

**NORTH
VANCOUVER
MUSEUM
and
ARCHIVES
COMMISSION**

**2015
AUDITED
FINANCIAL
STATEMENTS**

NORTH VANCOUVER MUSEUM AND ARCHIVES COMMISSION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015

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The North Vancouver Museum and Archives Commission 2015

The North Vancouver Museum and Archives Commission was established by City of North Vancouver Bylaw 6719 and District of North Vancouver Bylaw 6789 on November 9th, 1995 for effective operation on January 1st, 1996. The Commission succeeded the City of North Vancouver Museum and Archives Committee (established 1972) as manager of the community's museum and archives.

Commissioners of the North Vancouver Museum and Archives Commission, 2015

Appointed by the City of North Vancouver:

Councillor Donald H. Bell
Mr Donald Evans (Vice Chair)
Ms Sheryl Fisher
Ms Matti Polychronis
Mr Robert Watt

Appointed by the District of North Vancouver:

Councillor Robin Hicks
Ms Catharine Downes
Mr Victor Elderton
Mr Terry Hood
Ms Sherry Shagaghi

Representative of the Friends of the North Vancouver Museum and Archives Society:

Mr Sanford Osler (Chair)

Commission Administrative Staff:

Ms Nancy Kirkpatrick, Director
Ms Janice Manaton, Administrative Services Manager



KPMG LLP
Metro Tower I
4710 Kingsway, Suite 2400
Burnaby BC V5H 4M2
Canada
Telephone (604) 527-3600
Fax (604) 527-3636

INDEPENDENT AUDITORS' REPORT

To the Commissioners of the North Vancouver Museum and Archives Commission

We have audited the accompanying financial statements of the North Vancouver Museum and Archives Commission, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the North Vancouver Museum and Archives Commission as at December 31, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 8 to the financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2014, has been restated.

KPMG LLP

Chartered Professional Accountants

July 27, 2016

Burnaby, Canada

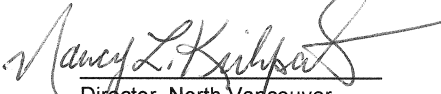
North Vancouver Museum and Archives Commission
Statement of Financial Position
As at December 31, 2015 with comparative figures for 2014

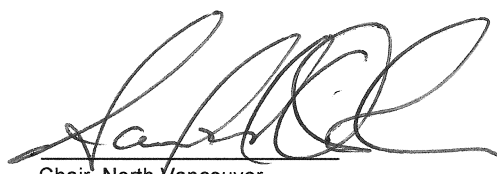
	<u>2015</u>	<u>2014</u> <i>(restated - note 8)</i>
Financial Assets		
Due from the City of North Vancouver (note 3)	\$ 288,847	\$ 248,789
Due from the District of North Vancouver (note 3)	88,947	10,497
Accounts receivable and other	<u>6,007</u>	<u>24,095</u>
Total Financial Assets	<u>383,801</u>	<u>283,381</u>
Liabilities		
Accounts payable and accrued liabilities	60,607	40,707
Deferred revenue (note 4)	56,908	92,408
Post-employment benefits, compensated absences and termination benefits (note 5)	<u>197,100</u>	<u>219,800</u>
Total Liabilities	<u>314,615</u>	<u>352,915</u>
Net Financial Assets (Debt)	<u>69,186</u>	<u>(69,534)</u>
Non-Financial Assets		
Prepaid expenses	<u>461</u>	<u>648</u>
Total Non-Financial Assets	<u>461</u>	<u>648</u>
Accumulated Surplus (Deficit) (note 6)	<u>\$ 69,647</u>	<u>\$ (68,886)</u>

Commitments (note 7)

To be read with reference to the Notes to the Financial Statements

On behalf of the Commission:


 Director, North Vancouver
 Museum and Archives


 Chair, North Vancouver
 Museum and Archives Commission

North Vancouver Museum and Archives Commission
Statement of Operations
For the year ended December 31, 2015 with comparative figures for 2014

	2015 Budget	2015 Actual	2014 Actual <i>(restated - note 8)</i>
Revenues			
Contributions and grants			
General	\$ 1,074,388	\$ 1,231,288	\$ 1,075,070
Special purpose	-	77,107	26,888
Other fees and miscellaneous			
General	13,350	13,873	17,705
Special purpose	-	17,079	7,287
	<u>1,087,738</u>	<u>1,339,347</u>	<u>1,126,950</u>
Expenses			
Wages and benefits			
General	739,570	727,410	731,929
Special purpose	-	70,289	30,865
Goods and supplies			
General	44,411	30,382	53,062
Special purpose	-	980	2,571
Services			
General	303,757	348,836	331,196
Special purpose	-	22,917	738
	<u>1,087,738</u>	<u>1,200,814</u>	<u>1,150,361</u>
Annual surplus (deficit)	-	138,533	(23,411)
Accumulated deficit at beginning of year	(68,886)	(68,886)	(45,475)
Accumulated surplus (deficit) at end of year	<u>\$ (68,886)</u>	<u>\$ 69,647</u>	<u>\$ (68,886)</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver Museum and Archives Commission
Statement of Change in Net Financial Assets (Debt)
For the year ended December 31, 2015 with comparative figures for 2014

	2015 Budget	2015 Actual	2014 Actual <i>(restated - note 8)</i>
Annual surplus (deficit)	\$ -	\$ 138,533	\$ (23,411)
Use of prepaid expenses	-	648	530
Acquisition of prepaid expenses	-	(461)	(648)
Increase in net financial assets (debt)	-	138,720	(23,529)
Net debt at beginning of year	(69,534)	(69,534)	(46,005)
Net financial assets (debt) at end of year	<u>\$ (69,534)</u>	<u>\$ 69,186</u>	<u>\$ (69,534)</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver Museum and Archives Commission
Statement of Cash Flows
For the year ended December 31, 2015 with comparative figures for 2014

	<u>2015</u>	<u>2014</u> <i>(restated - note 8)</i>
Cash provided by (used for):		
Operating activities		
Annual surplus (deficit)	\$ 138,533	\$ (23,411)
Changes in non-cash operating balances		
Due from the City of North Vancouver	(40,058)	(21,436)
Accounts receivable and other	(60,362)	(23,666)
Prepaid expenses	187	(118)
Accounts payable and accrued liabilities	19,900	1,625
Deferred revenue	(35,500)	64,706
Post-employment benefits, compensated absences and termination benefits	(22,700)	2,300
Cash generated by operating transactions	<u>-</u>	<u>-</u>
Change in cash during the year, being cash at the beginning and end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015***

1. PURPOSE OF THE COMMISSION AND OPERATIONS

Under an agreement dated August 28th, 1995, the City of North Vancouver (the "City") and the District of North Vancouver (the "District") established the North Vancouver Museum & Archives Commission (the "Commission"). The purpose of the Commission is to serve as sole custodian of the City and the District's cultural, archival and museum collections and to facilitate, encourage and provide a broad array of museum and archival services. The Commission is allowed to establish fees for the use of museum and archival services, and is required to arrange liability insurance for exposures.

The City and the District appoint five Commissioners each, and the Friends of the North Vancouver Museum and Archives Society may appoint a member of the Society to serve as a Commissioner. The Commissioners are appointed for a term of three years and serve without remuneration. The term may be renewed for up to a further three years. Commissioners who are councilors of the City or District are appointed annually.

Annual budgets are submitted by the Commission to the City and the District for approval. Operating costs, net of revenues, are funded by equal contributions from the City and the District. Capital costs are funded by the municipality in which a facility is located. When a capital expenditure cannot be attributed to a facility, it is funded by equal contributions from the City and the District.

Cash transactions of the Commission are processed by the City, including payroll and other expenses. The Commission reimburses the City for financial, database, vehicle repairs and human resources services provided by the City. The Commission reimburses the District for software, hardware and technical support for information technology at the Community History Centre.

Liabilities for employee compensated absences, post-employment benefits, and termination benefits are recorded in the financial statements of the Commission.

The Commission has a license to occupy the Community History Centre, granted by the District, pending completion of a formal lease between the two parties. The Community History Centre houses the Archives Research Room and collections, is home to the staff of the North Vancouver Museum and Archives, and provides storage for the art collection and educational materials. The Commission sub-leases a portion of the City-owned Presentation House from the Presentation House Cultural Society to house the Museum Galleries. The City rents warehouse storage space for the collections, with lease payments made by the Commission. A City-owned portion of a garage/storage building built by the Greater Vancouver Regional District in the Mount Seymour Demonstration Forest is used for antique vehicle storage. These leases are accounted for as operating expenses.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015***

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Commission have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(b) Functional and Object Reporting

The operations of the Commission are comprised of a single function, museum and archives operations. As a result, the expenses of the Commission are presented by object in the Statement of Operations.

(c) Tangible Capital Assets

Tangible capital asset acquisitions funded by the City and the District are retained by the City and the District and are recorded in their own financial statements and are therefore not recorded in these financial statements. No capital consumption or depreciation charges are charged to the Commission.

Other tangible capital assets donated to the Commission or acquired with grants, donations or earned revenues are recorded at fair value or cost, respectively, in these financial statements. Tangible capital assets are recognized only when such expenditures represent a new asset or extend the life or service capacity or improve the quality of an existing asset. They are amortized over their useful lives using the straight-line method. The Commission does not currently have any tangible capital assets.

Long-term capital plans adopted by the Councils of the City and the District provide funding for the replacement and acquisition of tangible capital assets. Certain tangible capital assets in use by the Commission are owned by the City and District in direct proportion to their financial contribution and are not recorded in these financial statements. The Commission is required to carry replacement cost insurance coverage on all tangible capital assets owned and used by the Commission.

(d) Collection Assets

Collection assets that are protected, cared for and preserved by the Commission include works of art, historical artifacts, historical photographs, maps, and general archival documents. These collections are not recorded as assets in the Statement of Financial Position.

Municipal ownership of collection assets is designated in the event of the dissolution of the Commission. Municipal ownership of collection assets is determined by the North Vancouver Museum and Archives Commission Collection Policy.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015***

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Collection Assets (continued)

The Commission's database contains records for 18,855 historic artifacts that have cultural, aesthetic or historical value. Of these, 3,768 are assigned to both the City and the District, 1,178 are assigned to the District, and 13,832 are assigned to the City. In 2015, a total of 2,552 artifacts were deaccessioned and disposed of from the Commission's collection. Of these items, 982 objects were assigned to both the City and the District, 69 were assigned to the District and 1,501 were assigned to the City. There are records for 5 objects loaned out to another museum, and 2 objects loaned in from private lenders, which are not assigned to either municipality. During the year, 75 artifacts were added to the collection, 67 of these were found to be unaccessioned, recorded in the database and assigned joint ownership.

(e) Revenue Recognition

Revenue is recorded on an accrual basis when earned. Restricted contributions and grants are recognized as revenue in the year in which the related restrictions are satisfied. Government transfers are recognized as revenue in the period they are authorized and any eligibility criteria are met, except to the extent they contain a stipulation that gives rise to a liability. Such transfers are initially deferred and recognized as revenue in the period the stipulations are met.

(f) Post-employment benefits, compensated absences and termination benefits

Full-time employees of the Commission are entitled to payments related to unused sick leave, severance, vacation in year of retirement and deferred vacation payments upon retirement or resignation after ten years of service. The amount recorded for such benefits are actuarially determined based on past experience and assumptions about retirements, compensation increases, employee turnover and rates of return.

(g) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Areas requiring significant estimation relate to the liability for post-employment benefits, compensated absences and termination benefits. Actual results could differ from those estimates.

(h) Budget Figures

Budget figures for 2015 were approved by the Commission on September 18, 2014.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015

3. DUE FROM THE CITY OF NORTH VANCOUVER / DISTRICT OF NORTH VANCOUVER

The City and the District equally fund the Commission for sick and severance payments. The following table shows the breakdown between cash held and amounts owing for sick and severance for both the City and the District. The amounts are interest free with no specific terms of repayment.

	City Share 2015	2014	District Share 2015	2014
Cash held by City of North Vancouver	\$ 199,901	\$ 238,293	\$ -	\$ -
Sick and severance liability	88,946	10,496	88,947	10,497
	\$ 288,847	\$ 248,789	\$ 88,947	\$ 10,497

4. DEFERRED REVENUE

Deferred revenue represents restricted funding received from external sources, and is recognized as revenue when the restrictions have been met or the appropriate expenditures are made.

	December 31 2014	Received	Recognized	December 31 2015
Special Purpose Fund	10,000	-	2,882	7,118
City Special Projects	3,593	-	3,593	-
City Street Car	9,606	-	-	9,606
Flamborough Head	5,808	-	-	5,808
Archives General	3,669	8,250	9,008	2,911
General	25,190	125	20,720	4,595
Historica	716	5,273	4,558	1,431
Collection Acquisition	475	6,635	-	7,110
Collection Acquisition - DNV	-	1,130	-	1,130
Museum Special Project Management	116	-	-	116
Teachers Resource Center	3,065	-	73	2,992
Fund Raising	-	5,050	-	5,050
Lecturn	166	-	-	166
BC Gaming	30,004	13,215	34,344	8,875
	92,408	39,678	75,178	56,908

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015

5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS

The Commission provides the following benefits to employees.

Sick and Severance

Full time employees of the Commission are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an actuarial evaluation done by an independent actuarial firm using a projected benefit actuarial valuation method pro-rated on services, and is reviewed on a periodic basis.

Sick Leave

The Commission provides benefits for sick leave to all permanent full-time and regular part-time employees working over 20 hours a week. Employees accumulate sick leave on a monthly basis and can only use this entitlement for paid time off under certain circumstances. The amount recorded for this benefit is based on an actuarial evaluation done by an independent actuarial firm and will be reviewed on a periodic basis.

Vacation in year of retirement

The Commission provides vacation in year of retirement to all permanent full-time employees after ten years of service. Employees accumulate vacation in year of retirement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. The amount recorded for this benefit is based on an actuarial evaluation done by an independent actuarial firm and will be reviewed on a periodic basis.

Post-employment benefits are funded through grant revenue from the City and the District.

Information regarding the Commission's obligations for these benefits is as follows:

	<u>2015</u>	<u>2014</u> <i>(restated - note 8)</i>
Accrued benefit obligation - beginning of the year	\$ 200,200	\$ 187,100
Service cost	11,000	10,200
Interest cost	5,700	7,700
Benefits paid	(39,900)	(10,200)
Inclusion of additional vacation benefits	5,400	-
Actuarial loss/(gain)	(17,900)	5,400
Accrued benefit obligation - end of year	<u>164,500</u>	<u>200,200</u>
Unamortized net actuarial gain	32,600	19,600
Accrued benefit liability - end of the year	<u>\$ 197,100</u>	<u>\$ 219,800</u>

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015

5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS (continued)

The most recent actuarial valuation of the Commission's employee future benefits was completed as at December 31, 2015. The City commissioned an independent review which included the Commission's estimated liability for sick and severance termination, and early retirement vacation benefits.

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligation are as follows:

	<u>2015</u>	<u>2014</u>
Discount rates	3.10%	3.10%
Expected future inflation rates	2.50%	3.00%
Expected wage and salary increases (net of inflation)	.08% to 2.0%	.08% to 2.0%

6. ACCUMULATED SURPLUS (DEFICIT)

Appropriated surplus represents funds that are restricted by the Commission for specific purposes.

	December 31, 2014 <i>(restated - note 8)</i>	Revenue	Expenditures	December 31, 2015
Appropriated surplus	\$ 2,408	\$ 94,186	\$ (94,186)	\$ 2,408
Unappropriated deficit	(71,294)	1,245,161	(1,106,628)	67,239
Accumulated deficit	<u>\$ (68,886)</u>	<u>\$ 1,339,347</u>	<u>\$ (1,200,814)</u>	<u>\$ 69,647</u>

7. COMMITMENTS

(a) Warehouse Lease

The City leases a warehouse for the storage of collections. The lease requires monthly basic lease payments plus management fees, expenses and property taxes. A new two-year lease agreement was signed in July 2014 for the period of June 1, 2015 to May 31, 2017. These lease payments are included in the Statement of Financial Activities for the Commission.

	Year	Cost
Annual lease costs, excluding management fees, property tax, expenses, for the years ending December 31:	2016	\$ 59,804
	2017	25,187

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015***

7. COMMITMENTS (continued)

(b) Pension Plan

The Commission and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015, with results available in 2016.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

The Commission paid \$57,419 (2014 - \$65,510) for employer contributions to the Plan in fiscal 2015.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2015

8. PRIOR PERIOD RESTATEMENT

During 2015, the Commission and its actuary revised the valuation of its employee future benefits to include vacation in year of retirement, non-vested sick leave and deferred vacation benefits. As a result the following amounts have been restated to reflect these amounts:

	As at January 1, 2014	
	Accumulated Surplus (Deficit)	
As previously reported	\$	106,725
Adjustment to post-employment benefits, compensated absences and termination benefits at January 1, 2014		(152,200)
As restated	\$	(45,475)

	Year ended December 31, 2014	As at December 31, 2014	
	Annual Deficit	Accumulated Surplus (Deficit)	Post-employment benefits, compensated absences and termination benefits
As previously reported	\$ (18,711)	\$ 88,014	\$ 62,900
Adjustment to post-employment benefits, compensated absences and termination benefits at January 1, 2014		(152,200)	152,200
Adjustment to wages and benefits expense for the year ended December 31, 2014	(4,700)	(4,700)	4,700
As restated	\$ (23,411)	\$ (68,886)	\$ 219,800

