

Public Archives of Nova Scotia

Financial Statements
(Unaudited)
March 31, 2020



June 12, 2020

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, 2020 and statement of operations and accumulated surplus, rereasurement 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 Canadian 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 Public Archives of Nova Scotia as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards .

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Public Archives of Nova Scotia

Statement of Financial Position

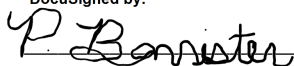
(Unaudited)

As at March 31, 2020

	2020 \$	2019 \$
Financial assets		
Cash and cash equivalents	245,443	244,424
Accounts receivable	66,766	6,894
HST receivable (notes 5 and 7)	23,218	18,813
Portfolio investments (notes 3, 5 and 7)	2,381,536	2,526,309
	<u>2,716,963</u>	<u>2,796,440</u>
Liabilities		
Accounts payable and accrued liabilities	49,199	12,300
Deferred capital contribution (note 4)	3,393	5,655
Deferred revenue (notes 5 and 7(i))	38,601	-
Deferred endowment revenues (note 5)	175,417	186,425
Endowment obligations (note 7)	2,290,350	2,453,897
	<u>2,556,960</u>	<u>2,658,277</u>
Net financial assets	160,003	138,163
Non-financial assets		
Tangible capital assets (note 8)	3,393	5,655
Accumulated surplus	163,396	143,818
Accumulated surplus is comprised of:		
Accumulated operating surplus	163,396	143,818
Accumulated remeasurement gains (losses)	-	-
	<u>163,396</u>	<u>143,818</u>
Subsequent event (note 10)		

Approved by the Board of Advisors

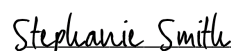
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Executive Director - Communities, Culture and Heritage

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, 2020

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Revenue			
Reprographic and other recoveries	55,687	40,044	46,066
External funding for special collections maintenance (note 6)	6,189	86,065	26,163
Income from endowment funds (note 7)	4,124	69,127	30,853
Amortization of deferred capital contribution	-	2,262	2,262
	66,000	197,498	105,344
Expenditures			
Amortization of tangible capital assets	-	2,262	2,973
Archival material	-	-	475
Conferences and seminars	1,000	-	-
General operating	9,000	5,986	3,845
Investment management fees	-	28,420	26,444
Professional services	15,500	13,589	12,577
Special collections maintenance (note 6)	33,500	89,265	33,304
Special projects	-	-	3,500
Travel, conferences and seminars	2,000	1,499	2,398
Transfer to Department of Communities, Culture and Heritage	5,000	36,899	-
	66,000	177,920	85,516
Annual surplus	-	19,578	19,828
Accumulated surplus – Beginning of year	143,818	143,818	123,990
Accumulated surplus – End of year	143,818	163,396	143,818

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, 2020

	2020	2019
	\$	\$
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, 2020

	2020	2019
	\$	\$
Annual surplus	19,578	19,828
Changes in tangible capital assets		
Amortization of tangible capital assets	2,262	2,973
Increase in net financial assets for the year	21,840	22,801
Net financial assets – Beginning of year	138,163	115,362
Net financial assets – End of year	160,003	138,163

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, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Annual surplus	19,578	19,828
Charges (credits) to annual surplus (deficit) not involving cash		
Amortization of deferred capital contribution	(2,262)	(2,262)
Amortization of tangible capital assets	2,262	2,973
	19,578	20,539
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(59,872)	9,014
Decrease (increase) in HST receivable	(4,405)	(1,080)
Increase (decrease) in accounts payable and accrued liabilities	36,899	(4,626)
Increase (decrease) in deferred revenue	38,601	-
	30,801	23,847
Investing activities		
Purchase of portfolio investments	(610,858)	(741,391)
Proceeds on sale of portfolio investments	577,121	683,832
Investment income in excess of expenditures of internally restricted funds	2,795	2,623
Investment income in excess of expenditures of endowment obligations	1,160	48,378
	(29,782)	(6,558)
Net change in cash and cash equivalents during the year	1,019	17,289
Cash and cash equivalents – Beginning of year	244,424	227,135
Cash and cash equivalents – End of year	245,443	244,424

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, 2020

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 Summary of significant accounting policies

Basis of accounting

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, 2020

2 Summary of 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, 2020

2 Summary of 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

Recognized 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, 2020

2 Summary of 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, 2020, the Archives held the following balances in US dollars ("USD") which have been expressed in Canadian dollars ("CAD"):

	2020	2019
	\$	\$
Cash and cash equivalents	4,681	4,923
Portfolio investments, at market value	412,447	441,718

3 Portfolio investments

	2020	2019
	\$	\$
Fixed income investments, held to maturity, at amortized cost (market value \$851,901 (2019 - \$832,421))	837,419	831,012
Investments available-for-sale, at market value (cost \$1,381,972 (2019 - \$1,386,190))	1,544,117	1,695,297
	<u>2,381,536</u>	<u>2,526,309</u>

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:

	2020	2019
	\$	\$
Capital contribution	11,310	11,310
Accumulated amortization	(7,917)	(5,655)
	<u>3,393</u>	<u>5,655</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2020

5 Deferred revenues

Deferred revenue represents externally restricted funds from the Province of Nova Scotia of \$28,500 (2019 - \$nil) designated for the Donald Marshall Project to be used in fiscal year 2021 and \$10,101 (2019 - \$nil) from the Blakeley's Fund to be used for a Digitization Technician hired by the Department of Communications, Culture and Heritage.

In addition, 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.

	2020	2019
	\$	\$
Balance – Beginning of year	186,425	179,139
Add:		
Investment income	4,717	4,440
Realized gain (loss)	(3,398)	443
Changes in unrealized gains (losses)	(10,311)	4,274
Less:		
Expenditures	(2,016)	(1,871)
Balance – End of year	<u>175,417</u>	<u>186,425</u>
Comprised of:		
Cash and cash equivalents	9,533	23,814
HST receivable	1,014	711
Portfolio investments (note 3)	<u>164,870</u>	<u>161,900</u>
	<u>175,417</u>	<u>186,425</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2020

6 Special collections maintenance

Included in external funding for special collections maintenance revenue is \$52,442 (2019 - \$nil) received from the Nova Scotia Museum. The Archives applied for and also received \$26,442 in government grants for special collections maintenance on behalf of the Nova Scotia Museum.

Included in the special collection's maintenance expense is \$78,884 (2019 - \$nil) paid to the Nova Scotia Museum.

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

	2020 \$	2019 \$
Balance – Beginning of year	1,408,565	1,330,464
Add:		
Investment income	49,114	48,819
Realized gain (losses)	(10,849)	87,365
Less:		
Change in unrealized losses	(91,652)	(38,150)
Expenditures	(68,023)	(19,922)
Foreign exchange gain (loss)	891	(11)
Balance – End of year	<u>1,288,046</u>	<u>1,408,565</u>
Comprised of:		
Cash and cash equivalents	9,377	13,135
HST receivable	23,955	21,676
Portfolio investments (note 3)	1,254,714	1,373,754
	<u>1,288,046</u>	<u>1,408,565</u>

During the year, \$5,823 (2019 - \$nil) of the funds were used to fund special collections maintenance.

During the year, \$47,000 (2019 - \$nil) of the funds were disbursed for transfer to the Department of Communities, Culture and Heritage for a digitization technician. During the year, \$36,899 of the funds were used and \$10,101 has been deferred. During the year, \$15,200 (2019 - \$14,358) of funds were used to fund the investment management fees incurred, related to endowment accounts.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2020

7 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.

	2020	2019
	\$	\$
Balance – Beginning of year	25,836	25,387
Add:		
Investment income	628	700
Change in unrealized gains (losses)	(1,779)	860
Less:		
Change in unrealized losses	(632)	(372)
Expenditures	(280)	(739)
Balance – End of year	<u>23,773</u>	<u>25,836</u>
Comprised of:		
Cash and cash equivalents	839	1,677
HST receivable	144	102
Portfolio investments (note 3)	22,790	24,057
	<u>23,773</u>	<u>25,836</u>

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2020

7 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.

	2020	2019
	\$	\$
Balance – Beginning of year	1,019,496	980,158
Add:		
Investment income	28,596	29,016
Change in unrealized gains (losses)	(43,219)	45,337
Less:		
Realized losses	(15,734)	(24,064)
Expenditures	(10,924)	(10,951)
Foreign exchange gain	316	-
Balance – End of year	<u>978,531</u>	<u>1,019,496</u>
Comprised of:		
Cash and cash equivalents	33,638	48,807
HST receivable	5,731	4,092
Portfolio investments (note 3)	939,162	966,597
	<u>978,531</u>	<u>1,019,496</u>

8 Tangible capital assets

	2020		2019	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
	\$	\$	\$	\$
Computer and microfilm equipment	38,061	34,668	3,393	5,655

9 Comparative figures

Certain figures from prior year have been reclassified to conform to the current year's presentation.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

For the year ended March 31, 2020

10 Subsequent event

Subsequent to March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Since a large portion of the revenue is derived from government funding, PANS does not expect a significant decline in grant funding. However, as there is a portion of revenue that is derived from endowment obligations that have been invested in the stock market, it is uncertain how the duration and impact of the COVID-19 outbreak will impact that revenue stream. In addition, the social distancing measures implemented by the Nova Scotia Provincial Government has shut-down non-essential businesses, including the Archive’s Halifax location. The closure of its physical location has impacted the Archive’s reprographic revenues and recoveries as customers can no longer request room bookings, photocopies and scans. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Archives in future periods.