

**Heritage Foundation of
Newfoundland and Labrador**
Annual Report 2020-21



Heritage NL

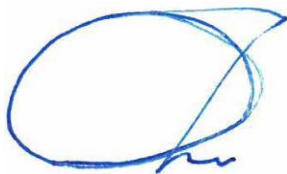
Message from the Chair

This report outlines the work and accomplishments of the Heritage Foundation of Newfoundland and Labrador (Heritage NL) for the fiscal year 2020-2021. In addition to reporting on specific objectives and indicators, it highlights a number of initiatives and accomplishments. Of particular note, a number of students and interns undertook work that included a development plan for the Harbour Grace Heritage District, several research papers in support of the Provincial Historic Commemoration Program, and studies on historic places.

The foundation of Heritage NL's work is commemorating, protecting, and safeguarding the province's rich cultural heritage assets. This includes strengthening capacity in the province for the stewardship of Newfoundland and Labrador's tangible and intangible cultural heritage. In late 2020-21, the foundation began work with funding from the Department of Immigration, Population Growth and Skills' Labour Market Program Support System (LaMPSS). This two-year initiative will enhance heritage conservation skills amongst building trades and train people in traditional skills at risk. The Baccalieu Trail Heritage Inventory initiative was created to utilize heritage assets for community economic development and saw the completion of a pilot project on the Baccalieu Trail with a goal of integrating tradition-bearers into the tourism product of the region.

This report is submitted in accordance with the obligation as a category 3 entity under the **Transparency and Accountability Act** and was prepared under the direction of the Board, which is accountable for the actual results reported.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dave Lough', with a large, stylized initial 'D'.

Dave Lough
Chairperson

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Entity Overview

Organizational Structure

The Heritage Foundation of Newfoundland and Labrador (Heritage NL), is a Crown agency established in 1984 under Part IV of the **Historic Resources Act**.

Mandate

Heritage NL was established in 1984 to stimulate an understanding of and an appreciation for the historic places and intangible cultural heritage of the province.

Lines of Business

A full description of lines of business can be found at:

[HFNL-2020-23-Activity-Plan.pdf](#)

Staff and Budget

Heritage NL employs five permanent staff (one female, four males) including an Executive Director, Accountant, two Heritage Development Officers and an Intangible Cultural Heritage Development Officer. Heritage NL also employs summer students and interns on a regular basis. The expenditures of Heritage NL for 2020-21 was \$611,344. See the 2020-21 Financial Statements section of this report for audited financial statements.

Heritage NL is governed by a Board of Directors appointed by the Lieutenant-Governor in Council. As of March 31, 2021 the Board consisted of the following members:

Chairperson: Dave Lough
Vice Chair: Lloyd Kane
Treasurer: Sarah Wade
Secretary: Jim Miller
Members: Lisa Daly
Philip Wood

Elizabeth-Ann Murphy

Raymond Cusson

Michelle Davies

Gerry Osmond, Department of Tourism, Culture, Arts and Recreation

Physical Location

Newman Building, 1 Springdale Street

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Highlights and Partnerships

Heritage NL undertook adaptive reuse studies on two prominent Registered Heritage Structures to help identify options for these vacant buildings. Funded through the Young Canada Works Program, three architecture students from Newfoundland and Labrador first developed a report for the historic Greenspond Courthouse with ideas on how to make sufficient revenue to maintain the town-owned building; this report was provided to the community and placed online. Their second report developed concepts for the adaptive reuse of the Ridley Hall ruins in Harbour Grace as a community venue, seasonal café, and garden that would help preserve this very significant historic structure. These projects build on a number of tools that Heritage NL has developed to support the adaptive reuse of heritage structures for community economic development. Through an ongoing collaboration with the Geomatics Program of the College of the North Atlantic, both of these structures were digitally scanned as a tool for concept design development and future conservation.

Another project, undertaken by the architecture students, was the development of an innovative landscape concept plan for the Harbour Grace Registered Heritage District. This plan would see the beautification of the area, contribute to the quality of life for local residents and support tourism development. The improvements of the district supports the redevelopment of the historic Harbour Grace Courthouse and Immaculate Conception Church as anchor hospitality venues.

A major focus of Heritage NL was the promotion of traditional knowledge as an inspiration for tourism and craft businesses. A pilot initiative, the Baccalieu Trail Heritage Inventory, was undertaken as part of a Harris Centre “Thriving Regions” project. Tradition-bearers were interviewed and a document was developed outlining what services or skills they could offer to the hospitality sector. The document offers a pathway to offer new visitor experiences/packages and generate new income for individuals involved. Skills highlighted included storytelling, Indigenous basket making, boatbuilding, pottery making, gardening, capelin smoking, knife making, and bread baking. The document can be found at the following link:

<https://heritagenl.ca/wp-content/uploads/2021/02/Baccalieu-Trail-Traditional-Knowledge-Inventory-2021.pdf>

Three case studies were published that featured individuals or groups who have created businesses based on, and inspired by, the traditional knowledge of the province. These three case studies include: a clothing/fashion business that employs traditional “bark tanning, part of the Labrador Artisans Cooperative”; the Green Family Forge in Trinity that operates as a social enterprise, and “Wind at Your Back Guided Adventures” of Heart’s Delight-Islington in which history and culture are a prominent component. The case studies seek to inspire others to develop new businesses and tourism experiences rooted in our cultural knowledge. Additional information on these case studies can be found at the following links below:

Revitalizing Barking in Southern Labrador

The Labrador Artisans Co-operative is revitalizing the tradition of barking and using natural dyes by incorporating these old techniques into their contemporary products. Their goal was to develop a product line that used bark dyeing and block printing that they could recreate in multiples to sell wholesale and on consignment at the historic sites and craft fairs throughout Labrador.

<https://heritagenl.ca.ca/wp-content/uploads/2020/08/ICH-Case-Study-005-WEB.pdf>

Green Family Forge, Trinity

Green Family Forge is a designated Registered Heritage Structure which operates both as a living history museum and a fully-operational forge. Today, as a member of the Craft Council of Newfoundland and Labrador, the Green Family Forge makes and sells forged goods, sales of which help to keep the forge operational. For the group, keeping the fires going is not about the money; it is about passing

on valuable traditional skills which have been in decline for half a century.
<https://heritagenl.ca/wp-content/uploads/2020/08/ICH-Case-Study-006-WEB.pdf>

Hiking and Heritage

Barb Parsons-Sooley is an avid hiking enthusiast and owner of Wind at Your Back Guided Adventures, who incorporates history and culture into her hikes. She has been a hiking guide for several years for Routes Adventures, touring people around the Bonavista region and sharing Newfoundland and Labrador's history and stories. She is also the president of the Hike Baccalieu trail maintenance association.

<https://heritagenl.ca/wp-content/uploads/2020/09/ICH-Case-Study-007-WEB.pdf>

Report on Performance

Issue # 1: Support Cultural Heritage of the Province

Demographic, economic, social and cultural changes are having a big impact on the province's built heritage. Rural depopulation, a decline in church and lodge attendance and economic changes are creating challenges for building owners to maintain their historic structures. In many instances, historic buildings have become redundant and left vacant, often creating a break in the transmission of knowledge about those buildings. Important tools in the conservation of heritage structures include assisting with the restoration of the physical structure, as well as documenting the complex stories and intangible values of historic places.

2020-21 Objective

By March 31, 2021, Heritage NL will have supported and promoted heritage; safeguarded and developed the province's heritage assets; and advocate/educate the public on the subject of cultural heritage.

Indicator #1: Heritage NL will have funded initiatives to support the cultural heritage of the Province.

Heritage NL invested \$231,600 in grants for heritage conservation to the owners of Registered Heritage Structures. This included 16 restoration grants, seven maintenance grants, and 13 building assessments. This generated approximately \$1.07 million in additional investment for a total of \$1.25 million in spending on heritage conservation. Roughly, \$315,000 was collected in provincial HST and income tax from these investments. This was calculated based upon the receipts provided at the completion of restoration projects by the property owners, back-calculated from amounts expended.



Repairing windows and clapboard on the rear of the Twillingate Masonic Lodge.



At work restoring the tower and cupola of the historic Greenspond Courthouse.

Indicator #2: Heritage NL will have undertaken oral history projects on Registered Heritage Structures or Districts and shared these with the public.

Heritage NL undertook three oral history projects on Registered Heritage Structures in order to support greater appreciation for these buildings, increase our knowledge on their evolution, and inform conservation and interpretation strategies. The three Oral History Projects completed are:

1. Lane-Heffern House, Salvage – Heritage NL developed an oral history of this recently designated heritage structure, which is one of the oldest community museums in the province. Together, with site documentation, the research has developed a new understanding of the property. This includes its age, which is older than previously assumed, and its evolution from a smaller pre-1850 structure. This will inform the restoration and redevelopment of its interpretive elements by a revitalized local heritage group.

See field note: <https://heritagenl.ca/wp-content/uploads/2021/01/011-History-of-the-Lane-Heffern-House-Salvage-NL.pdf>

2. Quinton Premises, Red Cliffe – The owners of these historic fish merchant premises in Bonavista Bay are in the process of passing on the property to a newly established heritage trust. An oral history initiative is capturing valuable historical information and memories about the business and the community that have contributed to our understanding of the premises. Some of this information could contribute to how the various structures on the property will be re-imagined. Link to interviews: <https://tinyurl.com/ye23nh8b>

3. Burgess Property, Whiteway – A compound of buildings, comprising an early 20th century house, cooperage, stable, saw mill, fishing stage, and root cellar, tell the story of how outport families often made a living from a number of different enterprises. An oral history project with the current owner (a descendant of the

Burgess family) combined with research on an extensive archival collection of family documents, has provided an in-depth look at outport economy and family life. See field note: <https://heritagenl.ca/wp-content/uploads/2021/03/015-Burgess-Property-Whiteway-NL-Site-and-Building-Survey.pdf>

2021-22 Objective and Indicators

By March 31, 2022, Heritage NL will have supported and promoted heritage; safeguarded and developed the province's heritage assets; and advocate/educate the public on the subject of cultural heritage.

Indicator #1: Heritage NL will have funded initiatives to support cultural heritage of the Province.

Indicator #2: Heritage NL will have undertaken oral history projects on local historic places and shared these with the public.

Indicator #3: Heritage NL will have started to develop a database of heritage properties likely to be or become at risk to share with municipalities and other stakeholders.

Opportunities & Challenges

The COVID-19 pandemic and the need to battle climate change have presented both challenges and opportunities for Heritage NL. COVID-19, in addition to negatively influencing numerous community organizations that manage historic sites as museums and tourism attractions, required Heritage NL to do business differently. Videoconferencing, webinars, and increased use of social media allowed the foundation to broaden its reach to the public and provide a means to enhance connectivity.

The critical need to address climate change requires us to consider and mitigate the impacts of more extreme weather, erosion, and changing environmental conditions on the physical fabric of our historic buildings and historic sites. Climate-related catastrophes, such as wildfires and flooding, are increasing insurance costs. Due to these increases, owners of historic properties may be unable to afford necessary insurance.

Climate Change also strengthens the case of adaptive reuse/recycling of heritage structures and the retention of their embodied energy. This provides an opportunity for community advocates to educate on the importance of built heritage.

Financial Information

HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

MARCH 31, 2021

Management's Report

Management's Responsibility for the Heritage Foundation of Newfoundland and Labrador Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a periodic basis and external audited financial statements yearly.

The Office of the Auditor General conducts an independent audit of the annual financial statements of the Foundation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Office of the Auditor General has full and free access to financial management of the Heritage Foundation of Newfoundland and Labrador.

On behalf of the Heritage Foundation of Newfoundland and Labrador.



Dale Jarvis
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Heritage Foundation of Newfoundland and Labrador (the Foundation), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Foundation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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 public sector accounting standards, 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.

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

Independent Auditor's Report (cont.)

- 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 Foundation'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 Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Foundation 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.

I 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 I identify during my audit.



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

September 1, 2021
St. John's, Newfoundland and Labrador

ANNUAL REPORT 2020-21

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF FINANCIAL POSITION
 As at March 31

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 151,170	\$ 8,119
Portfolio investments (Note 3)	750,110	750,110
Accounts receivable (Note 4)	16,308	30,216
	<u>917,588</u>	<u>788,445</u>
LIABILITIES		
Accounts payable and accrued liabilities	311	9,027
Accrued employee benefits	26,221	16,967
Deferred revenue (Note 6)	821,242	661,756
	<u>847,774</u>	<u>687,750</u>
Net financial assets	<u>69,814</u>	<u>100,695</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	520	2,419
Prepaid expenses	1,268	1,451
	<u>1,788</u>	<u>3,870</u>
Accumulated surplus (Note 8)	<u>\$ 71,602</u>	<u>\$ 104,565</u>

Contractual obligations (Note 12)

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Foundation:


 Chairperson


 Member

Office of the Auditor General

ANNUAL REPORT 2020-21

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS
For the Year Ended 31 March

	2021 Budget	2021 Actual	2020 Actual
(Note 14)			
REVENUES			
Province of Newfoundland and Labrador (Note 15)	\$ 550,900	\$ 505,646	\$ 559,232
Government of Canada	10,000	50,199	30,139
Conference and event fees	10,000	6,200	24,652
Jeonju International Award for Promoting Intangible Cultural Heritage	-	-	10,190
Income from portfolio investments	17,000	16,088	17,245
Miscellaneous	-	250	-
	587,900	578,383	641,458
EXPENSES (Note 9)			
Heritage grants	215,900	164,539	213,907
Registered Heritage Districts	20,000	3,880	1,436
Other initiatives (Note 10)	10,000	321	11,154
Administration	338,476	357,473	328,480
Intangible Cultural Heritage Strategy (Note 11)	80,700	85,133	119,997
	665,076	611,346	674,974
Annual deficit	(77,176)	(32,963)	(33,516)
Accumulated surplus, beginning of year	104,565	104,565	138,081
Accumulated surplus, end of year	\$ 27,389	\$ 71,602	\$ 104,565

The accompanying notes are an
integral part of these financial statements.

Office of the Auditor General

ANNUAL REPORT 2020-21

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the Year Ended March 31

	2021 Budget	2021 Actual	2020 Actual
(Note 14)			
Annual deficit	\$ (77,176)	\$ (32,963)	\$ (33,516)
Tangible capital assets			
Acquisition of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	1,899	2,533
	-	1,899	2,533
Prepaid expenses			
Acquisition of prepaid expense	-	(2,887)	(3,368)
Use of prepaid expense	-	3,070	3,380
	-	183	12
Decrease in net financial assets	(77,176)	(30,881)	(30,971)
Net financial assets, beginning of year	100,695	100,695	131,666
Net financial assets, end of year	\$ 23,519	\$ 69,814	\$ 100,695

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General

ANNUAL REPORT 2020-21

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2021	2020
Operating transactions		
Annual deficit	\$ (32,963)	\$ (33,516)
Adjustment for non-cash items		
Amortization of tangible capital assets	1,899	2,533
	(31,064)	(30,983)
Change in non-cash operating items		
Accounts receivable	13,908	(45)
Accounts payable and accrued liabilities	(8,716)	(3,418)
Accrued employee benefits	9,254	(935)
Deferred revenue	159,486	(87,620)
Prepaid expenses	183	12
Cash provided by (applied to) operating transactions	143,051	(122,989)
Investing transactions		
Purchase of portfolio investments	(500,000)	(650,000)
Redemption of portfolio investments	500,000	747,000
Cash provided from investing transactions	-	97,000
Increase (decrease) in cash	143,051	(25,989)
Cash, beginning of year	8,119	34,108
Cash, end of year	\$ 151,170	\$ 8,119

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. Nature of operations

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the Historic Resources Act. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

- (a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;
- (b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and
- (c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Foundation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Foundation does not prepare a statement of remeasurement gains and losses as the Foundation does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Foundation's financial instruments recognized on the statement of financial position consist of cash, portfolio investments, accounts receivable, accounts payable and accrued liabilities, and accrued employee benefits. The Foundation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition. The Foundation subsequently measures all of its financial assets and financial liabilities at cost.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The carrying values of cash, portfolio investments, accounts receivable, accounts payable and accrued liabilities, and accrued employee benefits approximate fair value due to their nature and/or the short term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

(c) Cash

Cash includes cash in the bank.

(d) Employee future benefits

The employees of the Foundation are covered by the Public Service Pensions Act, 2019, or a self-directed RRSP. For employees covered by the self-directed RRSP, the Foundation will contribute at the same rates as the Public Service Pension Plan based on the employee's salary to the self-directed RRSP but there is no requirement for the employee to match the contributions.

For employees covered by the Public Service Pensions Act, 2019, employee contributions are matched by the Foundation and then remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service.

The contributions of the Foundation to both the self-directed RRSPs and Provident¹⁰ are recorded as an expense for the year.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, including amounts that are directly related to the acquisition of the assets.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Systems development	5 years
Office and computer equipment	5 years

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(e) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Foundation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Minor tangible capital asset purchases are charged to operations in the year of acquisition.

(f) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

(g) Revenues

Revenues are recognized in the periods in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

The Foundation recognizes government transfers as revenues when the transfer is authorized, any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability for the Foundation. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenues are recognized in the statement of operations as the stipulations related to the liabilities are settled. Government transfers consist of funding from the Province of Newfoundland and Labrador and the Government of Canada.

Income from portfolio investments is recorded as earned.

(h) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(h) Expenses (cont.)

Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Foundation's Registered Heritage Structures grant program and other projects as directed by the Province.

(i) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Portfolio investments

	<u>2021</u>	<u>2020</u>
Portfolio investments, at cost	\$ 750,110	\$ 750,110
Portfolio investments, at market	\$ 750,110	\$ 750,110

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from May 7, 2021 to August 15, 2025, and interest rates ranging from 1.1% to 2.60%.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

4. Accounts receivable

	<u>2021</u>	<u>2020</u>
Investment income receivable	\$ 11,163	\$ 13,929
Harmonized sales tax receivable	5,145	7,437
Province of Newfoundland and Labrador	-	8,850
	<u>\$ 16,308</u>	<u>\$ 30,216</u>

There is no allowance for doubtful accounts since all amounts are considered collectible.

5. Retirement benefits

The Foundation and certain of its employees are subject to the Public Service Pensions Act, 2019. The plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2020 - 11.85%). The Foundation's contributions equal the employee contributions to the plan. Total pension expense for the Foundation for the year ended March 31, 2021 was \$24,198 (2020 - \$25,842).

For those employees not covered by the Public Service Pension Plan, the Foundation will make an annual contribution equal to the rate provided under the Public Service Pension Plan (maximum of 11.85% of the employee's salary) to a self-directed RRSP. There is no requirement that the employee make a matching contribution. Contributions to self-directed RRSPs for the year ended March 31, 2021, were \$3,146 (2020 - \$2,724).

6. Deferred revenue

Deferred revenue includes contributions received from the Province of Newfoundland and Labrador and Government of Canada. The contributions received from the Province of Newfoundland and Labrador are to be used for the payment of heritage grants and other heritage initiatives as directed by the Province. The contributions received from the Government of Canada are to be used for the New Horizons for Seniors Program and the Virtual Museum.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
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6. Deferred revenue (cont.)

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
Registered Heritage Structures	\$ 451,344	\$ 150,000	\$ 164,539	\$ 436,805
Fisheries Heritage Preservation Program	51,667	-	-	51,667
Sub-total Heritage Grants	503,011	150,000	164,539	488,472
Ecclesiastical	90,364	-	-	90,364
Registered Heritage Districts	60,453	-	3,880	56,573
Labour Market Partnerships	-	177,500	2,227	175,273
Virtual Museum	-	3,000	-	3,000
New Horizons for Seniors Program	7,928	-	368	7,560
	\$ 661,756	\$ 330,500	\$ 171,014	\$ 821,242

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7. Tangible capital assets

	Systems development	Office and computer equipment	Total
Cost			
Balance, March 31, 2020	\$ 267,096	\$ 78,224	\$ 345,320
Acquisition of Tangible Capital Assets	-	-	-
Balance, March 31, 2021	\$ 267,096	\$ 78,224	\$ 345,320
Accumulated amortization			
Balance, March 31, 2020	\$ 267,096	\$ 75,805	\$ 342,901
Amortization expense	-	1,899	1,899
Balance, March 31, 2021	\$ 267,096	\$ 77,704	\$ 344,800
Net book value, March 31, 2021	\$ -	\$ 520	\$ 520
Net book value, March 31, 2020	\$ -	\$ 2,419	\$ 2,419

8. Accumulated surplus

Section 25 of the Historic Resources Act requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation. The Fund consists of the accumulated surplus of the Foundation. As at March 31, 2021, the Fund balance was \$71,602 (2020 - \$104,565).

9. Expenses by object

The following is a summary of expenses by object:

	<u>2021</u>	<u>2020</u>
Salaries and benefits	\$ 417,903	\$ 402,218
Grants	161,860	212,470
Purchased services	10,753	34,799
Travel	5,169	13,596
Professional services	3,637	4,339
Communications	7,472	2,644
Amortization	1,899	2,533
Property, furnishings and equipment	2,653	2,375
	\$ 611,346	\$ 674,974

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10. Other initiatives

The Foundation incurred expenses related to the following other initiatives.

	<u>2021</u>	<u>2020</u>
Collective Memories Project	\$ -	\$ 3,541
Ecclesiastical	-	4,972
Other	321	2,641
	\$ 321	\$ 11,154

11. Intangible Cultural Heritage Strategy

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year, the Foundation recognized \$87,000 (2020 - \$87,000) in revenue related to the Strategy. The Foundation also incurred expenses of \$85,133 (2020 - \$119,997) related to the Strategy.

12. Contractual obligations

As at March 31, 2021, the Foundation had committed \$413,416 (2020 - \$442,620) in the form of heritage grants approved but not yet disbursed or rescinded. Future disbursements related to these heritage grants will be recorded as reductions to deferred revenue. The Foundation adopted a policy with respect to heritage grant commitments requiring that all grants approved be available for a period of two years from the date of grant approval. Clients not utilizing the heritage grants within this timeframe will forfeit their right to these heritage grants, unless an extension is granted.

13. Financial risk management

The Foundation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Foundation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Foundation's exposure to these risks or its processes for managing these risks from the prior year.

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13. Financial risk management (cont.)

Credit risk

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. The Foundation's main credit risk relates to cash, portfolio investments and accounts receivable. The Foundation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Foundation is not exposed to significant credit risk with its cash or portfolio investments because these financial instruments are held with a Credit Union. The Foundation is not exposed to significant credit risk related to its accounts receivable as these amounts are due primarily from the Province of Newfoundland and Labrador, a Credit Union, or the Government of Canada. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its financial liabilities and contractual obligations. The Foundation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, accrued employee benefits, and its contractual obligations as disclosed in Note 12. The Foundation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Foundation is not exposed to significant foreign exchange or other price risk. The Foundation is not exposed to significant interest rate risk related to its portfolio investments because these investments have fixed interest rates and fixed values at maturity.

14. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Board of Directors of the Foundation.

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15. Related party transactions

- (a) The Foundation receives grant funding from the Province of Newfoundland and Labrador. During the year, the Foundation received grants totaling \$662,500 (2020 - \$485,151). The Foundation recognized \$505,646 (2019 - \$559,232) in revenue from the Province of Newfoundland and Labrador, including deferred revenue recognized in the fiscal year in which it is spent.
- (b) The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.
- (c) Accounts receivable includes amounts due from related parties of \$0 (2020 - \$8,850)

16. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Foundation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Foundation's objectives.

