

Public Archives of Nova Scotia

Financial Statements
(Unaudited)
March 31, 2021



June 25, 2021

Independent Practitioner's Review Engagement Report

To Management of Public Archives of Nova Scotia

We have reviewed the accompanying financial statements of Public Archives of Nova Scotia that comprise the statement of financial position as at March 31, 2021 and statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise 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, 2021 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, 2021

	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	300,083	245,443
Accounts receivable	33,063	66,766
HST receivable (note 7)	16,295	23,218
Portfolio investments (notes 3 and 7)	2,733,805	2,381,536
	<u>3,083,246</u>	<u>2,716,963</u>
Liabilities		
Accounts payable and accrued liabilities	58,469	49,199
Deferred capital contribution (note 4)	1,131	3,393
Deferred revenue (note 5)	-	38,601
Endowment obligations (note 7)	2,848,866	2,465,767
	<u>2,908,466</u>	<u>2,556,960</u>
Net financial assets	174,780	160,003
Non-financial assets		
Tangible capital assets (note 8)	1,131	3,393
Accumulated surplus	<u>175,911</u>	<u>163,396</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	175,911	163,396
Accumulated remeasurement gains (losses)	-	-
	<u>175,911</u>	<u>163,396</u>

Approved by Management

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Patti Bannister

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Provincial Archivist

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Stephanie Smith

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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, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Revenue			
Reprographic and other recoveries	43,000	18,496	38,028
Funding for special collections maintenance (note 6)	6,500	35,113	86,065
Income from endowment funds (note 7)	47,000	94,672	71,143
Amortization of deferred capital contribution	-	2,262	2,262
	<u>96,500</u>	<u>150,543</u>	<u>197,498</u>
Expenditures			
Amortization of tangible capital assets	-	2,262	2,262
Conferences and seminars	1,000	-	-
General operating	11,000	4,805	5,986
Investment management fees	-	42,409	28,420
Professional services	16,000	19,134	13,589
Special collections maintenance (note 6)	19,500	23,250	89,265
Travel, conferences and seminars	2,000	-	1,499
Contributions to Department of Communities, Culture and Heritage	47,000	46,168	36,899
	<u>96,500</u>	<u>138,028</u>	<u>177,920</u>
Annual surplus	-	12,515	19,578
Accumulated surplus – Beginning of year	<u>163,396</u>	<u>163,396</u>	<u>143,818</u>
Accumulated surplus – End of year	<u>163,396</u>	<u>175,911</u>	<u>163,396</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, 2021

	2021	2020
	\$	\$
Annual surplus	12,515	19,578
Changes in tangible capital assets		
Amortization of tangible capital assets	2,262	2,262
Increase in net financial assets for the year	14,777	21,840
Net financial assets – Beginning of year	160,003	138,163
Net financial assets – End of year	<u>174,780</u>	<u>160,003</u>

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, 2021

	2021	2020
	\$	\$
Cash provided by (used in)		
Operating activities		
Annual surplus	12,515	19,578
Charges (credits) to annual surplus not involving cash		
Amortization of deferred capital contribution	(2,262)	(2,262)
Amortization of tangible capital assets	2,262	2,262
	<u>12,515</u>	<u>19,578</u>
Net change in non-cash working capital balances related to operations		
Accounts receivable	33,703	(59,872)
HST receivable	6,923	(4,405)
Accounts payable and accrued liabilities	9,270	36,899
Deferred revenue	(38,601)	38,601
	<u>23,810</u>	<u>30,801</u>
Investing activities		
Purchase of portfolio investments	(411,154)	(610,858)
Proceeds on sale of portfolio investments	462,961	577,121
Investment income in excess of expenditures (expenditures in excess of investment income) from endowment obligations	(20,977)	3,955
	<u>30,830</u>	<u>(29,782)</u>
Net change in cash and cash equivalents during the year	54,640	1,019
Cash and cash equivalents – Beginning of year	<u>245,443</u>	<u>244,424</u>
Cash and cash equivalents – End of year	<u>300,083</u>	<u>245,443</u>

The accompanying notes are an integral part of these financial statements.

Public Archives of Nova Scotia

Notes to Financial Statements

(Unaudited)

March 31, 2021

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 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 of the Canadian Accounting Standards Board.

Cash and cash equivalents

Cash and cash equivalents include balances held at financial institutions, cash held within the investment portfolio and investment savings accounts.

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 and microfilm equipment	5 years
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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)

March 31, 2021

Portfolio investments

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

Fixed income investments are measured at amortized cost using the effective interest rate method. Transaction costs are included in the initial cost of the investment.

Equity investments that are quoted in an active market are measured at fair value. Subsequent changes in fair value are recognized as described under the Financial Instruments section. Transaction costs are expensed as incurred.

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 expected expenditures to date on these projects.

Income from unrestricted investments, which includes realized and unrealized gains and losses, dividends and interest, 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, as at the date of the financial statements and the reported amounts of revenue 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.

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Notes to Financial Statements

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Financial instruments and risk management

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit the pandemic may adversely impact the Archive's operations. This has resulted in significant economic uncertainty, of which the potential impact on the Archive's future financial result is difficult to reliably measure.

Measurement of financial instruments

Financial instruments are initially measured at fair value. Subsequently, all financial instruments are measured at amortized cost, other than portfolio investments quoted in an active market, which are measured at fair value. Financial instruments subsequently measured at amortized cost include accounts receivable, fixed income investments and accounts payable and accrued liabilities.

For the financial instruments subsequently measured at fair value, changes in fair value are recognized as follows:

- Externally restricted financial instruments

As an increase or decrease in endowment obligations.

- Unrestricted financial instruments

As remeasurement gains or losses through the statement of remeasurement gains (losses). When the financial instruments are 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:

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.

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

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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.

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, 2021, the Archives held the following balances in US dollars which have been expressed in Canadian dollars:

	2021 \$	2020 \$
Cash and cash equivalents	11,535	4,681
Portfolio investments, at market value	614,012	412,447

3 Portfolio investments

	2021 \$	2020 \$
Fixed income investments, at amortized cost (market value \$832,811 (2020 – \$851,901))	821,146	837,419
Investments quoted instruments, at market value (cost \$1,356,222 (2020 – \$1,381,972))	1,912,659	1,544,117
	<u>2,733,805</u>	<u>2,381,536</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:

	2021 \$	2020 \$
Capital contribution	11,310	11,310
Accumulated amortization	(10,179)	(7,917)
	<u>1,131</u>	<u>3,393</u>

5 Deferred revenue

Deferred revenue represents externally restricted funds from the Province of Nova Scotia of \$nil (2020 – \$28,500) designated for the Donald Marshall Project and \$nil (2020 – \$10,101) from the Dr. Phyllis R. Blakeley Fund to be used for a Digitization Technician hired by the Department of Communities, Culture and Heritage.

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6 Special collections maintenance

Included in funding for special collections maintenance revenue is \$23,250 from the Province of Nova Scotia and \$10,101 from the Dr. Phyllis R. Blakely Fund endowment obligations. Both amounts were deferred in the prior year and recognized in 2021 as projects were completed.

During the year-ended March 31, 2020, the Archives received funding for special collections maintenance revenue in the amount of \$52,442 from the Nova Scotia Museum. Also, during the prior year, the Archives applied for and received a government grant for special collections maintenance from the Nova Scotia Museum of \$26,442.

Included in the special collections maintenance expense is \$23,250 for digitization technology (2020 – \$78,884) paid to the Nova Scotia Museum.

7 Endowment obligations

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

Roberta Jollimore 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 Roberta Jollimore and is under the administration of management. The capital and income earned by this fund may be used at the discretion of the provincial archivist and management for the purchase of books, maps, manuscripts, pictures, publications or other archival materials or in any other way in which the provincial archivist and management consider to be beneficial to the Archives.

	2021 \$	2020 \$
Balance – Beginning of year	175,417	186,425
Add:		
Investment income	3,807	4,717
Realized gains (losses)	1,826	(3,398)
Changes in unrealized gains (losses)	31,809	(10,311)
Less:		
Expenditures	(2,009)	(2,016)
Balance – End of year	<u>210,850</u>	<u>175,417</u>
Comprised of:		
Cash and cash equivalents	14,400	9,533
HST receivable	1,314	1,014
Portfolio investments (note 3)	195,136	164,870
	<u>210,850</u>	<u>175,417</u>

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Dr. Phyllis R. Blakeley 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 terms of the Estate of Shirley A. Blakeley and is under the administration of management. The capital and income earned by this fund may be used at the discretion of the provincial archivist and management 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.

	2021 \$	2020 \$
Balance – Beginning of year	1,288,046	1,408,565
Add:		
Investment income	42,655	49,114
Realized gains (losses)	3,635	(10,849)
Change in unrealized gains (losses)	191,593	(91,652)
Less:		
Expenditures	(81,491)	(68,023)
Foreign exchange gains (losses)	(596)	891
Balance – End of year	<u>1,443,842</u>	<u>1,288,046</u>
Comprised of:		
Cash and cash equivalents	59,976	9,377
HST receivable	10,933	23,955
Portfolio investments (note 3)	1,409,000	1,254,714
Accounts payable and accrued liabilities	(36,067)	-
	<u>1,443,842</u>	<u>1,288,046</u>

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.

	2021 \$	2020 \$
Balance – Beginning of year	23,773	25,836
Add:		
Investment income	505	628
Change in unrealized gains (losses)	5,554	(1,779)
Less:		
Realized losses	-	(632)
Expenditures	(285)	(280)
Balance – End of year	<u>29,547</u>	<u>23,773</u>
Comprised of:		
Cash and cash equivalents	1,040	839
HST receivable	103	144
Portfolio investments (note 3)	28,404	22,790
	<u>29,547</u>	<u>23,773</u>

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C. Bruce Fergusson Fund

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

	2021	2020
	\$	\$
Balance – Beginning of year	978,531	1,019,496
Add:		
Investment income	26,694	28,596
Change in unrealized gains (losses)	163,874	(43,219)
Realized gains (losses)	5,278	(15,734)
Foreign exchange gain	1,138	316
Less:		
Expenditures	(10,888)	(10,924)
Balance – End of year	<u>1,164,627</u>	<u>978,531</u>
Comprised of:		
Cash and cash equivalents	56,001	33,638
HST receivable	7,361	5,731
Portfolio investments (note 3)	1,101,265	939,162
	<u>1,164,627</u>	<u>978,531</u>

8 Tangible capital assets

			2021	2020
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer and microfilm equipment	38,061	36,930	1,131	3,393