



Financial Statements

The Nova Scotia Highland Village Society

March 31, 2018

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Independent Auditor's Report

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

We have audited the accompanying financial statements of The Nova Scotia Highland Village Society, which comprise the statement of financial position as at March 31, 2018, and the statements of revenue and expenditures, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report (continued)

Basis for qualified opinion

The Nova Scotia Highland Village Society derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018 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.

Sydney, Canada
May 28, 2018



Chartered Professional Accountants
Licensed Public Accountants

The Nova Scotia Highland Village Society

Statement of Revenue and Expenditures

Year ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Revenue			
Provincial grant - Nova Scotia Museum	\$ 744,496	\$ 744,496	\$ 738,296
Admission fees	115,000	129,284	107,465
Chase the Ace (net)	-	-	8,327
Food service and fundraising	44,400	48,375	38,856
Miscellaneous	3,000	2,366	1,715
Donations	3,000	3,554	2,962
Interest	1,000	2,796	2,740
Nova Scotia Transportation and Infrastructure Renewal	30,000	30,264	30,674
Programming	9,000	16,977	9,364
Retail operations (Schedule 1)	126,000	135,130	115,040
Special projects (Schedule 2)	39,150	22,188	36,530
	<u>1,115,046</u>	<u>1,135,430</u>	<u>1,091,969</u>
Retail operations (Schedule 1)	76,820	84,423	70,026
Special projects (Schedule 2)	40,650	27,757	39,039
Cultural interpretation and programming (Schedule 3)	23,000	21,289	22,259
Site and facilities (Schedule 4)	57,200	49,979	52,732
Operating and administrative expenditures (Schedule 5)	918,455	923,807	865,015
	<u>1,116,125</u>	<u>1,107,255</u>	<u>1,049,071</u>
(Deficiency) excess of revenue over expenditures before other items	<u>(1,079)</u>	<u>28,175</u>	<u>42,898</u>
Other items			
Depreciation	-	(5,903)	(5,903)
Renovation projects	(9,000)	(7,474)	(13,701)
	<u>(9,000)</u>	<u>(13,377)</u>	<u>(19,604)</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (10,079)</u>	<u>\$ 14,798</u>	<u>\$ 23,294</u>

The Nova Scotia Highland Village Society

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted fund	Restricted replacement reserve	Site development reserve	Unused sick days reserve	Total 2018	Total 2017
Balance, beginning of year	\$ 10,338	\$ 197,973	\$ 56,431	\$ 20,343	\$ 285,085	\$ 281,791
Excess of revenue over expenditures	13,102	1,696	-	-	14,798	23,294
Transfer to (from) reserve (net)	(15,000)	(2,596)	15,000	-	(2,596)	-
Transfer of restricted contribution	-	-	-	-	-	(20,000)
Balance, end of year	<u>\$ 8,440</u>	<u>\$ 197,073</u>	<u>\$ 71,431</u>	<u>\$ 20,343</u>	<u>\$ 297,287</u>	<u>\$ 285,085</u>

See accompanying notes and schedules to the financial statements.

The Nova Scotia Highland Village Society

Statement of Financial Position

March 31

2018

2017

Assets

Current

Cash	\$ 53,069	\$ 27,180
Receivables	3,068	4,668
Inventory	26,665	22,623
Prepays	<u>10,129</u>	<u>1,286</u>

92,931 55,757

Restricted cash	356,702	314,695
Vehicle (Note 4)	<u>11,807</u>	<u>17,710</u>

\$ 461,440 **\$ 388,162**

Liabilities

Current

Payables and accruals	\$ 24,996	\$ 15,192
Deferred revenue - operating	54,667	46,885
Deferred revenue - site development	<u>84,490</u>	<u>41,000</u>

164,153 103,077

Surplus

Net assets (Page 4) **297,287** **285,085**

\$ 461,440 **\$ 388,162**

Contingency (Note 5)

On behalf of the Board

_____ Director

_____ Director

The Nova Scotia Highland Village Society

Statement of Cash Flows

Year ended March 31

2018

2017

Increase in cash

Operating

Excess of revenue over expenditures	\$ 14,798	\$ 23,294
Item not affecting cash		
Amortization	5,903	5,903

Change in non-cash working capital items (Note 6)	20,701	29,197
	49,791	(19,387)

	70,492	9,810
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Financing

Transfer of replacement reserve funds	(2,596)	-
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Increase in cash	67,896	9,810
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Cash

Beginning of year	341,875	332,065
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End of year	\$ 409,771	\$ 341,875
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Cash consists of:

Cash	\$ 53,069	\$ 27,180
Restricted cash	356,702	314,695

	\$ 409,771	\$ 341,875
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The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2018

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.), 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 are internally restricted funds and 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 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:

Vehicles	5 year, straight-line
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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.

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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 2018 was \$81,423 (2017 – \$70,026). 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

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

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, 2018

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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

Financial instrument	Subsequent measurement
Cash and cash equivalents	Fair value (which approximates amortized cost)
Receivables	Amortized cost
Prepays	Amortized cost
Payables and accruals	Amortized cost
Deferred revenue	Amortized cost
Long-term debt	Amortized cost

The Society removes financial liabilities, or a portion of, 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 any write-downs or reversals are recognized in net income.

3. Wages and benefits

	<u>2018</u> <u>(Note 7)</u>	<u>2017</u>
Gross wages	\$ 797,497	\$ 774,902
Less: grants		
Nova Scotia Department of Labour and Advanced Education	(8,363)	(8,526)
Service Canada	(13,552)	(10,056)
Nova Scotia Communities, Culture, and Heritage	-	(17,003)
Canadian Heritage	(8,441)	(8,000)
	<u>\$ 767,141</u>	<u>\$ 731,317</u>

4. Vehicle

	<u>2018</u>	<u>2017</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Vehicles	\$ 29,517	\$ 17,710	\$ 11,807	\$ 17,710

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2018

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, 2018, the Society's employees have accrued a total of 657 (2017 - 610) unused sick days, and management has estimated a total cost of \$116,361 (2017 - 107,718). 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. Change in non-cash working capital items	<u>2018</u>	<u>2017</u>
Receivables	\$ 1,600	\$ (61)
Inventory	(4,042)	(3,509)
Prepays	(8,843)	3,701
Payables and accruals	9,804	(64,218)
Deferred revenue	<u>51,272</u>	<u>44,700</u>
	<u>\$ 49,791</u>	<u>\$ (19,387)</u>

7. Budget amounts

The 2018 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 28, 2018.

8. 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, 2018.

(a) Fair values

The book value of cash and cash equivalents, receivables, and payables and accruals approximates fair value as of March 31, 2018, due to their short term maturity.

(b) Liquidity risk

The Society does have liquidity risk in payables and accruals of \$24,997 (2017 - \$15,192). 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.

The Nova Scotia Highland Village Society

Notes to the Financial Statements

March 31, 2018

9. 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.

10. Contributed services

A substantial number of volunteers contribute a significant amount of their time each year, culminating in 2,329 volunteer hours in the current year (2017 - 2,051). Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

The Nova Scotia Highland Village Society
Schedule of Retail operations

Year ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Gift shop Sales	\$ 126,000	\$ 135,130	\$ 115,040
Cost of goods sold	<u>76,820</u>	<u>84,423</u>	<u>70,026</u>
Gross profit on sales	<u>\$ 49,180</u>	<u>\$ 50,707</u>	<u>\$ 45,014</u>

The Nova Scotia Highland Village Society Schedule of Special Projects

Year ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Interpretive renewal project			
CCH Support4Culture	\$ -	\$ 3,400	\$ -
Expenditures			
Interpretive development projects	<u>-</u>	<u>3,400</u>	<u>400</u>
Net (cost) revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(400)</u>
Gaelic outreach projects			
Office of Gaelic Affairs	\$ 39,150	\$ 9,150	\$ 2,950
Expenditures			
Project expenses	<u>40,650</u>	<u>17,069</u>	<u>3,905</u>
Net (cost) revenue	\$ <u>(1,500)</u>	\$ <u>(7,919)</u>	\$ <u>(955)</u>
Collection projects			
Canadian Heritage	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,000</u>
Expenditures			
Project expenses	<u>-</u>	<u>-</u>	<u>14,309</u>
Net (cost) revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(4,309)</u>
NS Transportation and Infrastructure Renewal	\$ -	\$ 7,288	\$ 20,425
Expenditures			
Project expenses	<u>-</u>	<u>7,288</u>	<u>20,425</u>
Net (cost) revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Festival and events subsidies			
Atlantic Canada Opportunities Agency	\$ -	\$ 2,350	\$ -
Municipality of Victoria County	<u>-</u>	<u>-</u>	<u>3,155</u>
Net revenue	\$ <u>-</u>	\$ <u>2,350</u>	\$ <u>3,155</u>
Net (cost) revenue of special projects	\$ <u>(1,500)</u>	\$ <u>(5,569)</u>	\$ <u>(2,509)</u>

See accompanying notes to the financial statements.

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

Year ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Animation program	\$ 8,500	\$ 3,553	\$ 9,098
Special programs and workshops	4,500	6,470	5,878
An Rubha	3,000	2,655	2,670
Costume program	2,000	1,752	493
Collections management	300	55	431
Library and research	1,200	1,776	1,331
Farm program	3,500	5,028	2,358
	<u>\$ 23,000</u>	<u>\$ 21,289</u>	<u>\$ 22,259</u>

The Nova Scotia Highland Village Society Schedule of Site and Facilities

Year ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Utilities	\$ 10,000	\$ 11,232	\$ 10,286
Grounds maintenance	10,000	6,280	9,939
Custodial services and supplies	3,000	4,031	3,469
Security	1,000	741	910
Repairs and maintenance	<u>33,200</u>	<u>27,695</u>	<u>28,128</u>
	<u>\$ 57,200</u>	<u>\$ 49,979</u>	<u>\$ 52,732</u>

The Nova Scotia Highland Village Society Schedule of Operating and Administrative Expenditures

Year ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Advertising and promotion	\$ 40,000	\$ 46,302	\$ 42,070
Bank and credit charges	2,500	2,539	2,702
Fundraising events	25,750	28,177	20,616
Governance	10,000	9,038	8,836
Memberships and subscriptions	3,000	2,746	3,383
Occupational health and safety	3,000	2,653	5,219
Office equipment, rental, and servicing	2,500	3,867	3,694
Office supplies	7,000	10,400	6,199
Postage	2,500	2,897	3,186
Professional fees	7,000	5,681	4,494
Telephone	6,000	5,743	5,391
Training	10,000	10,728	4,814
Travel	20,000	21,781	19,964
Volunteer recongition	3,500	4,114	3,130
Wages and benefits (Note 3)	<u>775,705</u>	<u>767,141</u>	<u>731,317</u>
	<u>\$ 918,455</u>	<u>\$ 923,807</u>	<u>\$ 865,015</u>