have been approved by the Commission.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Chartered Professional Accountants of Canada and as such include amounts that are best estimates and judgements of management.

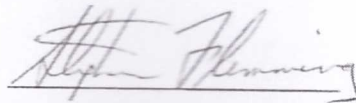
Management is responsible for the integrity and objectivity of these financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Commission is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Commission meet periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external independent auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Sherbrooke Restoration Commission and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Sherbrooke Restoration Commission



Executive Director



Financial and Retail Manager

June 26, 2019

Independent auditor's report

Grant Thornton LLP

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To the members of
Sherbrooke Restoration Commission

Opinion

We have audited the financial statements of Sherbrooke Restoration Commission ("the Entity"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, change in net financial assets (debt) and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sherbrooke Restoration Commission as at March 31, 2019, and its results of operations, its changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

New Glasgow, Canada
June 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

Sherbrooke Restoration Commission

Statement of operations

Year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Operating grants			
Board of Governors of the Nova Scotia Museum	\$ 1,747,857	\$ 1,747,857	\$ 1,747,857
Program revenue (Schedule 2)	259,950	306,642	230,713
Other			
Development Society	-	4,753	8,179
Gate admissions	140,000	121,361	129,220
Government capital maintenance grants	50,000	139,294	56,289
Interest	1,000	3,029	1,056
Miscellaneous	2,000	1,067	571
Provincial grants	-	330,774	48,021
Total revenues	<u>2,200,807</u>	<u>2,654,777</u>	<u>2,221,906</u>
Expenses			
General operating (Schedule 1)	924,145	1,124,392	871,617
Program (Schedule 2)	1,190,947	1,154,705	1,184,196
Capital maintenance	85,715	148,295	73,974
Total expenses	<u>2,200,807</u>	<u>2,427,392</u>	<u>2,129,787</u>
Annual surplus	\$ <u>-</u>	\$ <u>227,385</u>	\$ <u>92,119</u>
<hr/>			
Accumulated deficit, beginning of year		\$ (196,355)	\$ (288,474)
Annual surplus		<u>227,385</u>	<u>92,119</u>
Accumulated surplus (deficit), end of year		\$ <u>31,030</u>	\$ <u>(196,355)</u>

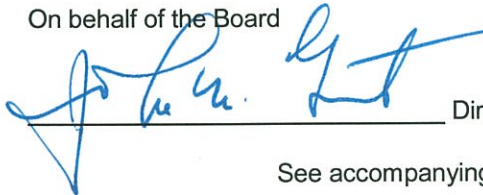
See accompanying notes to the financial statements.

Sherbrooke Restoration Commission

Statement of financial position

March 31	2019	2018
Financial assets		
Cash and cash equivalents	\$ 43,233	\$ 363,887
Inventory for resale	25,790	20,458
Receivables	69,436	14,363
Pension asset (Note 4)	-	42,697
Total financial assets	\$ 138,459	\$ 441,405
Financial liabilities		
Payables	\$ 118,254	\$ 94,023
Deferred revenue (Note 3)	7,965	256,063
Pension transfer deficit liability (Note 4)	-	305,536
Total financial liabilities	126,219	655,622
Net financial assets (debt)	12,240	(214,217)
Non-financial assets		
Inventory	12,777	11,294
Prepays	6,013	6,568
	18,790	17,862
Accumulated surplus (deficit)	\$ 31,030	\$ (196,355)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

Sherbrooke Restoration Commission

Statement of changes in net financial assets (debt)

Year ended March 31	Budget	2019	2018
Annual surplus	\$ _____ -	\$ <u>227,385</u>	\$ _____ 92,119
Change in other non-financial assets:			
Inventory	-	(1,483)	9,200
Prepays	_____ -	<u>555</u>	_____ (5,057)
	_____ -	<u>(928)</u>	_____ 4,143
	-	226,457	96,262
Net debt, beginning of year	_____ -	<u>(214,217)</u>	_____ (310,479)
Net financial assets (debt), end of year	\$ _____ -	\$ <u>12,240</u>	\$ _____ (214,217)

See accompanying notes to the financial statements.

Sherbrooke Restoration Commission

Statement of cash flows

Year ended March 31	2019	2018
Increase (decrease) in cash and cash equivalents		
Operating		
Annual surplus	\$ 227,385	\$ 92,119
Non-cash items		
Accrued benefit liability	-	(288,732)
	227,385	(196,613)
Change in non-cash operating working capital		
Receivables	(55,073)	2,945
Inventory	(6,815)	19,579
Prepays	555	(5,057)
Payables	24,231	(12,018)
Deferred revenue	(248,098)	207,282
Pension asset	42,697	(42,697)
Pension transfer deficit liability	(305,536)	305,536
Net change in cash and cash equivalents	(320,654)	278,957
Cash and cash equivalents		
Beginning of year	363,887	84,930
End of year	\$ 43,233	\$ 363,887

See accompanying Notes to the financial statements.

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2019

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.

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 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, 2019, the Commission spent \$Nil (2018: \$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.

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Deferred revenue

Deferred revenue relates to grant revenue which will be recognized in the period in which the revenue has been earned. See Note 3.

Inventory

The cost of inventory comprised all costs of purchase and other cost incurred in bringing inventory to their present location and condition. Inventories are measured at the lower of cost and realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

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 financial assets (debt) for the year.

Budget figures

The budget figures contained in these financial statements were approved by the commission on November 22, 2017.

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, 2019, 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.

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2019

3. Deferred revenue	<u>2019</u>	<u>2018</u>
Pension transfer deficit liability funding	\$ -	246,000
Chimney repairs	-	7,700
Deposits for subsequent year programs	1,304	2,363
Development Society	5,247	-
Culture Innovation Fund: R.I.C.H.E.S.	1,414	-
	<u>\$ 7,965</u>	<u>\$ 256,063</u>

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

Balance, beginning of year	\$ 256,063	\$ 48,781
Contributions from		
Deposits on programs	1,304	2,363
Pension transfer deficit liability funding	-	246,000
Chimney repairs	-	7,700
Development Society	10,000	-
Culture Innovation Fund: R.I.C.H.E.S.	68,500	-
	<u>335,867</u>	<u>304,844</u>
Utilized for:		
Union negotiations	-	6,634
Wardrobe	-	8,179
Sustainability Grant	-	30,885
Deposits on programs	2,363	3,083
Pension transfer deficit liability	246,000	-
Chimney repairs	7,700	-
Development Society	4,753	-
Culture Innovation Fund: R.I.C.H.E.S.	67,086	-
	<u>327,902</u>	<u>48,781</u>
Balance, end of year	<u>\$ 7,965</u>	<u>\$ 256,063</u>

4. Pension Plan

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.

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2019

4. Pension Plan (continued)

The asset and liability transfer resulted in a pension transfer deficit liability as at March 31, 2018, 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 pension transfer deficit liability was paid out May 1st, 2018.

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.

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.

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, 2019 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, 2019. 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.

6. Comparative figures

Certain of the prior year figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Sherbrooke Restoration Commission
General operating expenses

Schedule 1

Year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Advertising and promotions	\$ 28,360	\$ 44,886	\$ 51,344
Exhibit centre expenses	1,500	9,216	851
Furnishings and equipment	200	28,438	1,800
Heat, light and power	69,000	114,367	81,637
Insurance and taxes	700	1,542	1,462
Interest and bank charges	8,500	11,221	9,748
Maintenance supplies	10,000	62,900	65,752
Miscellaneous	2,200	18,315	15,297
Motor vehicles	7,000	8,489	7,008
Office supplies and postage	12,200	16,520	14,370
Professional fees	17,500	14,145	19,378
Property maintenance and security salaries	282,755	251,751	259,995
Pension plan and other benefits	93,798	108,243	85,995
Salaries and wages – administration	252,448	286,914	183,405
Sewer and water	36,000	37,060	37,060
Staff and commission training and travel	21,000	26,054	9,170
Visitor services	51,984	51,404	32,195
Telephone	15,000	18,813	17,143
Workers' compensation	<u>14,000</u>	<u>14,114</u>	<u>(21,993)</u>
	\$ 924,145	\$ 1,124,392	\$ 871,617

Sherbrooke Restoration Commission

Program revenue and expenses

Schedule 2

Year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Ambrotype studio	\$ 12,000	\$ 11,253	\$ 9,571
Blacksmith shop	3,000	5,853	1,303
Weaving shop	1,000	139	-
Hands on history	25,000	33,413	21,845
Company store (Schedule 3)	92,000	85,503	95,477
Interpreters	19,700	25,820	13,907
Restaurant (Schedule 3)	55,000	61,122	54,350
Sawmill operations	250	124	191
Special events	25,000	42,764	21,006
Turner shop	2,000	1,503	527
Woodworking shop	<u>25,000</u>	<u>39,148</u>	<u>12,536</u>
	<u>259,950</u>	<u>306,642</u>	<u>230,713</u>
Expenses			
Ambrotype studio	31,176	29,843	31,783
Blacksmith shop	42,310	31,835	20,365
Wardrobe shop	65,789	64,478	67,347
Weaving shop	42,152	38,990	42,149
Hands on history	112,365	92,835	114,910
Company store (Schedule 3)	113,957	123,512	117,124
Interpreters	368,287	379,568	387,118
Jordan barn	83,800	73,529	101,747
Pottery shop	14,472	17,158	-
Restaurant (Schedule 3)	112,622	90,562	100,228
Print shop	800	1,251	862
Sawmill operations	34,250	29,665	28,943
Special events	18,000	36,272	23,392
Turner shop	58,114	53,860	49,601
Woodworking shop	<u>92,853</u>	<u>91,347</u>	<u>98,627</u>
	<u>1,190,947</u>	<u>1,154,705</u>	<u>1,184,196</u>
Net expenses	\$ <u>930,997</u>	\$ <u>848,063</u>	\$ <u>953,483</u>

Sherbrooke Restoration Commission
Retail operations**Schedule 3**

Year ended March 31

2019**2018**

Company Store

Revenue

Sales \$ 85,503 \$ 95,477

Cost of goods sold

Merchandise inventory, opening 17,210 17,651Purchases 57,174 46,838Merchandise available for sale 74,384 64,489Less: Merchandise inventory, ending 22,943 17,211Cost of goods sold 51,441 47,278Gross profit 34,062 48,199

Expenses

Salaries and wages 72,071 69,846Net loss \$ (38,009) \$ (21,647)**Restaurant**

Revenue

Sales \$ 61,122 \$ 54,350

Cost of goods sold

Purchases 33,212 41,635Gross profit 27,910 12,715

Expenses

Salaries and wages 57,350 58,593Net loss \$ (29,440) \$ (45,878)