

**NORTH
VANCOUVER
MUSEUM
and
ARCHIVES
COMMISSION**

**2018
AUDITED
FINANCIAL
STATEMENTS**

NORTH VANCOUVER MUSEUM AND ARCHIVES COMMISSION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018

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The North Vancouver Museum and Archives Commission 2018

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, 2018

Appointed by the City of North Vancouver:

Councillor Donald H. Bell

Mr. Kevin Evans (Vice Chair) Eff. January 1 - September 27, 2018

Ms. Sheryl Fisher

Mr. James Fox

Mr. Derek Hamill

Appointed by the District of North Vancouver:

Councillor Robin Hicks Eff. January 1 - October 20, 2018

Ms. Ginette Handfield

Mr. Victor Elderton (Chair)

Mr. Terry Hood

Mr. Jonathan Ehling

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

Ms. Terry McAlduff

Management of the North Vancouver Museum and Archives Commission, 2018

Ms. Nancy Kirkpatrick, Director

Ms. Laurel Lawry, Administrative Services Manager

Statement of Management Responsibility

The Commissioners of the North Vancouver Museum and Archives Commission (the “Commission”) have delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Commission. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Commissioners oversee management's responsibilities for the financial reporting and internal control systems. The Commissioners annually review and approves the financial statements.

The Commission's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether the Commission's financial statements present fairly in all material respects the financial position of the Commission as at December 31, 2018, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.

“Nancy Kirkpatrick”

Director, North Vancouver Museum and Archives
May 31, 2019

Independent Auditor's Report

To the Commissioners of the North Vancouver Museum and Archives Commission

Opinion

We have audited the financial statements of the North Vancouver Museum and Archives Commission which comprise the Statement of Financial Position as at December 31, 2018, and the Statements of Operations, Changes in Net Financial Assets and Cash Flows 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 the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets, 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.

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 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, BC
May 31, 2019

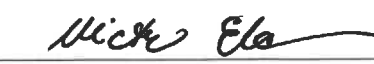
North Vancouver Museum and Archives Commission
Statement of Financial Position
As at December 31, 2018 with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
Financial Assets		
Due from the City of North Vancouver (note 3)	\$ 305,149	\$ 361,072
Due from the District of North Vancouver (note 3)	63,161	63,161
Accounts receivable and other	16,448	9,770
Total Financial Assets	<u>384,758</u>	<u>434,003</u>
Liabilities		
Accounts payable and accrued liabilities	109,970	50,577
Deferred revenue (note 4)	54,921	83,909
Post-employment benefits, compensated absences and termination benefits (note 5)	154,800	174,600
Total Liabilities	<u>319,691</u>	<u>309,086</u>
Net Financial Assets	<u>65,067</u>	<u>124,917</u>
Non-Financial Assets		
Prepaid assets	6,936	14,165
Total Non-Financial Assets	<u>6,936</u>	<u>14,165</u>
Accumulated Surplus (note 6)	<u>\$ 72,003</u>	<u>\$ 139,082</u>

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, 2018 with comparative figures for 2017

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenues			
Contributions and grants			
General	\$ 1,143,806	\$ 1,150,806	\$ 1,116,132
General grant reduction		(36,797)	-
Special purpose	-	41,173	97,823
Other fees and miscellaneous			
General	13,815	19,191	13,496
Special purpose	-	28,762	15,321
	<u>1,157,621</u>	<u>1,203,135</u>	<u>1,242,772</u>
Expenses			
Wages and benefits			
General	792,400	754,004	745,496
Special purpose	-	31,467	37,939
Goods and supplies			
General	47,172	36,800	39,002
Special purpose	-	2,306	11,978
Services			
General	318,049	409,475	301,276
Special purpose	-	36,162	63,227
	<u>1,157,621</u>	<u>1,270,214</u>	<u>1,198,918</u>
Annual surplus/(deficit)	-	(67,079)	43,854
Accumulated surplus at beginning of year	139,082	139,082	95,228
Accumulated surplus at end of year	<u>\$ 139,082</u>	<u>\$ 72,003</u>	<u>\$ 139,082</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
For the year ended December 31, 2018 with comparative figures for 2017

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Annual surplus/(deficit)	\$ -	\$ (67,079)	\$ 43,854
Use of prepaid expenses	-	14,165	3,473
Acquisition of prepaid expenses	<u>-</u>	<u>(6,936)</u>	<u>(14,165)</u>
Increase/(decrease) in net financial assets	-	(59,850)	33,162
Net financial assets at beginning of year	<u>124,917</u>	<u>124,917</u>	<u>91,755</u>
Net financial assets at end of year	<u>\$ 124,917</u>	<u>\$ 65,067</u>	<u>\$ 124,917</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, 2018 with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
Cash provided by (used for):		
Operating activities		
Annual surplus/(deficit)	\$ (67,079)	\$ 43,854
Changes in non-cash operating balances		
Due from the City of North Vancouver	55,923	(48,345)
Accounts receivable and other	(6,678)	(2,575)
Prepaid expenses	7,229	(10,692)
Accounts payable and accrued liabilities	59,393	(20,715)
Deferred revenue	(28,988)	34,373
Post-employment benefits, compensated absences and termination benefits	(19,800)	4,100
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>

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

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018***

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 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.

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. The Community History Centre houses the Archives Research Room and collections, a community meeting room, is home to the staff of the North Vancouver Museum and Archives, and provides storage for a portion of the museum collection and educational materials. The Commission also sub-leased a portion of the City-owned Presentation House from the Presentation House Cultural Society to house the Museum galleries (this facility was vacated by the NVMA December 31, 2018). The City rents warehouse storage space for the rest of the museum 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 shared with the Greater Vancouver Water District in the Lower Seymour Conservation Reserve 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, 2018***

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

Museum and Archives 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 museum collection assets is designated in the event of the dissolution of the Commission, and is determined by the North Vancouver Museum and Archives Commission Collection Policy (Revised August 2014) Section 6.2.4.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018***

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Collection Assets (continued)

The database of museum artifacts contains records for 11,307 historic artifacts that have cultural, aesthetic or historical value. There are 10,225 accessioned objects of which 206 are assigned to both the City and the District, 864 are assigned to the District, and 9,155 are assigned to the City. In addition, there are records for 1,082 unaccessioned ("found in inventory") objects that have no assigned ownership. In 2018 a total of 3,084 artifacts were deaccessioned and disposed of from the Commission's collection. Of these items, 23 objects were assigned to both the City and the District, 222 were assigned to the District and 1,945 were assigned to the City. In 2018, 894 additional unaccessioned ("found in inventory") artifacts were approved for disposal by the Commission. There are records for 1 object loaned out to another museum, and 1 object loaned in from private lenders, which are not assigned to either municipality. During the year, 63 artifacts, jointly owned by the City and the District, were added to the collection.

(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.

(f) Accrued 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 such benefits is 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 2018 were approved by the Commission on September 21, 2017.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) General and Special Purpose Revenue and Expenses

General Revenue and Expenses

General revenue and expenses relate to programs, and are budgeted for on an annual basis.

Special Purpose Revenue and Expenses

Special purpose revenue and expenses relate to special projects or funds which are donor or grant-funded and have been designated for a specific purpose. The Commission is able to retain these funds, until they are applied against the appropriate expense. The Commission does not approve an annual budget for these amounts as they are only used when designated project funding is received.

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

The Commission does not maintain a bank account; rather, Cash transactions 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.

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		District Share	
	2018	2017	2018	2017
Cash held by City of North Vancouver	\$ 241,988	\$ 297,911	\$ -	\$ -
Sick and severance liability	63,161	63,161	63,161	63,161
	<u>\$ 305,149</u>	<u>\$ 361,072</u>	<u>\$ 63,161</u>	<u>\$ 63,161</u>

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018

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 2017	Received	Recognized	December 31 2018
Special Purpose Fund	\$ 8,492	3,750	(9,706)	2,536
City Street Car	9,606	-	-	9,606
Flamborough Head	5,808	-	-	5,808
Archives General	2,064	-	-	2,064
General	10,765	10,531	(9,675)	11,621
Historica	1,431	-	-	1,431
Collection Acquisition	6,685	2,698	(990)	8,393
Collection Acquisition - DNV	1,148	939	(990)	1,097
Teachers Resource Center	792	-	-	792
Friends Special Projects	33,388	-	(26,782)	6,606
Fund Raising	50	-	-	50
Publications	3,680	1,237	-	4,917
	\$ 83,909	\$ 19,155	\$ (48,143)	\$ 54,921

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018

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

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.

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>2018</u>	<u>2017</u>
Accrued benefit obligation - beginning of the year	\$ 116,600	\$ 129,700
Service cost	12,500	11,900
Interest cost	3,100	4,200
Benefits paid	(27,500)	(4,100)
Actuarial loss/(gain)	6,500	(25,100)
Accrued benefit obligation - end	<u>111,200</u>	<u>116,600</u>
Unamortized net actuarial gain	43,600	58,000
Accrued benefit liability - end of the year	<u><u>\$ 154,800</u></u>	<u><u>\$ 174,600</u></u>

The most recent actuarial valuation of the Commission's employee future benefits was completed as at December 31, 2018. 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>2018</u>	<u>2017</u>
Discount rates	3.30%	2.90%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases (net of inflation)	.08% to 2%	.08% to 2.13%

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018

6. ACCUMULATED SURPLUS

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

	December 31 2017	Revenue	Expenditures	December 31 2018
Appropriated surplus	\$ 2,286	\$ 69,935	\$ (69,935)	\$ 2,286
Unappropriated surplus	136,796	1,169,997	(1,237,076)	69,717
Accumulated surplus	<u>\$ 139,082</u>	<u>\$ 1,239,932</u>	<u>\$ (1,307,011)</u>	<u>\$ 72,003</u>

The agreement with the City and the District limits the unappropriated surplus to \$100,000. Any amounts in excess of this limit may be appropriated equally by the City and the District during the following fiscal year.

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 lease agreement was signed in June 2016 for the period of June 1, 2017 to May 31, 2019. A lease extension was signed in June 2018 for the period of June 1, 2019 to December 31, 2019. These lease payments are included in the Statement of Operations.

	Year	Cost
Annual lease costs, excluding management fees, property tax, expenses, for the years ending December 31:	2019	\$ 60,450

(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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2018***

7. COMMITMENTS (continued)

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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Commission paid \$42,754 (2017 - \$49,911) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.