NORTH VANCOUVER MUSEUM and ARCHIVES COMMISSION

2021 AUDITED FINANCIAL STATEMENTS

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AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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The North Vancouver Museum and Archives Commission 2021

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, 2021

Appointed by the City of North Vancouver:

Councillor Donald H. Bell
Ms. Dee Dhaliwal (Chair from June 2021; Vice-Chair until June 2021)
Mr. James Fox
Mr. Derek Hamill
Mr. Justin Beveridge

Appointed by the District of North Vancouver:

Councillor Jordan Back
Ms. Ginette Handfield
Mr. Jason Milne (Vice-Chair from June 2021)
Ms. Sandra White
Mr. Jonathan Ehling

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

Mr. Victor Elderton (Chair until June 2021)

Commission Administrative Staff:

Mr.Wesley Wenhardt, Director
Ms. Laurel Lawry, Manager of Business Operations

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, 2021, 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.

"Wesley A. Wenhardt"

Director, North Vancouver Museum and Archives
May 30, 2022

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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 (the "Commission") which comprise the Statement of Financial Position as at December 31, 2021, 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 Commission as at December 31, 2021, 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 Commission 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 Commission'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 Commission'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 Commission 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 30, 2022

North Vancouver Museum and Archives Commission
Statement of Financial Position
As at December 31, 2021 with comparative figures for 2020

	2021	2020
Financial Assets		
Due from the City of North Vancouver (note 3)	**$ 153,004**	$ 430,329
Due from the District of North Vancouver (note 3)	**624**	30,324
Accounts receivable and other	**201,876**	31,693
Total Financial Assets	**355,504**	492,347
Liabilities		
Accounts payable and accrued liabilities	**153,609**	141,981
Deferred revenue (note 4)	**116,126**	89,691
Post-employment benefits, compensated absences and termination benefits (note 5)	**54,800**	40,900
Total Liabilities	**324,535**	272,572
Net Financial Assets	**30,969**	219,774
Non-Financial Assets		
Tangible capital assets (note 9)	**64,871**	-
Inventories	**12,008**	-
Prepaid assets	**24**	422
Total Non-Financial Assets	**76,903**	422
Accumulated Surplus (note 6)	**$ 107,872**	$ 220,196

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

Deep Dhaliwal

Chair, North Vancouver
Museum and Archives Commission

North Vancouver Museum and Archives Commission
Statement of Operations
For the year ended December 31, 2021 with comparative figures for 2020

	2021 Budget	**2021 Actual**	2020 Actual
Revenues			
Contributions and grants			
General	$ 1,262,706	**$ 1,325,706**	$ 1,218,938
Special purpose	-	**29,220**	182,837
Other fees and miscellaneous			
General	123,169	**69,472**	17,848
Special purpose	-	**424,088**	85,051
	1,385,875	**1,848,486**	1,504,674
Expenses			
Wages and benefits			
General	881,800	**934,491**	806,244
Special purpose	-	**158,055**	57,240
Goods and supplies			
General	50,084	**87,485**	38,272
Special purpose	-	**13,746**	-
Services			
General	453,991	**491,755**	390,396
Special purpose	-	**275,278**	69,648
	1,385,875	**1,960,810**	1,361,800
Annual surplus/(deficit)	-	**(112,324)**	142,874
Accumulated surplus at beginning of year	220,196	**220,196**	77,322
Accumulated surplus at end of year	$ 220,196	**$ 107,872**	$ 220,196

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, 2021 with comparative figures for 2020

	2021 Budget	**2021 Actual**	2020 Actual
Annual surplus/(deficit)	$ -	**$ (112,324)**	$ 142,874
Acquisition of tangible capital assets	-	**(72,079)**	-
Depreciation of tangible capital assets	-	**7,208**	-
	-	**(64,871)**	-
Acquisition of inventories	-	**(12,008)**	-
Acquisition of prepaid expenses	-	**-**	(422)
Use of prepaid expenses	-	**398**	1,376
	-	**(11,610)**	954
Increase (decrease) in net financial assets	-	**(188,805)**	143,828
Net financial assets at beginning of year	219,774	**219,774**	75,946
Net financial assets at end of year	$ 219,774	**$ 30,969**	$ 219,774

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, 2021 with comparative figures for 2020

	2021	2020
Cash provided by (used for):		
Operating activities		
Annual surplus/(deficit)	**$(112,324)**	$ 142,874
Items not involving cash:		
Depreciation	**7,208**	-
Changes in non-cash operating balances		
Due from the City of North Vancouver	**277,325**	(174,085)
Due from the District of North Vancouver	**29,700**	22,329
Accounts receivable and other	**(170,183)**	(20,250)
Accounts payable and accrued liabilities	**11,628**	62,766
Deferred revenue	**26,435**	29,212
Post-employment benefits, compensated absences and termination benefits	**13,900**	(63,800)
Inventories	**(12,008)**	-
Prepaid expenses	**398**	954
	72,079	-
Capital Transactions		
Cash used to acquire tangible capital assets	**(72,079)**	-
Cash generated by operating transactions	**-**	-
Change in cash during the year, being cash at the beginning and end of year	$ -	$ -

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

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 Community Facilities Tenancy Agreement for the Museum of North Vancouver. The building houses the galleries, community activity spaces, retail store, and a portion of the museum collection and staff offices. The Commission has a licence to occupy the Archives of North Vancouver, granted by the District. The building houses Archives Research Room, Archives Collections, a community meeting room, storage for a portion of the museum collection and educational materials, and provides offices for staff. The City grants warehouse storage space for a portion of the museum collections. 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

Tangible capital asset acquisitions funded by the Commission are recorded in the financial statements of 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.

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.

The database of museum artifacts contains records for 8,976 historic artifacts that have cultural, aesthetic or historical value. There are 8,239 accessioned objects of which 336 are assigned to both the City and the District, 619 are assigned to the District, and 7,284 are assigned to the City. In addition, there are records for 0 unaccessioned ("found in inventory") objects that have no assigned ownership. In 2021 a total of 0 artifacts were deaccessioned and disposed of from the Commission's collection. In 2021, 0 unaccessioned ("found in inventory") artifacts were approved for disposal by the Commission. There are records for 22 objects loaned out to another museum, and 14 objects loaned in from private lenders, which are not assigned to either municipality.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2021 were approved by the Commission on September 17, 2020.

(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 designed 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.

(j) Inventories

Inventories held for the gift shop for resale are recorded at cost.

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 charges the Commission for financial and human resources services, including related software, on a quarterly basis, property and liability insurance on a monthly basis. The amount charged for 2021 is $54,058 (2020 - $51,171). The District charges the Commission for information technology services through invoicing.

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**	
	2021	2020	**2021**	2020
Cash held by City of North Vancouver	**$ 152,380**	$ 400,005	**$ -**	$ -
Sick and severance liability	**624**	30,324	**624**	30,324
	$ 153,004	$ 430,329	**$ 624**	$ 30,324

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 2020	Receipts	Revenue Recognized	Transfer Out	**December 31 2021**
Special Purpose Fund	$ 1,256	-	-	-	**1,256**
City Street Car	9,606	-	-	-	**9,606**
Flamborough Head	5,808	-	-	-	**5,808**
Archives General	3,264	-	-	-	**3,264**
General	23,614	14,349	2,326	-	**35,637**
Collection Acquisition	15,697	-	-	15,697	**-**
Collection Acquisition - DNV	3,407	-	-	3,407	**-**
Museum Special Project Management	26,989	457,565	424,088	-	**60,466**
Fund Raising	50	-	-	-	**50**
YCW-CMA Harbour CRS Interpretation	-	19,433	19,394	-	**39**
	$ 89,691	$ 491,347	$ 445,808	$ 19,104	**$ 116,126**

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:

	2021	2020
Accrued Benefit Obligation - Beginning	**$ 67,200**	$ 54,500
Service Cost	**15,300**	8,400
Interest Cost	**1,600**	1,700
Benefits Paid	**(2,400)**	(66,900)
Actuarial Loss/(Gain)	**(13,800)**	69,500
Accrued Benefit Obligation - End	**67,900**	67,200
Surplus/(Deficit) at end of year	**(67,900)**	(67,200)
Unamortized Net Actuarial Loss/(Gain)	**13,100**	26,300
Accrued Benefit Asset/(Liability)	**$ (54,800)**	$ (40,900)

The most recent actuarial valuation of the Commission's employee future benefits was completed as at December 31, 2021. 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:

	2021	2020
Discount rates	**2.50%**	2.10%
Expected future inflation rates	**2.00%**	2.50%
Expected wage and salary increases (net of inflation)	**.58% to 2.5%**	.08% to 2%

6. ACCUMULATED SURPLUS

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

	December 31 2020	Revenue	Expenditures	Transfer from/(to) Appr./Unappr. surplus	Unappropriated Surplus TCA Addition	TCA Depreciation	**December 31 2021**
Appropriated surplus	$ 143,286	$ 453,308	$ (447,079)	$ (118,079)	$ -	$ -	**$ 31,436**
Equity in TCA	-	-	-	-	72,079	(7,208)	**64,871**
Unappropriated surplus	76,910	1,395,178	(1,513,731)	53,208	-	-	**11,565**
Accumulated surplus	$ 220,196	$ 1,848,486	$ (1,960,810)	$ (64,871)	$ 72,079	$ (7,208)	**$ 107,872**

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) Strata Fees

The Commission pays monthly strata fees for the museum facility, as outlined in the Community Facilities Tenancy Agreement it has with the City of North Vancouver, and by the strata council at its annual general meeting. These payments are included in the Statement of Operations.

Year	Cost
2022	65,015

(b) Pension Plan

The Commission and its employees contribute to the Municipal Pension Plan (a jointly trusteed 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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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 actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The Commission paid $50,536 (2020 - $50,718) for employer contributions to the Plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

8. COVID-19 IMPACTS

The COVID-19 pandemic has significantly disrupted economic activities in Canada. In 2021, public, in-person services in the Archives facility were offered by-appointment-only. Programs and services were delivered throughout the period using digital platforms. The construction of the second facility, a museum, was completed after delays due to COVID-19. The opening date of the museum was December 4, 2021.

COVID-19 continues to impact the Commission's operations and other third party businesses which could impact the timing and amounts realized on the Commission's assets and future financial sustainability. The Commission's ability to continue to meet obligations as they come due is dependent on the continued support from all levels of government, especially from the City and District of North Vancouver. At this time, the full potential impact of COVID-19 on the Commission is not known.

9. TANGIBLE CAPITAL ASSETS

	2021
Costs	**Furniture & Equipment**
Balance beginning of year	$ -
Additions	72,079
Depreciation	(7,208)
Balance end of year	$ 64,871