

Financial statements

Sherbrooke Restoration Commission

March 31, 2022

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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



Finance and Retail Manager

June 29, 2022

Independent auditor's report

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To the members of
Sherbrooke Restoration Commission

Opinion

We have audited the financial statements of Sherbrooke Restoration Commission ("the Entity") on pages 4 - 12, which comprise the statement of financial position as at March 31, 2022, 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, 2022, 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.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 13 - 15 is presented for purposes of additional information and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of financial statements as a whole.

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.

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

Chartered Professional Accountants

New Glasgow, Canada
June 29, 2022

Sherbrooke Restoration Commission

Statement of operations

Year ended March 31

2022

2021

	<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	\$ 1,673,632
Program revenue (Schedule 2)	97,500	933,809	118,680
Other			
Gate admissions	15,000	6,471	14,734
Government capital maintenance grants	50,000	60,179	982,136
Interest and other	1,000	1,630	1,111
Emergency support funding	-	100,000	100,000
Provincial grants	-	64,428	21,273
Total revenues	<u>1,911,357</u>	<u>2,914,374</u>	<u>2,911,566</u>
Expenses			
General operating (Schedule 1)	1,148,569	1,408,049	1,144,974
Program (Schedule 2)	705,022	1,431,241	681,700
Capital maintenance	57,766	74,686	971,437
Total expenses	<u>1,911,357</u>	<u>2,913,976</u>	<u>2,798,111</u>
Annual surplus	\$ <u>-</u>	\$ <u>398</u>	\$ <u>113,455</u>
<hr/>			
Accumulated surplus (deficit), beginning of year		\$ 70,260	\$ (43,195)
Annual surplus		<u>398</u>	<u>113,455</u>
Accumulated surplus, end of year		\$ <u>70,658</u>	\$ <u>70,260</u>

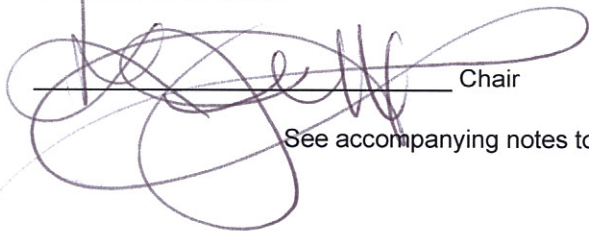
See accompanying notes to the financial statements.

Sherbrooke Restoration Commission

Statement of financial position

March 31	2022	2021
Financial assets		
Cash and cash equivalents	\$ 155,178	\$ 36,402
Inventory for resale	17,947	31,659
Receivables, net of allowance	<u>61,081</u>	<u>85,944</u>
Total financial assets	\$ <u>234,206</u>	\$ <u>154,005</u>
Financial liabilities		
Payables	\$ 196,980	\$ 106,960
Deferred revenue (Note 3)	<u>9,165</u>	<u>3,848</u>
Total financial liabilities	<u>206,145</u>	<u>110,808</u>
Net financial assets	<u>28,061</u>	<u>43,197</u>
Non-financial assets		
Inventory	35,889	25,369
Prepays	<u>6,708</u>	<u>1,694</u>
	<u>42,597</u>	<u>27,063</u>
Accumulated surplus	\$ <u>70,658</u>	\$ <u>70,260</u>

On behalf of the Board



Chair



Commissioner

See accompanying notes to the financial statements.

Sherbrooke Restoration Commission

Statement of cash flows

Year ended March 31

2022

2021

Increase in cash and cash equivalents

Operating			
Annual surplus	\$	398	\$ 113,455
Change in non-cash operating working capital			
Receivables		24,863	(47,254)
Inventory		3,192	(18,827)
Prepays		(5,014)	1,904
Payables		90,020	(461)
Deferred revenue		5,317	-
Net change in cash and cash equivalents		<u>118,776</u>	<u>48,817</u>
Cash and cash equivalents (bank indebtedness)			
Beginning of year		<u>36,402</u>	<u>(12,415)</u>
End of year	\$	<u>155,178</u>	\$ <u>36,402</u>

See accompanying notes to the financial statements.

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2022

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, allowances for uncollectible receivables and sick leave accrual. 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, 2022, the Commission spent \$108,208 (2021: \$468,951) 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, 2022

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 for resale

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 (debt) financial assets for the year.

Budget figures

The budget figures contained in these financial statements were approved by the commission on November 4, 2020.

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, 2022, 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, 2022

3. Deferred revenue	<u>2022</u>	<u>2021</u>
Deposits for subsequent year programs	5,225	908
Culture Innovation Fund	1,000	-
Development Society	<u>2,940</u>	<u>2,940</u>
	\$ <u>9,165</u>	\$ <u>3,848</u>

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

Balance, beginning of year	\$ 3,848	\$ 3,848
Contributions from		
Deposits on programs, net of refunds	<u>5,317</u>	<u>-</u>
	<u>9,165</u>	<u>3,848</u>
Utilized for:		
Deposits on programs	-	-
Culture Innovation Fund	-	-
Development Society	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>9,165</u>	\$ <u>3,848</u>

4. Pension Plan

Commission employees are members of the Nova Scotia Public Service Superannuation Plan ("PSSP") which 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. During the current year the Commission recorded a pension expense of \$50,021 (2021 - \$ 54,406).

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2022

5. Sick Leave

The Commission recognized in these financial statements, the liability associated with accumulated sick leave earned by staff. The actuarial valuation for accumulating and non-vesting sick leave usage was completed as at March 31, 2020 and projected to March 31, 2022.

This evaluation has calculated the benefit obligation for the Commission to be \$14,752 at March 31, 2022.

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation, beginning of year	\$ 16,010	\$ 17,199
Current service cost	2,688	2,622
Interest on obligation	372	402
Benefit payments	<u>(4,318)</u>	<u>(4,213)</u>
Accrued benefit obligation, end of year	<u>\$ 14,752</u>	<u>\$ 16,010</u>

These actuarial valuations were based on assumptions about future events. The obligation was determined using the Projected Unit Credit Method. The economic assumptions used in these valuations are the Commission's best estimate of expected rates of:

	<u>2022</u>	<u>2021</u>
Discount rate	2.45%	2.45%
Salary increases	2.5%-4.5%	2.5% - 4.5%
Retirement age	59-70	59 – 70
Sick leave days used in excess of annual accumulated rate	0.5% - 1.9%	0.5% – 1.9%

6. 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, 2022 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, 2022. Accordingly, there is no exposure to interest rate risk.

Sherbrooke Restoration Commission

Notes to the financial statements

March 31, 2022

6. Financial instruments (continued)

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.

7. Impact of COVID-19

On March 11, 2020, COVID-19 was declared a global pandemic. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

While the Village was operating for the full season in the current year, certain services continued to be impacted as a result of public health directives issued in response to COVID-19. In addition to its regular annual funding, the Commission received emergency support funding from the provincial government, including grant funding for admissions.

The Commission has assessed its ability to continue as a going concern. There is no evidence that the annual grant funding will be discontinued and based on a reduced season and reduced services the Commission still expects to operate at a revised balanced budget. At the time of the financial statement date, there is no indications the Commission will have difficulty meeting cash flow needs.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Commission for future periods.



SUPPLEMENTARY INFORMATION

Sherbrooke Restoration Commission
Supplementary schedule
General operating expenses

Schedule 1

Year ended March 31

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Advertising and promotions	\$ 20,000	\$ 50,529	\$ 27,809
Exhibit centre expenses	7,500	2,741	1,448
Furnishings and equipment	200	7,180	23,983
Heat, light and power	96,000	93,921	75,799
Insurance and taxes	1,200	1,810	1,650
Interest and bank charges	6,000	5,482	4,640
Maintenance supplies	50,000	233,381	54,005
Miscellaneous	17,200	21,583	22,834
Motor vehicles	7,000	50,681	4,642
Office supplies and postage	15,300	20,189	19,746
Professional fees	35,000	61,698	22,055
Property maintenance and security salaries	241,663	213,307	242,571
Pension plan and other benefits	118,000	102,466	100,511
Receivable allowance	-	(990)	32,558
Salaries and wages – administration	401,313	379,712	372,333
Sewer and water	37,000	37,412	37,637
Staff and commission training and travel	24,000	8,599	7,314
Visitor services	33,193	63,982	59,430
Telephone	23,000	42,085	24,349
Workers' compensation	15,000	12,281	9,660
	<u>\$1,148,569</u>	<u>\$ 1,408,049</u>	<u>\$1,144,974</u>

Sherbrooke Restoration Commission
Supplementary schedule
Program revenue and expenses

Schedule 2

Year ended March 31

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Ambrotype studio	\$ 1,000	\$ 8,384	\$ 512
Blacksmith shop	-	-	96
Hands on history	-	174	-
Company store (Schedule 3)	30,000	64,846	33,278
Interpreters	26,500	26,002	35,217
Restaurant (Schedule 3)	10,000	28,850	9,799
Special events	10,000	16,164	12,016
Turner shop	-	748	339
Woodworking shop	20,000	788,641	27,423
	<u>97,500</u>	<u>933,809</u>	<u>118,680</u>
Expenses			
Ambrotype studio	26,214	27,860	24,474
Blacksmith shop	21,464	26,138	22,477
Wardrobe shop	23,046	33,987	22,432
Weaving shop	41,487	42,297	39,185
Hands on history	47,235	16,082	42,196
Company store (Schedule 3)	56,583	68,270	46,257
Interpreters	200,713	210,311	216,564
Jordan barn	33,483	54,419	24,663
Pottery shop	21,226	2,720	-
Restaurant (Schedule 3)	46,535	56,201	39,721
Print shop	500	985	132
Sawmill operations	19,955	24,571	23,150
Special events	8,500	18,745	10,320
Turner shop	52,644	56,724	55,388
Woodworking shop	105,436	791,931	114,741
	<u>705,022</u>	<u>1,431,241</u>	<u>681,700</u>
Net expenses	\$ <u>(607,522)</u>	\$ <u>(497,432)</u>	\$ <u>(563,020)</u>

Sherbrooke Restoration Commission
Supplementary schedule
Retail operations

Schedule 3

Year ended March 31	2022	2021
Company Store		
Revenue		
Sales	\$ <u>64,846</u>	\$ <u>33,278</u>
Cost of goods sold		
Merchandise inventory, opening	25,275	23,573
Purchases	<u>35,613</u>	<u>18,992</u>
Merchandise available for sale	60,888	42,565
Less: Merchandise inventory, ending	<u>11,277</u>	<u>25,275</u>
Cost of goods sold	<u>49,611</u>	<u>17,290</u>
Gross profit	<u>15,235</u>	<u>15,988</u>
Expenses		
Salaries and wages	<u>32,657</u>	<u>27,265</u>
Net loss	\$ <u>(17,422)</u>	\$ <u>(11,277)</u>
Restaurant		
Revenue		
Sales	\$ <u>28,850</u>	\$ <u>9,799</u>
Cost of goods sold		
Purchases	<u>27,923</u>	<u>12,538</u>
Gross profit	<u>927</u>	<u>(2,739)</u>
Expenses		
Salaries and wages	<u>28,278</u>	<u>27,183</u>
Net loss	\$ <u>(27,351)</u>	\$ <u>(29,922)</u>