



Financial statements
(Unaudited)

The Nova Scotia Highland Village Society

March 31, 2017

Contents

	<u>Page</u>
Review engagement report	1
Statements of revenue and expenditures	2
Schedule of operating and administrative expenditures	3
Statement of changes in net assets	4
Balance sheet	5
Statement of cash flows	6
Notes to the financial statements	7 - 11
Statements of revenue and expenditures - retail operations	12
Schedule of special projects	13

Review Engagement Report

Grant Thornton LLP
Suite 200
500 George Place
Sydney, NS
B1P 1K6
T (902) 562-5581
F (902) 562-0073
www.GrantThornton.ca

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, 2017, and the statements of revenue and expenditures, changes in net assets, 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
June 1, 2017



Chartered Professional Accountants
Licensed Public Accountants

The Nova Scotia Highland Village Society

Statements of revenue and expenditures

Year ended March 31 (Unaudited)	Budget (Note 9)	2017	2016
Revenue			
Nova Scotia Museum	\$ 738,296	\$ 738,296	\$ 738,296
Admission fees	91,000	107,465	90,878
Chase the Ace (net)	-	8,327	46,030
Donations	2,000	2,962	2,047
Food service and fundraising	32,300	38,856	34,069
Retail operations (Page 12)	86,000	115,040	86,142
Nova Scotia Transportation and Infrastructure Renewal	32,000	30,674	27,907
Interest	2,000	1,091	1,794
Miscellaneous	3,100	1,715	2,727
Programming	<u>7,500</u>	<u>9,364</u>	<u>7,125</u>
	994,196	1,053,790	1,037,015
Retail operations (Page 12)	58,200	70,026	58,605
Operating and administrative expenditures (Page 3)	<u>928,592</u>	<u>940,006</u>	<u>917,544</u>
	<u>986,792</u>	<u>1,010,032</u>	<u>976,149</u>
Excess of revenue over expenditures before other items	7,404	43,758	60,866
Other items			
Depreciation	(5,903)	(5,903)	(5,903)
Capital improvements	(4,000)	(13,701)	(4,531)
Special projects, net (Page 13)	<u>(2,000)</u>	<u>1,785</u>	<u>(166)</u>
	<u>(11,903)</u>	<u>(17,819)</u>	<u>(10,600)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (4,499)</u>	<u>\$ 25,939</u>	<u>\$ 50,266</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)	2017	2016
Wages and benefits (Note 3)			
Gross wages and benefits	\$ 766,530	\$ 774,902	\$ 737,595
Less: Wage subsidies	<u>38,338</u>	<u>43,585</u>	<u>14,794</u>
	<u>728,192</u>	<u>731,317</u>	<u>722,801</u>
General administrative			
Advertising and promotion	40,000	42,070	37,513
Bank and credit charges	3,000	2,702	2,688
Fundraising events	17,300	20,616	16,450
Governance	10,000	8,836	9,850
Memberships and subscriptions	3,300	3,383	3,316
Occupational health and safety	2,500	5,219	2,430
Office equipment, rental, and servicing	2,500	3,694	2,913
Office supplies	7,000	6,199	7,325
Postage	3,500	3,186	3,623
Professional fees	4,500	4,494	4,280
Training	10,000	4,814	11,286
Telephone	6,000	5,391	5,679
Travel	19,000	19,964	17,316
Volunteer recognition	<u>3,000</u>	<u>3,130</u>	<u>3,020</u>
Total general and administrative	<u>131,600</u>	<u>133,698</u>	<u>127,689</u>
Site and facilities			
Custodial services and supplies	3,000	3,469	2,844
Grounds maintenance	6,000	9,939	5,275
Repairs and maintenance	32,000	28,128	29,960
Security	1,000	910	520
Utilities	<u>12,000</u>	<u>10,286</u>	<u>11,949</u>
Total site and facilities	<u>54,000</u>	<u>52,732</u>	<u>50,548</u>
Cultural interpretation and programming			
Animation program	4,000	9,098	4,618
An Rubha	2,000	2,670	1,886
Collections management	300	431	192
Costume program	2,000	493	509
Farm program	3,000	2,358	3,162
Library and research	1,000	1,331	1,066
Special programs and workshops	<u>2,500</u>	<u>5,878</u>	<u>5,073</u>
Total cultural interpretation and programming	<u>14,800</u>	<u>22,259</u>	<u>16,506</u>
Total operating and administrative expenditures	<u>\$ 928,592</u>	<u>\$ 940,006</u>	<u>\$ 917,544</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)

					2017	2016
	Unrestricted fund	Restricted replacement reserve	Site Development reserve	Unused sick days reserve	Total	Total
Opening balance	\$ 4,497	\$ 190,987	\$ 66,030	\$ 20,277	\$ 281,791	\$ 233,907
Excess of revenues over expenditures	25,939	-	-	-	25,939	50,266
Interest earned and contributions	-	1,280	21,103	66	22,449	21,953
Transfer to (from) reserve	<u>(20,098)</u>	<u>5,706</u>	<u>10,098</u>	<u>-</u>	<u>(4,294)</u>	<u>(24,335)</u>
Balance, end of year	<u>\$ 10,338</u>	<u>\$ 197,973</u>	<u>\$ 97,231</u>	<u>\$ 20,343</u>	<u>\$ 325,885</u>	<u>\$ 281,791</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Balance sheet

Year ended March 31
(Unaudited)

2017

2016

Assets

Current

Cash	\$ 27,180	\$ 21,961
Receivables (Note 4)	4,668	4,607
Inventory	22,623	19,114
Prepays	<u>1,286</u>	<u>4,987</u>
	55,757	50,669

Vehicle (Note 5)	17,710	23,613
Restricted cash	<u>314,695</u>	<u>310,104</u>
	<u>\$ 388,162</u>	<u>\$ 384,386</u>

Liabilities

Current

Payables and accruals	\$ 15,192	\$ 79,410
Deferred revenue	<u>47,085</u>	<u>23,185</u>
	<u>62,277</u>	<u>102,595</u>

Surplus

Net assets (Page 4)	<u>325,885</u>	<u>281,791</u>
	<u>\$ 388,162</u>	<u>\$ 384,386</u>

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)

2017

2016

Increase in cash and cash equivalents

Operating		
Excess of revenue over expenditures	\$ 25,939	\$ 50,266
Items not affecting cash		
Depreciation	<u>5,903</u>	<u>5,903</u>
	31,842	56,169
Change in non-cash operating working capital (Note 6)	<u>(40,187)</u>	<u>61,771</u>
	(8,345)	117,940
Financing		
Interest earned and donations received for restricted funds	2,449	1,953
Receipt of government funding for restricted funds	20,000	20,000
Use of reserve funds	<u>(4,294)</u>	<u>(24,335)</u>
	18,155	(2,382)
Investing		
Purchase of vehicle	<u>-</u>	<u>(29,516)</u>
Net increase in cash and cash equivalents	9,810	86,042
Cash, beginning of year	<u>332,065</u>	<u>246,023</u>
Cash, end of year	<u>\$ 341,875</u>	<u>\$ 332,065</u>

Cash and cash equivalents consist of:

Cash	\$ 27,180	\$ 21,961
Restricted cash	<u>314,695</u>	<u>310,104</u>
	<u>\$ 341,875</u>	<u>\$ 332,065</u>

See accompanying notes to the financial statements.

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2017
(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 Site Development Reserve Fund was established to support the Highland Village's \$3.6 million site development plan. The fund includes contributions from the Municipality of Victoria County, which has pledged \$100,000 over five years as well as the proceeds of the Society's fundraising efforts.

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
---------	-----------------------

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2017
(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 expenditures 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 2017 was \$70,026 (2016 – \$58,605). No write-down of inventories below their cost to their net realizable value was made in fiscal 2017. 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, 2017
(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>2017</u>	<u>2016</u>
Gross wages	<u>\$ 774,902</u>	<u>\$ 737,595</u>
Less: grants		
Nova Scotia Department of Labour and Advanced Education	8,526	12,642
Service Canada	10,056	2,152
Nova Scotia Communities, Culture, and Heritage	17,003	-
Canadian Heritage	<u>8,000</u>	<u>-</u>
	<u>43,585</u>	<u>14,794</u>
	<u>\$ 731,317</u>	<u>\$ 722,801</u>

4. Receivables	<u>2017</u>	<u>2016</u>
Trade	\$ -	\$ 342
Commodity taxes	<u>4,668</u>	<u>4,265</u>
	<u>\$ 4,668</u>	<u>\$ 4,607</u>

The Nova Scotia Highland Village Society

Notes to the financial statements

March 31, 2017
(Unaudited)

5. Vehicle			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Vehicle	\$ <u>29,516</u>	\$ <u>11,806</u>	\$ <u>17,710</u>	\$ <u>23,613</u>

6. Supplemental cash flow information			<u>2017</u>	<u>2016</u>
Change in non-cash operating working capital:				
Receivables		\$ (61)	\$ (243)	
Inventory		(3,509)	48	
Prepays		3,701	94	
Payables and accruals		(64,218)	52,854	
Deferred revenue		<u>23,900</u>	<u>9,018</u>	
		<u>\$ (40,187)</u>	<u>\$ 61,771</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, 2017, the Society's employees have accrued a total of 610 (2016 - 577) unused sick days, with a total estimated cost of \$107,718 (2016 - \$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, 2017
(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, 2017, due to their short term maturity.

Liquidity risk

The Society does have liquidity risk in payables and accruals of \$15,192 (2016 – \$79,410). 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.

12. Contributed services

A substantial number of volunteers contribute a significant amount of their time each year, culminating in 2,051 volunteer hours in the current year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

The Nova Scotia Highland Village Society

Statements of revenue and expenditures – retail operations

Year ended March 31 (Unaudited)	Budget (Note 9)	2017	2016
------------------------------------	--------------------	------	------

Gift shop

Sales	\$ 86,000	\$ 115,040	\$ 86,142
Cost of goods sold			
Beginning merchandise inventory	42,070	19,114	19,162
Purchases	<u>58,200</u>	<u>73,535</u>	<u>58,557</u>
	77,314	92,649	77,719
Ending merchandise inventory	<u>42,070</u>	<u>22,623</u>	<u>19,114</u>
	<u>58,200</u>	<u>70,026</u>	<u>58,605</u>
Gross profit on sales	<u>\$ 27,800</u>	<u>\$ 45,014</u>	<u>\$ 27,537</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)	2017	2016
Interpretive renewal project			
CCH Support4Culture	\$ -	\$ -	\$ 37,850
Expenditures			
Interpretive development projects	<u>-</u>	<u>400</u>	<u>38,101</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ (400)</u>	<u>\$ (251)</u>
Gaelic outreach projects			
Office of Gaelic Affairs	\$ 36,950	\$ 2,950	\$ 5,000
Projects			
Project expenses	<u>38,950</u>	<u>3,905</u>	<u>7,165</u>
Net (cost) revenue	<u>\$ (2,000)</u>	<u>\$ (955)</u>	<u>\$ (2,165)</u>
Collection projects			
Canadian Heritage	\$ 10,000	\$ 10,000	\$ -
Transfer from Replacement Reserve	<u>4,294</u>	<u>4,294</u>	<u>-</u>
	14,294	14,294	-
Expenditures			
Project expenses	<u>14,294</u>	<u>14,309</u>	<u>-</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ -</u>
NS Transportation and Infrastructure Renewal			
Expenditures	\$ -	\$ 20,425	\$ -
Project expenses	<u>-</u>	<u>20,425</u>	<u>-</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Festival and events subsidies			
Atlantic Canada Opportunities Agency	\$ -	\$ -	\$ 2,250
Municipality of Victoria County	<u>-</u>	<u>3,155</u>	<u>-</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ 3,155</u>	<u>\$ 2,250</u>
Net (cost) revenue of special projects	<u>\$ (2,000)</u>	<u>\$ 1,785</u>	<u>\$ (166)</u>

See accompanying notes to the financial statements.