



Financial statements
(Unaudited)

The Nova Scotia Highland Village Society

March 31, 2016

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Review Engagement Report

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To the Members of
The Nova Scotia Highland Village Society

We have reviewed the balance sheet of The Nova Scotia Highland Village Society as at March 31, 2016, and the statements of revenue and expenditures and cash flows for the year then ended. Our review was made in accordance with Canadian accounting standards for not-for-profit organizations and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society, except as explained below.

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

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

Sydney, Canada

May 30, 2016



Chartered accountants

The Nova Scotia Highland Village Society

Statements of revenue and expenditures

Year ended March 31 (Unaudited)	Budget (Note 9)	2016	2015
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Revenue			
Nova Scotia Museum	\$ 738,296	\$ 738,296	\$ 738,296
Admission fees	86,000	90,878	83,929
Chase the Ace (net)	-	46,030	-
Donations	2,000	2,047	2,351
Food service and fundraising	31,300	34,069	26,670
Gross profit on retail operations (Page 12)	28,500	27,537	28,559
Interest	2,000	1,794	2,175
Membership fees	500	502	596
Miscellaneous	2,100	2,225	1,702
Programming	<u>8,000</u>	<u>7,125</u>	<u>6,221</u>
	898,696	950,503	890,499
Operating and administrative expenditures (Page 3)	<u>895,771</u>	<u>889,637</u>	<u>885,603</u>
	2,925	60,866	4,896
Depreciation	-	(5,903)	-
Capital improvements	(4,000)	(4,531)	(4,214)
Special projects, net (Page 13)	<u>1,000</u>	<u>(166)</u>	<u>492</u>
	<u>(3,000)</u>	<u>(10,600)</u>	<u>(3,722)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (75)</u>	<u>\$ 50,266</u>	<u>\$ 1,174</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Schedule of operating and administrative expenditures

Year ended March 31 (Unaudited)	Budget (Note 9)	2016	2015
Wages and benefits (Note 3)			
Gross wages and benefits	\$ 714,981	\$ 721,665	\$ 710,927
Less: Wage subsidies	<u>15,610</u>	<u>14,794</u>	<u>16,787</u>
	<u>699,371</u>	<u>706,871</u>	<u>694,140</u>
General administrative			
Advertising and promotion	40,000	37,513	42,229
Bank and credit charges	3,000	2,688	3,224
Fundraising events	20,200	16,450	17,898
Governance	12,000	9,850	11,369
Memberships and subscriptions	3,000	3,316	3,061
Occupational health and safety	1,500	2,430	2,757
Office equipment, rental, and servicing	3,000	2,913	2,653
Office supplies	7,000	7,325	7,265
Postage	3,500	3,623	4,290
Professional fees	4,500	4,280	4,380
Training	8,000	11,286	9,251
Telephone	6,200	5,679	5,951
Travel	20,000	17,316	17,582
Volunteer recognition	<u>2,500</u>	<u>3,020</u>	<u>2,122</u>
Total general and administrative	<u>134,400</u>	<u>127,689</u>	<u>134,032</u>
Site and facilities			
Custodial services and supplies	3,000	2,844	2,903
Grounds maintenance	6,000	5,275	7,028
Repairs and maintenance	19,000	17,983	18,942
Security	1,000	520	1,205
Utilities	<u>15,000</u>	<u>11,949</u>	<u>13,963</u>
Total site and facilities	<u>44,000</u>	<u>38,571</u>	<u>44,041</u>
Cultural interpretation and programming			
Animation program	3,500	4,618	2,088
An Rubha	2,000	1,886	1,886
Collections management	500	192	290
Costume program	2,000	509	1,715
Cultural outreach	2,500	1,024	1,342
Farm program	3,000	3,162	2,305
Library and research	2,000	1,066	1,604
Special programs and workshops	<u>2,500</u>	<u>4,049</u>	<u>2,160</u>
Total cultural interpretation and programming	<u>18,000</u>	<u>16,506</u>	<u>13,390</u>
Total operating expenditures	<u>\$ 895,771</u>	<u>\$ 889,637</u>	<u>\$ 885,603</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Statement of changes in net assets

Year ended March 31
(Unaudited)

						2016	2015
	Unrestricted fund	Restricted replacement reserve	Strategic development reserve	Site Development reserve	Unused sick days reserve	Total	Total
Opening balance	\$ 261	\$ 189,484	\$ 20,571	\$ -	\$ 23,591	\$ 233,907	\$ 263,225
Excess of revenues over expenditures	50,266	-	-	-	-	50,266	1,174
Interest earned and contributions	-	1,503	264	20,000	186	21,953	2,548
Transfer to (from) reserve	<u>(46,030)</u>	<u>-</u>	<u>(20,835)</u>	<u>46,030</u>	<u>(3,500)</u>	<u>(24,335)</u>	<u>(33,040)</u>
Balance, end of year	<u>\$ 4,497</u>	<u>\$ 190,987</u>	<u>\$ -</u>	<u>\$ 66,030</u>	<u>\$ 20,277</u>	<u>\$ 281,791</u>	<u>\$ 233,907</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Balance sheet

Year ended March 31
(Unaudited)

2016

2015

Assets

Current

Cash	\$ 21,961	\$ 9,797
Receivables (Note 4)	4,607	4,364
Inventory	19,114	19,162
Prepays	<u>4,987</u>	<u>5,081</u>
	50,669	38,404

Vehicle (Note 5)

23,613

-

Restricted cash

310,104

236,226

\$ 384,386

\$ 274,630

Liabilities

Current

Payables and accruals	\$ 79,410	\$ 26,556
Deferred revenue	<u>23,185</u>	<u>14,167</u>
	102,595	40,723

Surplus

Net assets (Page 4)

281,791

233,907

\$ 384,386

\$ 274,630

Contingency (Note 7)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Statement of cash flows

Year ended March 31
(Unaudited)

2016

2015

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenditures	\$ 50,266	\$ 1,174
Items not affecting cash		
Depreciation	<u>5,903</u>	<u>-</u>
	56,169	1,174
Change in non-cash operating working capital (Note 6)	<u>61,771</u>	<u>1,669</u>
	<u>117,940</u>	<u>2,843</u>
Financing		
Interest earned on restricted funds	1,953	2,548
Government funding – restricted funds	20,000	-
Use of reserve funds	<u>(24,335)</u>	<u>(33,040)</u>
	<u>(2,382)</u>	<u>(30,492)</u>
Investing		
Purchase of vehicle	<u>(29,516)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	86,042	(27,649)
Cash, beginning of year	<u>246,023</u>	<u>273,672</u>
Cash, end of year	<u>\$ 332,065</u>	<u>\$ 246,023</u>

Cash and cash equivalents consist of:

Cash	\$ 21,961	\$ 12,377
Restricted cash	<u>310,104</u>	<u>233,646</u>
	<u>\$ 332,065</u>	<u>\$ 246,023</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2016
(Unaudited)

1. Nature of operations

The Society operates the Baile nan Gàidheal | Highland Village, a living history museum and cultural centre for Gaelic language and culture in Nova Scotia. The Museum is a locally managed site of the Nova Scotia Museum. The Society manages the site on behalf of the Province of Nova Scotia. The assets (i.e. land, buildings, artifacts, furnishings, equipment, etc.), with the exception of the vehicle, are owned by the Province of Nova Scotia. The Society is incorporated under the Societies Act of the Province of Nova Scotia and is a registered charity with the Canada Revenue Agency.

2. Summary of significant accounting policies

Basis of presentation

The Society has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis of accounting

The Operating Fund (unrestricted) is used for the general operations of Baile nan Gàidheal | Highland Village, a part of the Nova Scotia Museum. Income and expenses from the fund are guided by the annual budget approved by the Society's Board of Trustees.

The Replacement Reserve Fund is used to support the financing of special projects to advance the work of the Highland Village. The Board may also authorize transfers from the fund to the operating account to cover emergency or unforeseen expenditures or shortfalls in the operating budget of the Society. All expenditures must be approved by the Board.

The Strategic Development Fund is used to support strategic planning or strategic initiatives. All expenditures must be approved by the Board. This fund was closed as of March 31, 2016.

The Sick Days Reserve Fund is used to cover wage expenses for replacement staff up to the value of the accrued unused sick days for the staff person being replaced.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and highly liquid temporary money market instruments with original maturities of one year or less.

Vehicle

Rate and basis of depreciation applied to write off the cost of the vehicle over its estimated life is as follows:

Vehicle	5 year, straight-line
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The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2016
(Unaudited)

2. Summary of significant accounting policies (continued)

Revenue recognition

The Society uses the deferral method for externally restricted contributions. Revenue is recognized upon the services being provided to the Society's customers.

Use of estimates

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Inventory

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The Society estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense during fiscal 2016 was \$58,605 (2015 – \$57,147). No write-down of inventories below their cost to their net realizable value was made in fiscal 2016. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Financial instruments

Initial measurement

The Society's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2016
(Unaudited)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Society uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, grants receivable, and payables and accruals.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. Wages and benefits	<u>2016</u>	<u>2015</u>
Gross wages	<u>\$ 721,665</u>	<u>\$ 710,927</u>
Less: grants		
NS Department of Labour & Advanced Education	12,642	10,770
Service Canada	2,152	3,105
Department of Community Services	-	2,912
	<u>14,794</u>	<u>16,787</u>
	<u>\$ 706,871</u>	<u>\$ 694,140</u>

4. Receivables	<u>2016</u>	<u>2015</u>
Trade	\$ 342	\$ 1,405
Commodity taxes	<u>4,265</u>	<u>2,959</u>
	<u>\$ 4,607</u>	<u>\$ 4,364</u>

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2016
(Unaudited)

5. Vehicle			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Vehicle	\$ 29,516	\$ 5,903	\$ 23,613	\$ -

6. Supplemental cash flow information			<u>2016</u>	<u>2015</u>
Change in non-cash operating working capital:				
Receivables		\$ (243)	\$ 29,641	
Inventory		48	9,791	
Prepays		94	(1,886)	
Payables and accruals		52,854	(42,459)	
Deferred revenue		<u>9,018</u>	<u>6,582</u>	
		<u>\$ 61,771</u>	<u>\$ 1,669</u>	

7. Contingency

Under terms of the Society's human resource management policy, employees are able to accumulate unused sick days to a maximum of 120 days. In the event that an employee is not able to work for an extended period due to illness, the Society would be required to pay the employee based on the number of unused sick days accrued, as well as being required to hire replacement staff, thereby significantly increasing the wage expense for that period. As of March 31, 2016, the Society's employees have accrued a total of 577 unused sick days, with a total estimated cost of \$101,860. An estimate of the potential liability cannot be made as it is not possible to determine which employees, if any, will have to use their unused sick days due to future illness.

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2016
(Unaudited)

8. Financial instruments

Fair value

The book value of cash and cash equivalents, receivables, inventory, prepaids, and payables and accruals approximates fair values at March 31, 2016, due to their short term maturity.

Liquidity risk

The Society does have liquidity risk in payables and accruals of \$79,410 (2015 – \$26,556). Liquidity risk is the risk that the Society will be unable to meet its contractual obligations and financial liabilities. The Society manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

9. Budget figures

Budget figures have been compiled from information provided by management. These figures have not been audited or verified by any means and are provided for comparative purposes only.

10. Remuneration

Pursuant to the Public Sector Compensation Disclosure Act, the Nova Scotia Highland Village Society is required to disclose individuals with compensation greater than \$100,000. There are no board members, officers, employees, contractors, or consultants with compensation greater than \$100,000.

11. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

The Nova Scotia Highland Village Society

Retail operations

Statements of revenue and expenditures

Year ended March 31 (Unaudited)	Budget (Note 9)	2016	2015
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Gift shop

Sales	\$ 88,000	\$ 86,142	\$ 85,706
Cost of goods sold			
Beginning merchandise inventory	19,162	19,162	28,953
Purchases	<u>59,500</u>	<u>58,557</u>	<u>47,356</u>
	78,662	77,719	76,309
Ending merchandise inventory	<u>19,162</u>	<u>19,114</u>	<u>19,162</u>
	<u>59,500</u>	<u>58,605</u>	<u>57,147</u>
Gross profit on sales	<u>\$ 28,500</u>	<u>\$ 27,537</u>	<u>\$ 28,559</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Schedule of special projects

Year ended March 31 (Unaudited)	Budget (Note 9)	2016	2015
Interpretive renewal project			
CCH Support4Culture	\$ 8,000	\$ 37,850	\$ 35,000
Expenses			
Interpretive development projects	<u>9,000</u>	<u>38,101</u>	<u>35,879</u>
Net (cost) revenue	\$ <u>(1,000)</u>	\$ <u>(251)</u>	\$ <u>(879)</u>
Gaelic outreach projects			
Office of Gaelic Affairs	\$ 20,000	\$ 5,000	\$ 10,000
Projects			
Project expenses	<u>22,000</u>	<u>7,165</u>	<u>13,129</u>
Net (cost) revenue	\$ <u>(2,000)</u>	\$ <u>(2,165)</u>	\$ <u>(3,129)</u>
Capital Projects			
Province of Nova Scotia	\$ 20,000	\$ 27,907	-
Expenses			
Project expenses	<u>20,000</u>	<u>27,907</u>	<u>-</u>
Net (cost) revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Festival and events subsidies			
Atlantic Canada Opportunities Agency	\$ 4,000	\$ 2,250	\$ 4,000
Municipality of Victoria County	<u>-</u>	<u>-</u>	<u>500</u>
	\$ <u>4,000</u>	\$ <u>2,250</u>	\$ <u>4,500</u>
Net (cost) revenue of special projects	\$ <u>1,000</u>	\$ <u>(166)</u>	\$ <u>492</u>

See accompanying notes to the financial statements.