

# **Public Archives of Nova Scotia**

Financial Statements  
(Unaudited)  
**March 31, 2013 and 2012**



June 24, 2013

## **Review Engagement Report**

### **To the Board of Trustees of The Public Archives of Nova Scotia**

We have reviewed the statements of financial position of the **Public Archives of Nova Scotia** (the "Archives") as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and accumulated surplus, remeasurement gains (losses), changes in net financial assets and cash flows for the years ended March 31, 2013 and 2012. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian public sector accounting standards.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

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\*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

# Public Archives of Nova Scotia

## Statements of Financial Position (Unaudited)

As at March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013 \$	March 31, 2012 \$ (note 3)	April 1, 2011 \$ (note 3)
<b>Financial assets</b>			
Cash and cash equivalents	261,060	111,304	177,524
Accounts receivable	7,012	9,147	3,939
HST receivable	7,516	7,150	6,947
Amounts held in trust by Province of Nova Scotia (notes 6 (i) and 7 (ii))	38,283	38,153	37,983
Portfolio investments (note 4)	1,149,482	1,112,722	1,023,667
	<u>1,463,353</u>	<u>1,278,476</u>	<u>1,250,060</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	11,408	12,600	14,374
HST payable	250	—	—
Deferred contributions (note 5)	850	1,274	1,698
Deferred revenues (note 6)	143,256	12,757	12,873
Endowment obligations (note 7)	1,226,743	1,184,470	1,178,985
	<u>1,382,507</u>	<u>1,211,101</u>	<u>1,207,930</u>
<b>Net financial assets</b>	<u>80,846</u>	<u>67,375</u>	<u>42,130</u>
<b>Non-financial assets</b>			
<b>Tangible capital assets</b> (note 8)	<u>25,676</u>	<u>22,805</u>	<u>19,343</u>
<b>Accumulated surplus</b>	<u>106,522</u>	<u>90,180</u>	<u>61,473</u>
<b>Accumulated surplus is comprised of:</b>			
Accumulated operating surplus	106,522	90,180	61,473
Accumulated remeasurement gains (losses)	—	—	—
	<u>106,522</u>	<u>90,180</u>	<u>61,473</u>

Approved by the Board of Trustees

\_\_\_\_\_ Chair

\_\_\_\_\_ Vice Chair

## Public Archives of Nova Scotia

### Statements of Operations and Accumulated Surplus (Unaudited)

For the years ended March 31, 2013 and 2012

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	2013 \$	2012 \$ (note 3)
<b>Revenue</b>		
Reprographic and other recoveries	38,489	50,753
Funding for special collections maintenance	16,587	28,739
Income from internally restricted funds (note 6)	328	263
Income from endowment funds (note 7)	43,031	44,314
Amortization of deferred contributions (note 5)	424	424
	<hr/> 98,859	<hr/> 124,493
<b>Expenditures</b>		
Amortization of tangible capital assets	6,199	4,996
Archival material	20,289	263
Conferences and seminars	67	2,735
General operating	11,523	9,409
Investment management fees	14,578	14,308
Professional services	12,700	10,845
Special collections maintenance	17,161	53,230
	<hr/> 82,517	<hr/> 95,786
<b>Annual surplus for the years</b>	16,342	28,707
<b>Accumulated surplus – Beginning of years</b>	<hr/> 90,180	<hr/> 61,473
<b>Accumulated surplus – End of years</b>	<hr/> <hr/> 106,522	<hr/> <hr/> 90,180

**Public Archives of Nova Scotia**  
Statements of Remeasurement Gains (Losses)  
(Unaudited)  
For the years ended March 31, 2013 and 2012

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	2013 \$	2012 \$ (note 3)
<b>Accumulated remeasurement gains (losses) – Beginning of years</b>	–	–
Unrealized gain (loss) arising during the years on investments	–	–
<b>Accumulated remeasurement gains (losses) – End of years</b>	–	–

## Public Archives of Nova Scotia

### Statements of Changes in Net Financial Assets (Unaudited)

For the years ended March 31, 2013 and 2012

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	2013 \$	2012 \$ (note 3)
<b>Annual surplus for the years</b>	16,342	28,707
<b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(9,070)	(8,458)
Amortization of tangible capital assets	6,199	4,996
<b>Increase (decrease) in tangible capital assets for the years</b>	(2,871)	(3,462)
<b>Increase in net financial assets for the years</b>	13,471	25,245
<b>Net financial assets – Beginning of years</b>	67,375	42,130
<b>Net financial assets – End of years</b>	80,846	67,375

# Public Archives of Nova Scotia

## Statements of Cash Flows (Unaudited)

For the years ended March 31, 2013 and 2012

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
		(note 3)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus for the years	16,342	28,707
Charges (credits) to annual surplus not involving cash		
Amortization of deferred contributions	(424)	(424)
Amortization of tangible capital assets	6,199	4,996
	<hr/> 22,117	<hr/> 33,279
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	2,135	(5,208)
Decrease (increase) in HST receivable/payable	1,985	1,898
Increase (decrease) in accounts payable and accrued liabilities	(1,192)	(1,774)
	<hr/> 25,045	<hr/> 28,195
<b>Capital activities</b>		
Purchase of tangible capital assets	<hr/> (9,070)	<hr/> (8,458)
<b>Investing activities</b>		
Decrease (increase) in HST receivable, related to endowment obligations	(2,101)	(2,101)
Purchase of portfolio investments	(183,233)	(178,204)
Proceeds on sale of portfolio investments	180,522	92,446
Receipts of funds from the Estate of Roberta Jollimore	130,387	–
Investment income in excess of expenditures of internally restricted funds	261	–
Investment income in excess of expenditures of endowment obligations	7,945	1,902
	<hr/> 133,781	<hr/> (85,957)
<b>Net change in cash and cash equivalents during the years</b>	149,756	(66,220)
<b>Cash and cash equivalents – Beginning of years</b>	<hr/> 111,304	<hr/> 177,524
<b>Cash and cash equivalents – End of years</b>	<hr/> <hr/> 261,060	<hr/> <hr/> 111,304

# Public Archives of Nova Scotia

Notes to Financial Statements  
(Unaudited)

For the years ended March 31, 2013 and 2012

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## 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 presentation

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 Institute of Chartered Accountants (“CICA”). This is the first time that the Archives has prepared its financial statements in accordance with PSAS, having previously prepared its financial statements in accordance with CICA Accounting Handbook – Part V. Details of how the transition from CICA Handbook – Part V to PSAS has affected financial position, financial performance and cash flows of the Archives are disclosed in note 3.

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 years ended March 31, 2013 and 2012

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## 2 Significant accounting policies (continued)

### Portfolio investments

Portfolio investments are externally restricted by the terms of the Estate of Shirley A. Blakeley and are under the administration of the Board of Trustees.

### 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 period.

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 years ended March 31, 2013 and 2012**

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### **2 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, including fixed income investments, 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.

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 endowment obligations.

- ii) Unrestricted financial instruments

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.

Accounts receivable, HST receivable and accounts payable and accrued liabilities are recorded at amortized cost.

### **3 First-time adoption of Canadian Public Sector Accounting Standards**

In previous fiscal years, the Archives classified itself as a Government not-for-profit organization and has followed the recommendations of the CICA Accounting Handbook – Part V. PSAB determined that for fiscal years ended on or after January 1, 2012, government organizations are required to classify themselves in accordance with the new recommendations of the PSA Handbook.

The adoption of PSAS is accounted for by retroactive application with restatement of prior periods. Although there was no quantitative impact on the annual or accumulated surplus on transition to PSAS, the following is a summary of the main qualitative differences for the Archives between its previous and current financial statements:

- The March 31, 2012 Statement of Financial Position is now segregated into financial and non-financial assets as well as the accumulated surplus at the Statement of Financial Position date.

## Public Archives of Nova Scotia

Notes to Financial Statements  
(Unaudited)

For the years ended March 31, 2013 and 2012

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### 3 First-time adoption of Canadian Public Sector Accounting Standards (continued)

- The Statement of Revenue and Expenditures for the year ended March 31, 2012 has been replaced by the Statement of Operations and Accumulated Surplus, reporting both revenues and expenditures and accumulated surplus.
- A Statement of Remeasurement Gains (Losses) has been presented, which represents the unrealized gains and losses in financial assets not externally restricted, as a result of recording certain financial assets at fair value.
- A Statement of Changes in Net Financial Assets has been presented, which represents the annual surplus of a public sector reporting entity, as well as acquisitions of tangible capital assets and other items explaining the difference between the annual surplus for the year and the changes in net financial assets.

### 4 Portfolio investments

Portfolio investments are comprised of:

	2013 \$	2012 \$
Fixed income investments, held to maturity, at amortized cost (market value \$543,516 (2012 - \$530,605))	501,771	502,038
Investments available-for-sale, at market value (cost \$513,705 (2012 - \$499,501))	647,711	610,684
	<u>1,149,482</u>	<u>1,112,722</u>

### 5 Deferred contributions

Deferred contributions related to tangible capital assets represent restricted contributions for the purchase of computer and other equipment. The change in the deferred contributions' balance for the years is as follows:

	2013 \$	2012 \$
<b>Balance – Beginning of years</b>	1,274	1,698
Less: Amount amortized to revenue	<u>(424)</u>	<u>(424)</u>
<b>Balance – End of years</b>	<u>850</u>	<u>1,274</u>

## Public Archives of Nova Scotia

Notes to Financial Statements  
(Unaudited)

For the years ended March 31, 2013 and 2012

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### 6 Deferred revenues

Deferred revenues represent internally restricted funds designated for the following purposes:

i) Charles Bruce Fergusson Fund

This fund, consisting of amounts held in trust by the Province of Nova Scotia, is internally restricted by the Archives to be used to purchase rare books, manuscripts, prints, watercolours, oil paintings and outstanding photographs for the Archives.

	2013	2012
	\$	\$
<b>Balance – Beginning of years</b>	12,757	12,873
Add: Investment income	140	147
Less: Purchase of archival material	(289)	(263)
<b>Balance – End of years</b>	<u>12,608</u>	<u>12,757</u>

ii) Roberta Jollimore Fund

This fund, consisting of cash and cash equivalents, is internally restricted by the Archives to be used as designated by the Archives, which is currently being evaluated.

	2013	2012
	\$	\$
<b>Balance – Beginning of years</b>	–	–
Add:		
Receipt of funds from the Estate of Roberta Jollimore	130,387	–
Investment income	300	–
Less:		
Expenditures	(39)	–
<b>Balance – End of years</b>	<u>130,648</u>	<u>–</u>

## Public Archives of Nova Scotia

Notes to Financial Statements  
(Unaudited)

For the years ended March 31, 2013 and 2012

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### 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 Trustees. The capital and income earned by this fund may be used at the discretion of a committee of the Board of Trustees 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.

	2013 \$	2012 \$
<b>Balance – Beginning of years</b>	1,159,074	1,153,875
Add:		
Investment income	50,976	46,216
Realized gain	11,223	–
Change in unrealized gains	22,826	14,523
Less:		
Expenditures	(43,031)	(44,314)
Realized loss	–	(11,226)
<b>Balance – End of years</b>	<u>1,201,068</u>	<u>1,159,074</u>
<b>Comprised of:</b>		
Cash and cash equivalents	44,070	40,937
HST receivable	7,516	5,415
Portfolio investments (note 4)	<u>1,149,482</u>	<u>1,112,722</u>
	<u>1,201,068</u>	<u>1,159,074</u>

ii) Gwendolyn V. Shand Fund

This endowment fund, consisting of amounts held in trust by the Province of Nova Scotia, 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.

	2013 \$	2012 \$
<b>Balance – Beginning of years</b>	25,396	25,110
Add: Investment income	<u>279</u>	<u>286</u>
<b>Balance – End of years</b>	<u>25,675</u>	<u>25,396</u>

## Public Archives of Nova Scotia

Notes to Financial Statements  
(Unaudited)

For the years ended March 31, 2013 and 2012

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### 8 Tangible capital assets

			2013	2012
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	24,345	13,830	10,515	12,950
Computer and microfilm equipment	26,751	12,169	14,582	9,106
Other office equipment	4,488	3,909	579	749
	55,584	29,908	25,676	22,805