



Financial Statements

The Nova Scotia Highland Village Society

March 31, 2023

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Revenue and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Schedule of Retail Operations	13
Schedule of Special Projects	14 - 15
Schedule of Cultural Interpretation and Programming	16
Schedule of Site and Facilities	17
Schedule of Operating and Administrative Expenditures	18

Independent Auditor's Report

To the Board of Directors of
The Nova Scotia Highland Village Society

Qualified opinion

We have audited the financial statements of The Nova Scotia Highland Village Society, which comprise the statement of financial position as at March 31, 2023, and the statements of revenue and expenditures, changes in net 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, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Society 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 qualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Independent Auditor's Report (continued)

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Sydney, Canada
May 29, 2023

Grant Thornton LLP

Chartered Professional Accountants

The Nova Scotia Highland Village Society

Statement of Revenue and Expenditures

Year ended March 31	2023 Budget (Note 9)	2023 Actual	2022 Actual
Revenue			
Provincial grant - Nova Scotia Museum	\$ 738,296	\$ 738,296	\$ 738,296
Provincial grant - NSM Special	-	4,900	26,047
Admission fees	75,000	121,849	172
Food service and fundraising	20,000	27,326	1,863
Miscellaneous	3,000	2,746	2,364
Donations	2,000	3,766	2,301
Interest	500	1,740	3,536
Nova Scotia Transportation and Infrastructure Renewal	25,000	27,500	28,698
Programming	5,000	9,010	-
Canada Emergency Wage Subsidy	-	2,856	194,830
Retail operations (Schedule 1)	75,000	129,262	34,919
Special projects (Schedule 2)	10,000	218,745	2,522,733
	<u>953,796</u>	<u>1,287,996</u>	<u>3,555,759</u>
Retail operations (Schedule 1)	46,000	81,946	25,028
Special projects (Schedule 2)	22,000	99,924	3,064,320
Cultural interpretation and programming (Schedule 3)	26,500	22,954	10,881
Site and facilities (Schedule 4)	97,000	85,991	84,033
Operating and administrative expenditures (Schedule 5)	<u>1,006,490</u>	<u>934,340</u>	<u>778,108</u>
	<u>1,197,990</u>	<u>1,225,155</u>	<u>3,962,370</u>
(Deficiency) excess of revenue over expenditures before other item	(244,194)	62,841	(406,611)
Other item			
Renovation projects	<u>(15,000)</u>	<u>(24,806)</u>	<u>(10,259)</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (259,194)</u>	<u>\$ 38,035</u>	<u>\$ (416,870)</u>

The Nova Scotia Highland Village Society

Statement of Changes in Net Assets

Year ended March 31

		Internally restricted	Internally restricted	Internally restricted		
	Unrestricted fund	Replacement reserve	Site development reserve	Unused sick days reserve	Total 2023	Total 2022
Balance, beginning of year	\$ 500,011	\$ 199,909	\$ (482,779)	\$ 20,343	\$ 237,484	\$ 654,354
Excess (deficiency) of revenue over expenditures	38,035	-	-	-	38,035	(416,870)
Transfer to (from) reserve (net)	(135,127)	-	135,127	-	-	-
Site development deficit to be funded (Note 8)	<u>4,542</u>	<u>-</u>	<u>(4,542)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 407,461</u>	<u>\$ 199,909</u>	<u>\$ (352,194)</u>	<u>\$ 20,343</u>	<u>\$ 275,519</u>	<u>\$ 237,484</u>

See accompanying notes and schedules to the financial statements.

The Nova Scotia Highland Village Society

Statement of Financial Position

March 31

2023

2022

Assets

Current

Cash	\$ 397,099	\$ 636,989
Receivables (Note 4)	31,118	303,629
Inventory	42,441	42,576
Prepays	9,721	5,296
	<u>\$ 480,379</u>	<u>\$ 988,490</u>

Liabilities

Current

Payables and accruals	\$ 42,052	\$ 556,874
Deferred revenue - operating	<u>162,808</u>	<u>194,132</u>
	204,860	751,006

Surplus

Net assets (Page 4)

<u>275,519</u>	<u>237,484</u>
<u>\$ 480,379</u>	<u>\$ 988,490</u>

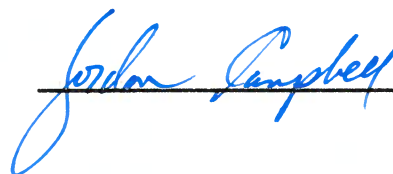
Contingency (Note 5)

Commitment (Note 6)

On behalf of the Board



Director



Director

The Nova Scotia Highland Village Society

Statement of Cash Flows

Year ended March 31	2023	2022
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenue over expenditures	\$ 38,035	\$ (416,870)
Change in non-cash working capital items (Note 7)	<u>(277,925)</u>	<u>(75,157)</u>
	(239,890)	(492,027)
Financing		
Change in restricted cash	<u>-</u>	<u>365,242</u>
Decrease in cash	(239,890)	(126,785)
Cash		
Beginning of year	<u>636,989</u>	<u>763,774</u>
End of year	<u>\$ 397,099</u>	<u>\$ 636,989</u>

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

The Nova Scotia Highland Village 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.) 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. Basis of accounting and 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 is an internally restricted fund that was established to support the Highland Village's \$3.6 million site development plan, which includes 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 includes cash on hand, balances with banks, and highly liquid temporary money market instruments with original maturities of one year or less.

Revenue recognition

The Society uses the deferral method for externally restricted contributions, which primarily consist of government grants toward special programs. Grant revenue is recognized when the criteria set out in the grant have been fulfilled.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenue on retail sales is recognized at the point of sale, when the customer receives and pays for the goods.

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2023

2. Basis of accounting and summary of significant accounting policies (continued)

Government assistance

The Society recognizes government assistance toward current expenses in the statement of earnings. When government assistance relates to future expenses, the Society defers the assistance and recognizes it in the statement of earnings as the related expenses are incurred.

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 2023 was \$81,946 (2022 – \$25,029). No write-down of inventories below their cost to their net realizable value was made in fiscal 2023. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals
- deferred revenue

A financial asset or liability is recognized when the Society becomes party to contractual provisions of the instrument.

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, 2023

2. Basis of accounting and summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities are subsequently measured according to the following methods:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash and cash equivalents	Amortized cost (which approximates fair value)
Receivables	Amortized cost
Payables and accruals	Amortized cost
Deferred revenue	Amortized cost

The Society removes financial liabilities, or a portion of it, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of write-downs or reversals are recognized in net income.

Contributed services and materials

Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the financial statements.

3. Wages and benefits

	2023 Budget (Note 9)	2023 Actual	2022 Actual
Gross wages	\$ 898,490	\$ 838,098	\$ 733,851
Less: grants			
Nova Scotia Department of Labour and Advanced Education	(17,000)	(17,836)	(17,836)
Service Canada	(17,000)	(24,395)	(12,024)
Other federal wage subsidies	-	-	(6,783)
	<u>\$ 864,490</u>	<u>\$ 795,867</u>	<u>\$ 697,208</u>

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2023

4. Receivables	2023	2022
Atlantic Canada Opportunities Agency	\$ -	\$ 120,017
Department of Canadian Heritage	13,500	13,500
Young Canada Works	-	1,696
Harmonized Sales Tax	14,432	168,337
Other	3,186	79
	\$ 31,118	\$ 303,629

5. 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, 2023, the Society's employees have accrued a total of 892 (2022 - 801) unused sick days, and management has estimated a total cost of \$137,968 (2022 - \$137,854), which is in excess of the \$20,343 (2022 - \$20,343) in the sick day reserve. 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.

6. Commitment

The land and all fixed assets in use by the Society are the property of the Province of Nova Scotia. Use of the property and related assets is subject to the terms of the agreement signed April 1, 2019 between the Society and the Province of Nova Scotia. The Society is permitted to use the property only for the purpose of operating a museum. The current agreement is in effect until March 31, 2044, at which point it may be renewed if both parties wish to do so.

7. Change in non-cash working capital items	2023	2022
Receivables	\$ 272,511	\$ (223,608)
Inventory	135	1,363
Prepays	(4,425)	(535)
Payables and accruals	(514,822)	442,898
Deferred revenue	(31,324)	(295,275)
	\$ (277,925)	\$ (75,157)

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2023

8. Site development deficit

The deficit in the site development reserve is the result of a current shortfall in funding for the capital expansion project. This deficit will be partially offset by the anticipated collection of existing donation commitments. A fundraising plan for donations to fund the remainder of the shortfall has been developed and implemented.

9. Budget amounts

The 2023 budget amounts on the Statement of revenue and expenditures and the Schedules to the financial statements, are presented for information purposes only, are unaudited and not covered by the audit report of Grant Thornton LLP, Chartered Professional Accountants, dated May 29, 2023.

10. Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposures and concentrations at March 31, 2023.

(a) Fair values

The book value of cash and cash equivalents, receivables, and payables and accruals approximates fair value as of March 31, 2023, due to their short-term maturity.

Credit risk

The Society does have credit risk in receivables \$31,118 (2022 - \$303,629). Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

(b) Liquidity risk

The Society does have liquidity risk in payables and accruals of \$42,052 (2022 - \$556,874). Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its payables and accruals.

11. Renumeration

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.

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2023

12. Contributed services

A substantial number of volunteers contribute a significant amount of their time each year, culminating in 1,545.5 volunteer hours in the current year (2022 - 713). Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

13. Subsequent event

Subsequent to year-end, the Society entered into an agreement to purchase land located at Maskells Harbour, NS for preservation purposes. Funds to complete the purchase will be provided by donations made specifically for this transaction. Upon completion of the purchase, the land will be purchased by the Nova Scotia Nature Trust.

14. Comparative figures

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

The Nova Scotia Highland Village Society

Schedule of Retail Operations

Year ended March 31	2023 Budget	2023 Actual	2022 Actual
Gift shop			
Sales	\$ 75,000	\$ 129,262	\$ 34,919
Cost of goods sold	<u>46,000</u>	<u>81,946</u>	<u>25,028</u>
Gross profit on sales	<u>\$ 29,000</u>	<u>\$ 47,316</u>	<u>\$ 9,891</u>

The Nova Scotia Highland Village Society

Schedule of Special Projects

Year ended March 31	2023 Budget (Note 9)	2023 Actual	2022 Actual
Gaelic outreach projects			
Office of Gaelic Affairs	\$ 10,000	\$ 25,500	\$ 60,823
Expenditures			
Project expenses	<u>12,000</u>	<u>26,158</u>	<u>63,321</u>
Net (cost) revenue	<u>\$ (2,000)</u>	<u>\$ (658)</u>	<u>\$ (2,498)</u>
Collection projects			
Canadian Heritage	\$ -	\$ -	\$ 100,000
Expenditures			
Project expenses	<u>-</u>	<u>-</u>	<u>15,533</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,467</u>
Infrastructure development			
Atlantic Canada Opportunities Agency	\$ -	\$ 4,538	\$ 928,565
Nova Scotia Public Works	-	4,545	928,558
Other revenue	<u>-</u>	<u>134,339</u>	<u>318,787</u>
	-	143,422	2,175,910
Expenditures			
Project expenses	<u>-</u>	<u>18,166</u>	<u>2,785,680</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ 125,256</u>	<u>\$ (609,770)</u>
Strategic development			
Expenditures			
Project expenses	<u>10,000</u>	<u>\$ 9,777</u>	<u>13,336</u>
Net (cost) revenue	<u>\$ (10,000)</u>	<u>\$ (9,777)</u>	<u>\$ (13,336)</u>
Exhibition development			
Communities, Culture, Tourism & Heritage	\$ -	\$ 45,823	\$ 144,000
Expenditures			
Project expenses	<u>-</u>	<u>45,823</u>	<u>144,000</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Nova Scotia Highland Village Society

Schedule of Special Projects

Year ended March 31	2023 Budget (Note 9)	2023 Actual	2022 Actual
NSM M8 Online Store project			
Communities, Culture, Tourism & Heritage	\$ -	\$ -	\$ 42,000
Expenditures			
Project expenses	<u>-</u>	<u>-</u>	<u>42,450</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (450)</u>
Festival & Event Subsidies			
Atlantic Canada Opportunities Agency	\$ -	\$ 3,000	\$ -
Municipality of Victoria County	\$ -	\$ 1,000	\$ -
Expenditures			
Project expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net (cost) revenue	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>
Net (cost) revenue of special projects	<u>\$ (12,000)</u>	<u>\$(119,609)</u>	<u>\$(541,587)</u>

The Nova Scotia Highland Village Society Schedule of Cultural Interpretation and Programming

Year ended March 31	2023 Budget (Note 9)	2023 Actual	2022 Actual
An Rubha	\$ 3,500	\$ 3,523	\$ 3,263
Animation program	1,500	3,484	3,430
Collections management	500	482	114
Costume program	1,500	1,047	619
Farm program	6,000	6,218	2,273
Library and research	2,000	1,448	1,182
Special programs and workshops	<u>11,500</u>	<u>6,752</u>	<u>-</u>
	<u>\$ 26,500</u>	<u>\$ 22,954</u>	<u>\$ 10,881</u>

The Nova Scotia Highland Village Society Schedule of Site and Facilities

Year ended March 31	2023 Budget (Note 9)	2023 Actual	2022 Actual
Custodial services and supplies	\$ 6,000	\$ 6,120	\$ 2,234
Grounds maintenance	20,000	16,914	16,652
Repairs and maintenance	48,000	38,171	48,113
Security	1,000	3,577	763
Utilities	<u>22,000</u>	<u>21,209</u>	<u>16,271</u>
	<u>\$ 97,000</u>	<u>\$ 85,991</u>	<u>\$ 84,033</u>

The Nova Scotia Highland Village Society Schedule of Operating and administrative expenditures

Year ended March 31	2023 Budget (Note 9)	2023 Actual	2022 Actual
Advertising and promotion	\$ 45,000	\$ 33,530	\$ 20,856
Bank and credit charges	1,000	3,335	2,082
Fundraising events	16,000	22,166	6,342
Governance	9,000	5,638	2,637
Memberships and subscriptions	3,000	3,744	2,343
Occupational health and safety	4,000	10,416	1,751
Office equipment, rental, and servicing	3,000	2,379	1,269
Office supplies	11,000	12,671	13,341
Postage	4,000	3,184	2,751
Professional fees	14,000	16,393	11,775
Telephone	8,000	8,751	7,805
Training	8,000	5,830	877
Travel	12,000	10,436	4,222
Volunteer recognition	4,000	-	2,849
Wages and benefits (Note 3)	<u>864,490</u>	<u>795,867</u>	<u>697,208</u>
	<u>\$ 1,006,490</u>	<u>\$ 934,340</u>	<u>\$ 778,108</u>