

**NORTH
VANCOUVER
MUSEUM
and
ARCHIVES
COMMISSION**

**2012
AUDITED
FINANCIAL
STATEMENTS**

**NORTH VANCOUVER MUSEUM AND ARCHIVES COMMISSION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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North Vancouver Museum and Archives Commission 2012

The North Vancouver Museum and Archives Commission ("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, 2012

Appointed by the City of North Vancouver:

Councillor Donald H. Bell
Ms Deborah Jacobs (to March 2012)
Ms Matti Polychronis
Ms Sepideh Sarrafpour
Mr Robert Watt

Appointed by the District of North Vancouver:

Councillor Robin Hicks
Mr Sanford Osler (Vice Chair)
Mr Daniel Francis
Mr Douglas Colby
Blair Trousdell (to January 2012)
Catharine Downes (from April 2012)

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

Mr. Robert Heywood (Chair)

Commission Administrative Staff:

Ms Nancy Kirkpatrick, Director
Ms Janice Manaton, Administrative Services Manager

**North Vancouver Museum and Archives Commission
2012**

This Page Reserved For Auditors' Report

**North Vancouver Museum and Archives Commission
Statement of Financial Position
As at December 31, 2012**

	<u>2012</u>	<u>2011</u>
Financial Assets		
Due from the City of North Vancouver (note 3)	\$ 218,937	\$ 249,640
Due from the District of North Vancouver (note 3)	10,497	10,497
Accounts receivable and other	<u>12,149</u>	<u>2,555</u>
Total Financial Assets	<u>241,583</u>	<u>262,692</u>
Liabilities		
Accounts payable and accrued liabilities	44,725	43,191
Deferred revenue	29,157	35,569
Post-employment benefits, compensated absences and termination benefits (note 4)	<u>66,700</u>	<u>67,000</u>
Total Liabilities	<u>140,581</u>	<u>145,760</u>
 Net Financial Assets	 <u>101,002</u>	 <u>116,932</u>
Non-Financial Assets		
Prepaid assets	-	793
Total Non-Financial Assets	<u>-</u>	<u>793</u>
 Accumulated Surplus (note 5)	 <u>\$ 101,002</u>	 <u>\$ 117,725</u>

Commitments (Note 6)

To be read with reference to the Notes to the Financial Statements

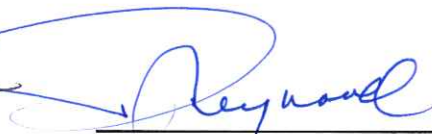
Director of Finance, City of North Vancouver



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, 2012 with comparative figures for 2011

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenues			
Contributions and grants			
General	\$ 1,012,472	\$ 1,023,572	\$ 997,672
Special purpose	-	16,926	38,385
Other fees and miscellaneous			
General	11,650	10,807	18,997
Special purpose	-	4,843	7,068
	<u>1,024,122</u>	<u>1,056,148</u>	<u>1,062,122</u>
Expenses			
Wages and benefits			
General	681,296	700,619	670,560
Special purpose	-	9,039	16,940
Goods and supplies			
General	36,719	36,778	41,580
Special purpose	-	1,032	5,063
Services			
General	306,107	313,704	303,653
Special purpose	-	11,699	23,450
	<u>1,024,122</u>	<u>1,072,871</u>	<u>1,061,246</u>
Annual surplus (deficit)	-	(16,723)	876
Accumulated surplus at beginning of year	117,725	117,725	116,849
Accumulated surplus at end of year	<u>\$ 117,725</u>	<u>\$ 101,002</u>	<u>\$ 117,725</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, 2012 with comparative figures for 2011

	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
Annual surplus (deficit)	\$ -	\$ (16,723)	\$ 876
Use (acquisition) of prepaid expenses	<u>-</u>	<u>793</u>	<u>(793)</u>
Increase (decrease) in net financial assets	-	(15,930)	83
Net financial assets at beginning of year	<u>116,932</u>	<u>116,932</u>	<u>116,849</u>
Net financial assets at end of year	<u>\$ 116,932</u>	<u>\$ 101,002</u>	<u>\$ 116,932</u>

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, 2012 with comparative figures for 2011

	<u>2012</u>	<u>2011</u>
Cash provided by (used for):		
Operating activities		
Annual surplus (deficit)	\$ (16,723)	\$ 876
Changes in non-cash operating balances		
Due from the City of North Vancouver	30,703	30,053
Accounts receivable and other	(9,594)	(2,055)
Prepaid expenses	793	(793)
Accounts payable and accrued liabilities	1,533	(7,954)
Deferred revenue	(6,412)	(22,027)
Post-employment benefits, compensated absences and termination benefits	(300)	1,900
Cash generated by operating transactions	<u>-</u>	<u>-</u>
Change in cash during the year, being cash at the beginning and end of year	<u>\$ -</u>	<u>\$ -</u>

To be read with reference to the Notes to the Financial Statements

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2012***

1. PURPOSE OF THE COMMISSION AND OPERATIONS

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.

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. Capital costs are funded by the municipality in which a facility is located. When a capital expenditure cannot be attributed to a facility, it is funded by equal contributions from the City and the District.

Cash transactions of the Commission are processed by the City, including payroll and other expenses. The Commission reimburses the City for financial, database, vehicle repairs and human resources services provided by the City. The Commission reimburses the District for software, hardware and technical support for information technology at the Community History Centre.

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

The Commission has a licence to occupy the Community History Centre, granted by the District, pending completion of a formal lease between the two parties. The Community History Centre houses the Archives Research Room and collections, is home to the staff of the North Vancouver Museum and Archives, and provides storage for the art collection and educational materials. The Commission sub-leases a portion of the City-owned Presentation House from the Presentation House Cultural Society to house the Museum Galleries. The City rents warehouse storage space for the collections, with lease payments made by the Commission. A City-owned portion of a garage/storage building built by the Greater Vancouver Regional District in the Mount Seymour Demonstration Forest is used for antique vehicle storage. These leases are accounted for as operating expenses.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2012

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 Canadian Institute of Chartered Accountants.

(b) Functional and Object 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 object in the statement of operations.

(c) Tangible Capital Assets

Tangible capital asset acquisitions funded 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. No capital consumption or depreciation charges are charged to the Commission.

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. 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 straight-line method.

Long-term capital plans adopted by the Councils of the City and the District provide funding for the replacement and acquisition of tangible capital assets. Certain tangible capital assets in use by the Commission are owned by the City and District in direct proportion to their financial contribution and are not recorded in these financial statements. The Commission is required to carry replacement cost insurance coverage on all tangible capital assets owned and used by the Commission.

(d) Collection Assets

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.

Collection assets donated by residents of the City are owned by the City, and those donated by residents of the District are owned by the District. Collection assets donated by any other source are owned in accordance with decisions made by the Commission, based upon whether the asset is reflective of the history of the City or the history of the District.

The Commission's database contains records for 19,686 historic artifacts that have cultural, aesthetic or historical value. Of these, 2,021 are assigned to both the City and the District, 1,239 are assigned to the District, and 16,426 are assigned to the City. There are records of 60 other objects owned by the City that were part of Mayor Loucks' collection.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue Recognition

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

(f) Accrued Sick and Severance

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.

(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 are post-employment benefits, compensated absences and termination benefits. Actual results could differ from those estimates.

(h) Unaudited Budget Figures

Unaudited budget figures were approved by the Commission on September 22, 2011.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2012

3. DUE FROM THE CITY OF NORTH VANCOUVER / DISTRICT OF NORTH VANCOUVER

The City and the District equally fund the Commission for sick and severance payment. 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	
	2012	2011	2012	2011
Cash Held by City of North Vancouver	\$ 208,441	\$ 239,144	\$ -	\$ -
Sick and Severance Liability	10,496	10,496	10,497	10,497
	<u>\$ 218,937</u>	<u>\$ 249,640</u>	<u>\$ 10,497</u>	<u>\$ 10,497</u>

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

The Commission provides the following benefits to employees.

Sick and Severance

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 these benefits is based on an actuarial evaluation done by an independent actuarial firm using a projected benefit actuarial valuation method pro-rated on services, and will be reviewed on a periodic basis.

Sick Leave

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. The amount recorded for this benefit is based on an actuarial evaluation done by an independent actuarial firm and will be reviewed on a periodic basis.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2012

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

Post-employment benefits are funded through grant revenue from the City and the District.

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

	<u>2012</u>	<u>2011</u>
Benefit obligation - beginning of the year	\$ 37,100	\$ 46,600
Add: Current service costs	3,000	2,800
Interest cost	1,200	1,800
Amortization of actuarial gain	(500)	(14,100)
Benefit obligation - end of the year	<u>40,800</u>	<u>37,100</u>
Less: Unamortized actuarial gain	25,900	29,900
Accrued benefit liability - end of the year	<u>\$ 66,700</u>	<u>\$ 67,000</u>

The most recent actuarial valuation of the Commission's employee future benefits was completed as at December 31, 2012. The City commissioned an independent review which included the Commission's estimated liability for sick and severance termination, and early retirement vacation benefits.

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

	<u>2012</u>	<u>2011</u>
Discount rates	3.40%	3.40%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases (net of inflation)	.08% to 2.0%	.08% to 2.0%

5. ACCUMULATED SURPLUS

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

	<u>December 31 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>December 31 2012</u>
Appropriated surplus	\$ 2,408	\$ 21,769	\$ (21,769)	\$ 2,408
Unappropriated surplus	115,317	1,034,379	(1,051,102)	98,594
Accumulated surplus	<u>\$ 117,725</u>	<u>\$ 1,056,148</u>	<u>\$ (1,072,871)</u>	<u>\$ 101,002</u>

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2012

6. COMMITMENTS

(a) Warehouse Lease

The City leases a warehouse for the storage of collections. The lease requires monthly basic lease payments plus management fees, expenses and property taxes. A two-year lease agreement was signed for the period of June 1, 2010 to May 31, 2012; an option to extend it to May 31, 2015 was signed in 2012. These lease payments are included in the Statement of Financial Activities for the Commission.

Annual Lease Costs for years ending December 31:	<u>Year</u>	<u>Cost</u>
Lease costs excluding management fees, property tax, expenses	2013	58,505
	2014	58,900
	2015	24,542

(b) Pension Liabilities

The Commission and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The most recent actuarial valuation as at December 31, 2009 indicated a \$1,024 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The Commission paid \$58,023 for employer contributions to the Plan in fiscal 2012 (2011 - \$46,007). Although employees of the Commission are part of the Plan of the City, pension contributions are recorded as an expense on the financial statements of the Commission.