

**NORTH
VANCOUVER
MUSEUM**

and

**ARCHIVES
COMMISSION**

**2022
AUDITED
FINANCIAL
STATEMENTS**

**NORTH VANCOUVER MUSEUM AND ARCHIVES COMMISSION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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The North Vancouver Museum and Archives Commission 2022

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, 2022

Appointed by the City of North Vancouver:

Councillor Donald H. Bell
Ms. Dee Dhaliwal (Chair)
Ms. Sheryl Rivers
Mr. Derek Hamill (resigned July 2022)
Mr. Justin Beveridge

Appointed by the District of North Vancouver:

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

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

Mr. Victor Elderton

Commission Administrative Staff:

Mr. Wesley Wenhardt, Director (retired June 2022)
Ms. Laurel Lawry, Manager of Business Operations (Acting Director from June 2022)

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, 2022, 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.

"Laurel Lawry"

Acting Director, North Vancouver Museum and Archives
xxx, 2022

North Vancouver Museum and Archives Commission
Statement of Financial Position
As at December 31, 2022 with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Financial Assets		
Due from the City of North Vancouver (note 3)	\$ 15,930	\$ 153,004
Due from the District of North Vancouver (note 3)	-	624
Accounts receivable and other	3,935	201,876
Total Financial Assets	<u>19,865</u>	<u>355,504</u>
Liabilities		
Accounts payable and accrued liabilities	99,313	153,609
Deferred revenue (note 4)	40,203	116,126
Post-employment benefits, compensated absences and termination benefits (note 5)	40,700	54,800
Total Liabilities	<u>180,216</u>	<u>324,535</u>
Net Financial Assets (Debt)	<u>(160,351)</u>	<u>30,968</u>
Non-Financial Assets		
Tangible capital assets	50,455	64,871
Inventories	39,455	12,008
Prepaid assets	255	24
Total Non-Financial Assets	<u>90,165</u>	<u>76,903</u>
Accumulated Surplus (Deficit) (note 6)	<u>\$ (70,186)</u>	<u>\$ 107,871</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, 2022 with comparative figures for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Contributions and grants			
General	\$ 1,291,330	\$ 1,422,187	\$ 1,325,706
Special purpose	-	51,594	29,220
Other fees and miscellaneous			
General	207,200	262,304	69,471
Special purpose	-	331,636	424,088
	<u>1,498,530</u>	<u>2,067,722</u>	<u>1,848,486</u>
Expenses			
Wages and benefits			
General	890,700	1,022,335	934,491
Special purpose	-	265,917	158,055
Goods and supplies			
General	63,909	167,623	87,485
Special purpose	-	8,023	13,746
Services			
General	543,921	642,443	491,755
Special purpose	-	139,439	275,278
	<u>1,498,530</u>	<u>2,245,780</u>	<u>1,960,810</u>
Annual surplus (Deficit)	-	(178,058)	(112,324)
Accumulated surplus at beginning of year	107,872	107,872	220,196
Accumulated surplus at end of year	<u>\$ 107,872</u>	<u>\$ (70,186)</u>	<u>\$ 107,872</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, 2022 with comparative figures for 2021

	2022 Budget	2022 Actual	2021 Actual
Annual surplus/(deficit)	\$ -	\$ (178,058)	\$ (112,324)
Acquisition of tangible capital assets	-	-	(72,079)
Depreciation of tangible capital assets	-	14,416	7,208
	-	14,416	(64,871)
Acquisition of inventories	-	(44,979)	(12,008)
Acquisition of prepaid expenses	-	(255)	-
Use of inventory	-	17,532	-
Use of prepaid expenses	-	24	398
	-	(27,678)	(11,610)
Increase (decrease) in net financial assets	-	(191,320)	(188,805)
Net financial assets at beginning of year	30,969	30,969	219,774
Net financial assets (Debt) at end of year	\$ 30,969	\$ (160,351)	\$ 30,969

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, 2022 with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Cash provided by (used for):		
Operating activities		
Annual surplus/(deficit)	\$ (178,058)	\$ (112,324)
Items not involving cash:		
Depreciation	14,416	7,208
Changes in non-cash operating balances		
Due from the City of North Vancouver	137,074	277,325
Due from the District of North Vancouver	624	29,700
Accounts receivable and other	197,941	(170,183)
Accounts payable and accrued liabilities	(54,296)	11,628
Deferred revenue	(75,923)	26,435
Post-employment benefits, compensated absences and termination benefits	(14,100)	13,900
Inventories	(27,447)	(12,008)
Prepaid expenses	(231)	398
	<u>-</u>	<u>72,079</u>
Capital Transactions		
Cash used to acquire tangible capital assets	<u>-</u>	<u>(72,079)</u>
Cash generated by operating transactions	<u>-</u>	<u>-</u>
	<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

1. PURPOSE OF THE COMMISSION

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.

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 Category 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 category in the Statement of Operations.

(c) Tangible Capital Assets

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.

Tangible capital asset funded and acquired 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. When a capital expenditure cannot be attributed to a facility, it is funded by equal contributions from the City and the District.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Plans adopted by the Councils of the City and the District provide funding for the replacement and acquisition of tangible capital assets. 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. 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.

(e) Revenue Recognition

Revenue is recorded on an accrual basis and recognized when earned. Restricted contributions and grants are recognized as revenue in the year in which related expenditures are incurred and 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.

Expenses are recorded on an accrual basis and recognized when goods and services have been received and/or a legal obligation to pay has been created. Other expenses are recognized when they are incurred.

(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.

(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

Cash transactions are processed by the City, including payroll and other expenses. The Commission reimburses the City for finance, information technology and vehicle usage services provided by the City. The Commission reimburses the District for software, hardware and technical support for information technology.

The City provides administrative support to the Commission for accounting, account payable and payroll, software and property and liability insurance. The amount charged for 2022 is \$71,375 (2021 - \$54,058). 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	
	2022	2021	2022	2021
Cash held by City of North Vancouver	15,930	152,381	-	-
Sick and severance liability	-	624	-	624
	<u>\$ 15,930</u>	<u>\$ 153,004</u>	<u>\$ -</u>	<u>\$ 624</u>

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 2022	December 31 2021
Special Purpose Fund	4,750	\$ 1,256
City Street Car	9,606	9,606
Flamborough Head	5,808	5,808
Archives General	3,614	3,264
General	-	35,637
Museum Special Project Management	16,425	60,466
Fund Raising	-	50
YCW-CMA Harbour CRS Interpretation	-	39
	<u>\$ 40,203</u>	<u>\$ 116,126</u>

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

The liability reported in the financial statements are based on an actuarial valuation as at August 31, 2021 that has been extrapolated to December 31, 2022. Every three years a full valuation is performed and the most recent actuarial valuation of the Museum's employee future benefits was completed as at December 31, 2021.

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

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.

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

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

	<u>2022</u>	<u>2021</u>
Accrued Benefit Obligation - Beginning	\$ 67,900	\$ 67,200
Service Cost	7,900	15,300
Interest Cost	1,700	1,600
Benefits Paid	(21,800)	(2,400)
Actuarial Loss/(Gain)	(2,600)	(13,800)
Accrued Benefit Obligation - End	<u>53,100</u>	<u>67,900</u>
Surplus/(Deficit) at end of year	(53,100)	(67,900)
Unamortized Net Actuarial Loss/(Gain)	12,400	13,100
Accrued Benefit Asset/(Liability)	<u>\$ (40,700)</u>	<u>\$ (54,800)</u>

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

	<u>2022</u>	<u>2021</u>
Discount rates	4.50%	2.50%
Future inflation rates	2.00%	2.00%
Compensation increases (net of inflation)	.58% to 2.5%	.58% to 2.5%

6. ACCUMULATED SURPLUS

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

	December 31 2022	December 31 2021
Appropriated surplus	\$ 1,287	\$ 31,436
Equity in TCA	50,455	64,871
Unappropriated surplus	(121,928)	11,565
Accumulated surplus	<u>\$ (70,186)</u>	<u>\$ 107,872</u>

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

7. Budget Figures

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.

Budget figures for 2022 were approved by the Commission on September 16, 2021.

8. 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. 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 license 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.

<u>Year</u>	<u>Cost</u>
2023	80,109

8. 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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Commission paid \$43,114 (2021 - \$50,536) for employer contributions to the Plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

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.

9. COVID-19 IMPACTS

The COVID-19 pandemic has significantly disrupted economic activities in Canada. In 2022, public, in-person services in the Archives facility were offered by-appointment-only. Programs and services were delivered throughout the first quarter using digital platforms due to restrictions on gatherings and school group bookings. A selection of virtual programs and services continued to be delivered throughout the year.

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.

10. TANGIBLE CAPITAL ASSETS

	2022		2021	
	Furniture & Equipment		Furniture & Equipment	
Costs				
Balance beginning of year	\$	64,871	\$	-
Additions		-		72,079
Depreciation		(14,416)		(7,208)
Balance end of year	\$	50,455	\$	64,871