



Heritage NL
ANNUAL REPORT
2018-19





Heritage NL

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Cover: Memorial United Church Registered Heritage Structure, Bonavista, is undergoing a multi-year restoration with support from Heritage NL. This massive, Classical Revival wood structure is a focal point of Church Street.



A Message From the Chair

As Chair of the Board at Heritage NL, it is my privilege to present the Annual Report for 2018-19. Heritage NL has responsibility to provide leadership and stewardship for the rich and diverse cultural heritage of Newfoundland and Labrador. Our unique built heritage resources and our strong Intangible Cultural Heritage is not only a source of great pride but is also a key foundation of a sustainable economic base for our Province. In 2018 the Heritage Foundation board approved the change of its name to Heritage NL as part of its brand refresh. The legal name of the Foundation remains the Heritage Foundation of Newfoundland and Labrador.

We are mandated to not only support the protection and safeguarding of our heritage assets but to adapt and present places, stories, and traditions for all to enjoy, today and going into the future. Using our financial resources wisely, we have been able to accomplish a very significant level of community engagement and have mobilized the creative energy and knowledge of a wide range of citizens including youth, seniors and community leaders to help us deliver on our mandate.

We are indebted to the committed, professional staff of Heritage NL and the large number of property owners and volunteers in every part of the Province who are dedicated to ensuring that the rich culture and heritage of Newfoundland and Labrador are managed with care and pride, ensuring their survival for the benefit of future generations.

This report is submitted in accordance with the obligation as a Category 3 entity under the **Transparency and Accountability Act** of the Government of Newfoundland and Labrador and was prepared under the Direction of the Board which is accountable for the results reported.

Sincerely,

Dave Lough
Chair

Overview

Vision

The vision of the HFNL is of a province that is aware of and values its unique heritage and which protects and safeguards its historic places and its intangible cultural heritage for the benefit of its residents and future generations.

Mission

Heritage NL supports the province's heritage in a number of ways: a) by raising awareness of and commemorating its built heritage, its history and, its Intangible Cultural Heritage; by supporting the preservation of its built heritage and historic places through funding programs and the provision of technical assistance and; by safeguarding its Intangible Cultural Heritage through a variety of initiatives that document, transmit and celebrate it.

Background

The Heritage Foundation of Newfoundland and Labrador, now known as Heritage NL, is a crown agency established under Part IV, sections 19-29 of the **Historic Resources Act** and operates under a Board of Directors appointed by the Lieutenant-Governor in Council. The Board of Directors is presently composed of 8 members: Chairperson, Vice-Chairperson, government representative and several Board members. It operates with five permanent staff comprising an Executive Director, Accountant (part-time), two Heritage Development Officers and an Intangible Cultural Heritage (ICH) Development Officer. In addition, the Heritage NL employs summer students and interns on a regular basis.

The annual budget of Heritage NL is \$677,926. A detailed breakdown of the 2018-19 audited financial information is found in the Financial Statements.

Board of Directors

At the end of this reporting period, March 31, 2019 the board consisted of the following members:

Chairperson	Dave Lough, St. John's
Vice Chair	Lloyd Kane, Cupids
Treasurer	Sarah Wade, St. John's
Secretary	Jim Miller, Trinity
Members	Lisa Daly, St. John's
	Philip Wood, Bay Roberts
	Elizabeth-Ann Murphy, Parker's Cove
	Gerry Osmond, Dept. TCII Representative (ex-officio)

Highlights

Heritage NL's ICH Work Receives National Recognition

Heritage NL received an honourable mention in the **2018 Governor General's History Award for Excellence in Community Programming**. Its "Oral History Roadshow" project saw ten communities record stories about local heritage, everything from goats and jukeboxes, to old shops and traditional crafts which were featured in a series of booklets. See: <http://heritagenl.ca/discover/publications-ich/>

Adaptive Reuse Toolkit Launched

If the province's built heritage is to survive into the future it needs to adapt. Empty or under-utilized heritage structures need to find new uses; new approaches are needed for operating and managing historic structures in sustainable ways. Drawing on a successful conference in 2017 on the theme, Heritage NL developed an online toolkit, "Adapting Heritage" which contains a wealth of information on such things as: identifying new uses for old buildings; greening historic structures; working with the development community and; new models for managing older buildings. To date, there have been nearly 800 clicks on the toolkit. See: <http://heritagenl.ca/wp-content/uploads/2019/03/Adapting-Heritage-Toolkit-March2019.pdf>

Heritage Landmarks

Heritage NL: introduced a new program in 2018-19 that identifies those Registered Heritage Structures that are considered some of the province's most important in terms of their architectural or historical values. To date, 35 structures have received "Registered Heritage Landmark" status that run the gamut from the RC Basilica complex to the relatively modest #1 SUF Lodge in Heart's Content which commemorates an important chapter in the province's social history.

Foundation Rebrand

To give itself a fresher appeal the Heritage Foundation of Newfoundland and Labrador rebranded itself as Heritage NL along with an updated logo and website. This was accompanied by a communications strategy developed with input from Perfect Day Media.

Terra Barrett of Heritage NL travelled to Ottawa to accept an honourable mention in the Governor General's History Award for Excellence in Community Programming (see above). L-R: Wanda Garrett and Elaine Spurrell of the Southwest Arm Historical Society, Terra Barrett of Heritage NL, Joanna Dawson of Canada's National History Society, and Lester Green of Southwest Arm Historical Society.



What We Do

I. Designation and Funding Programs

Heritage NL operates the following programs in support of heritage conservation:

1. **Registered Heritage Structure/Registered Heritage Landmarks Designation Program** – Heritage NL has designated approximately 330 heritage structures in every part of the province of which 35 are classified as “Heritage Landmarks.” (see Heritage NL’s searchable database for a listing of designated historic places: <http://heritagenl.ca/discover/heritage-property-search/>)
2. **Registered Heritage Districts** – This program recognizes significant clusters or groupings of heritage buildings or cultural heritage resources that tell some of the most important stories of our province. There are 6 Registered Heritage Districts: Bay Roberts Cable Avenue (telegraph history); Water Street Harbour Grace (mercantile history); Heart’s Content (cable history); Port Union (Fisherman’s Union); Tilting (fishing outpost); Downtown Woody Point (west coast mercantile centre).
3. **Registered Heritage Structure Restoration Grants Program** – Heritage NL provides \$150,000 in grants on an annual basis to owners of Registered Heritage Structures for activities related to heritage conservation. Since its inception Heritage NL has provided nearly \$2.5 million in grants which is estimated to have leveraged at least \$10.5 million in funding from other sources (mostly private) for heritage restoration work on close to 200 structures.
4. **Registered Heritage Structures Building Assessment Program** – A grant that supports the assessment of a heritage structure by a professional prior to the commencement of restoration work to ensure that conservation work is appropriate and follows acceptable standards.
5. **Registered Heritage Structure Maintenance Grant Program** – All owners of Registered Heritage Structures are eligible for up to \$5,000 over a five-year period to ensure maintenance on heritage structures.



Restoration of Harbour Grace Railway Station Registered Heritage Structure, Harbour Grace, was completed in 2018 with support from Heritage NL. Perhaps the earliest purpose-built station in the province, the project saw the preservation of its original wood shiplap cladding and reinstatement of its historic wood roof.

To date:

293 REGISTERED HERITAGE STRUCTURE DESIGNATIONS

35 LANDMARK DESIGNATIONS

6 REGISTERED HERITAGE DISTRICTS

\$2.5 MILLION IN RESTORATION FUNDING DISBURSED

\$10.5+ MILLION IN PRIVATE FUNDING LEVERAGED (ESTIMATED)

4 Taverner's Path Registered Heritage Structure, Trinity, TB, was built in 1910 as a railway hotel and restored ending in 2018 with support from Heritage NL. It operates today as Rosewood Suites. Visit: <https://rosewoodtrinity.com/>



II. Commemorations

1. **Plaquing Program** – All Registered Heritage Structures and Registered Heritage Districts are provided with plaques that describe their historical significance. In 2018 Heritage NL launched a new plaque design which includes more historic information on each property.
2. **Provincial Historic Commemorations Program** – In 2016-17 Heritage NL assumed responsibility for the Provincial Historic Commemorations Program (PHCP) which recognizes the following that are of provincial significance: people from the past; historic events; historic places; aspects of traditional culture; living tradition bearers. Nominations under the program are reviewed by a PHCP Sub-committee of Heritage NL. In 2018-19 Heritage NL had two research papers written for nominated subjects which were undertaken by summer students. Heritage NL received \$1,000 from NLCU to support the program through its efforts to find a sponsor. To date 33 subjects have been recognized under the program (see: <http://commemorations.ca/category/uncategorized/>).
3. **Provincial Registry of Historic Places (PRHP)** – The Provincial Registry of Historic Places, maintained by Heritage NL, lists all provincially- and municipally-designated structures and historic districts in Newfoundland and Labrador and serves as a public portal for those wishing to learn about historic places in the province. The registry includes 950 listings which comprise approximately 700 distinct places designated that have been designated by Heritage NL and municipal governments across the province. (see: <http://heritagenl.ca/discover/heritage-property-search/>)

III. Education and Outreach

Heritage NL undertakes a number of initiatives to raise awareness amongst the general public about the value of our built and intangible cultural heritage and amongst the heritage community about best practices in heritage conservation. Outreach initiatives include:

- “How to” publications to inform the public on the correct procedures dealing with the restoration of heritage buildings
- A semi-annual newsletter, “The Heritage Post” targeted to owners of Registered Heritage Structures filled with practical information on the maintenance and management of heritage structures
- Heritage Updates – an online newsletter published 4 times a year that highlights the work of Heritage NL to a general audience
- Heritage Poster Contest, targeted to the province’s K-12 school system in which participants create a poster highlighting an historic place in their community or province. This year’s competition saw 1,290 entries from 59 schools across Newfoundland and Labrador
- The provision of technical information on best practices in heritage conservation to those engaged in conservation work



Overall and Elementary Winner, Heritage Day Poster Contest 2018-19, "The Boat Launch, Pouch Cove" by Brooklynn Nichols, Grade 4, Cape St. Francis Elem., Pouch Cove.



Jubilee House Registered Heritage Structure, Bonavista, benefited from Heritage NL maintenance funding this year. The historic house welcomes guests from around the world as part of the Russelltown Inn. Visit: <https://www.russelltowninn.com/>

IV. Heritage Resource Identification

A community's cultural heritage resources (historic places, stories, cultural traditions and traditional knowledge) are some of the most valuable resources that it possesses in terms of: supporting local identity and culture; distinctive branding; and creating new economic opportunities. An important focus of Heritage NL is working with communities and organizations to identify and map their heritage resources. It does this through:

- 1. People, Places & Culture Workshops** – Heritage NL works with interested communities to map their cultural heritage assets, to identify clusters or themes that make their community distinctive and point the way to development opportunities, and to consider ways to protect their heritage resources. The program has helped a number of communities to focus their efforts and has served as the basis for community development plans. In 2018-19 Heritage NL undertook workshops in 5 communities/regions.
- 2. Collective Memories and Community Mug-ups** – Heritage NL's "Oral History Roadshow" booklets project was completed in partnership with 10 communities across Newfoundland and Labrador. It also undertook a multicultural oral history project called "Tales from Afar" which was featured at a presentation at The Rooms.
- 3. ICH Enterprise Case Studies** – Heritage NL actively promotes the use of heritage resources as a tool for enterprise and community economic development. In support of this the ICH Office completed the first three of an ongoing series of PDF-format case studies examining the links between intangible cultural heritage/traditional knowledge and enterprise/community economic development in Newfoundland and Labrador: Exploring Folklore Through Craft; Knitting Together Business and Heritage; and The Livyers' Lot Économusée (Burin Peninsula).
- 4. Support for Municipal Heritage Designations** – Heritage NL provides guidance to municipalities in designating historic places of municipal significance, including developing Statements of Significance that it includes on the Provincial Registry of Historic Places.

V. Safeguarding Newfoundland and Labrador's Intangible Cultural Heritage

The ICH Program seeks to safeguard, strengthen and celebrate Newfoundland and Labrador's distinctive intangible cultural heritage which is vital to sustaining the province's innate creativity and sense of identity. ICH comprises such things as traditional knowledge, beliefs, skills, and cultural practices. Heritage NL supports initiatives that celebrate, record, disseminate and promote the province's living heritage and helps to build bridges between diverse cultural groups within and outside Newfoundland and Labrador. Heritage NL's ICH Office regularly offers community training workshops, and works to identify, inventory, and safeguard traditions and bodies of knowledge that are under threat. The work of Heritage NL in the area of ICH is recognized nationally and internationally for its grass roots approach to supporting communities in the safeguarding of their cultural traditions and knowledge.

Partnerships

Partnerships have been key in helping Heritage NL to realize its mandate. These include government and community agencies, the private sector and educational institutions. A few key partnerships include:

University of Waterloo

Heritage NL is an active partner in a 3-year initiative headed by the University of Waterloo's School of Architecture and funded by the Social Sciences and Humanities Research Council to explore how innovative design can support quality of life, community development, and heritage adaptive reuse in two rural areas of the province: Bell Island and Fogo Island.

College of the North Atlantic

Heritage NL has been working with CNA's Geomatics program to provide meaningful learning opportunities for students while supporting clients of Heritage NL to undertake the digital documentation of historic buildings and to produce searchable databases of cultural heritage resources.

Parks Canada

Heritage NL has signed a Memorandum of Understanding with Parks Canada (Eastern Region Newfoundland & Labrador) to collaborate on initiatives that will support heritage conservation in the province.

Municipalities Newfoundland and Labrador

Heritage NL was an active partner in planning for the redevelopment of the province's "Tidy Towns" program. The focus of this initiative has been to broaden the types of community enhancement initiatives receiving recognition (Heritage & Arts; Community Infrastructure & Amenities; Food Security; Environmental Stewardship; Climate Change

St. John's Farmers' Market

Together with the St. John's Farmer's Market, Memorial University's Department of Folklore, and CHMR Campus Radio, Heritage NL produced a 12-part audio podcast series on craft and culinary traditions.

Virtual Museums of Canada (Canadian Museum of History)

Heritage NL worked with the Grand Falls-Windsor Heritage Society to complete a Virtual Museums of Canada project, "Remembering the Merchants of Main Street, Windsor." This exhibit helps visitors discover the stories behind the street's many businesses, and learn how immigration and development have impacted the community.



**REPORT ON
STRATEGIC
OBJECTIVES**

1 Adaptation of Historic Places

Demographic, economic, social and cultural changes are having a big impact on the province's built heritage. Rural depopulation, a decline in church 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. In St. John's, new development is placing pressure on heritage buildings. Key to preserving heritage structures is finding ways to adapt them to better meet the needs of occupants or to find appropriate new uses while protecting heritage character.

Objective By March 31, 2019 Heritage NL will have promoted best practices in the adaptation of heritage buildings to ensure their protection.

Indicator Heritage NL will have produced a tool kit from the proceedings of the forum "Adapting Heritage to the 21st Century" for public distribution.

Result Heritage NL completed a professionally-designed online "Adapting Heritage Toolkit" in the late fall of 2018, which is featured on Heritage NL's website. This 37-page document, with several links, covers four main themes:

1. Tools for identifying potential new uses of heritage structures, making the business case for heritage adaptive reuse, and using built heritage as a resource for community development
2. Tools for making heritage structures more sustainable from environmental and financial perspectives
3. Design Issues around Adapting Historic Places
4. Giving greater meaning to Historic Places through stories

The toolkit comprises 16 entries or case studies/presentations based on presentations made at the 2017 "Adapting Heritage" conference. To promote the toolkit, a media release was sent out upon the launch of the tool kit which resulted in an interview with CBC Radio. A notice about the toolkit was sent to all municipalities in the province as well as participants in the Adaptive Heritage conference. To date nearly 800 individual clicks have been made on the online toolkit (see: <http://heritagenl.ca/restoration/adapting-heritage-toolkit/>).

2. Identification, Protection, and Development of Heritage Resources

A community's heritage resources, be they in the form of historic places and structures, traditional knowledge, cultural practices, or stories, are key to building local identity and pride. They are also some of the most important assets that a community has in terms of branding, and tourism and economic development. Knowing what a community has, developing strategies for protecting and safeguarding, heritage assets and creating long-term development plans are key.

Objective By March 31, 2019 Heritage NL will have promoted the identification, protection and development of heritage resources (tangible and intangible) as a community development tool, in particular as it relates to enhancing the tourism product offerings in the province.

Indicator By March 2019 Heritage NL will have evaluated its "People, Place and Culture" pilot projects, made refinements, and delivered additional projects in 2-3 communities in the province.

Result In evaluating the pilot workshops, Heritage NL made some changes. For one, it adapted the format to suit the specific needs of communities which meant, in one case, giving it a more regional focus and, in another, focusing on a particular area of a community. As well, it made some additions to the final workshop report which include not only the results of the workshop, but recommendations from Heritage NL on how a community can move forward most productively in realizing the potential of its heritage resources, and a list of government programs and resources that can assist community efforts.

In 2018-19 Heritage NL facilitated “People, Places & Culture” workshops in the following 5 communities/regions: Flat Bay; St. George’s; Harbour Grace; Carbonear; and a cluster of communities that included: Heart’s Content, New Perlican, Winterton, and Hant’s Harbour.

Efforts to plan for the redevelopment of the Heart’s Content Registered Heritage District led to a local sentiment that planning efforts focused on heritage resources would best be undertaken in collaboration with 3 other neighbouring communities on Trinity Bay. This was in response to a declining and aging volunteer base in each of the communities and the need to pool efforts and resources. The People, Places and Culture workshop in the region resulted in a series of ongoing meetings, facilitated by Heritage NL, that explore opportunities for collaboration in tourism promotion and development.

In the case of Carbonear, the session focused on the community’s historic waterfront and commercial district in support of efforts by the town to implement a downtown infrastructure redevelopment strategy. It too resulted in follow-up sessions with Heritage NL to explore comprehensive approaches to downtown redevelopment.

The Harbour Grace workshop, attended by approximately 25 individuals, led to the creation of a heritage development corporation which is seeking to actively implement a number of the development opportunities that were identified in the final workshop report.

The Flatbay workshop, the first held in an Indigenous community, identified how a long tradition of guiding could form the basis of new tourism experiences. A critical piece was ensuring that traditional knowledge was passed on from older generations to local youth. A successful elder-youth mentorship initiative from Labrador was put forward.

3. Supporting Social Inclusion and Tourism Development through Intangible Cultural Heritage

In our modern, fast-paced society the experience and knowledge of seniors is generally not valued as it once was and many seniors find themselves increasingly isolated. In the past, traditional knowledge and local history was passed on naturally from generation to generation. Today that happens less frequently as younger generations leave rural communities or lead busy lives. The collecting of oral histories and local knowledge can be a valuable tool for validating the knowledge and experience of seniors and for supporting greater social inclusion, particularly when efforts are made to connect seniors with youth to allow them to share their knowledge.

Cultural traditions and knowledge can also form the basis of new enterprise, often in the area of tourism and craft industries. Creating greater awareness of ICH can serve as an inspiration for new business development.

Objective By March 31, 2019 Heritage NL, through its ICH Office, will have undertaken activities to promote ICH as a tool for social inclusion (seniors and youth) and for tourism development in support of the Province’s goal of enhancing tourism spending.

Indicator By March 2019 Heritage NL, building on its experience with “Collective Memories,” will have developed and disseminated tools for communities to engage seniors on ICH initiatives that support social inclusion.

Result Based on experience gained through its Collective Memories initiative, the ICH office launched an online set of tools to encourage communities to celebrate, record, disseminate and promote the voices and memories of local seniors. The toolkit offers advice on project planning, interviewing, and consent issues, as well as how-to guides for running “Memory Mug Up” oral history storytelling sessions for seniors. The toolkit is available online at www.ichblog.ca under “Oral History.”

Along with the online resources, the ICH office ran workshops on oral history, audio equipment and sound tips, and developed a “Digital Storytelling” workshop for seniors. Over 850 people attended approximately 40 ICH events and meetings, with representation from the following 22 communities: Bauline; Bell Island; Carbonear; Cupids; Gander; Grand Falls-Windsor; Glenwood; Hant’s Harbour; Harbour Grace; Heart’s Content; Heart’s Delight-Islington; Hillview; Logy Bay Middle Cove Outer Cove; Lower Island Cove; Marystown; Mount Pearl; New Perlican; Portugal Cove-St. Philip’s; Spaniard’s Bay; St. John’s; Torbay; and, Winterton.

Participants at the “People, Places, and Culture” workshop held in Harbour Grace.



**Participant in the
Memory Mug Up
project:**

“Collecting the memories of people who worked at Harmon Air Force Base from 1941-1966 provided a forum for seniors to reminisce and share experiences. We were ever so grateful to have John Young’s story (Retired US serviceman stationed at Harmon AFB) recorded. He was bound and determined to travel from the US to Stephenville one last time even when his health was failing him. John died shortly after his story was recorded. We are appreciative he shared a piece of his life story with us.”

**Participant in the
Merchants of Main
Street project:**

“This project has been one of the most rewarding experiences I have ever had and it has taught me a lot about my adopted community. Our booklet isn’t even available as I’m writing this yet there is so much interest. The people we interviewed are anxiously awaiting its publication and I’m looking forward to the townspeople’s reactions. The board of the Grand Falls-Windsor Heritage Society has been working hard to get our story out and get more people involved. I think this project will ‘put us on the map’ as they say.”

Objectives and Indicators 2019–20

Objective By March 31, 2020 the Heritage NL will have promoted best practices in the adaptation of heritage buildings to ensure their protection.

Indicator By March 31, 2020, Heritage NL will have worked with one or more operators of community-owned heritage properties to develop a business plan that explores the feasibility of different options for sustainable adaptive reuse.

Objective By March 31, 2020 the Heritage NL will have promoted the identification, protection and development of heritage resources (tangible and intangible) as a community development tool, in particular as it relates to enhancing the tourism product offerings in the province.

Indicator By March 31, 2020 Heritage NL will have created a template for the development of regional guides to Registered Heritage Structures as a means to create greater awareness about the province's built heritage and to enhance visitation. The template will have been piloted in at least one region of the province.

Objective By March 31, 2020 the Heritage NL, through its ICH Office, will have undertaken activities to promote ICH as a tool for social inclusion (seniors and youth) and for tourism development in support of the Province's goal of enhancing tourism spending.

Indicator By March 2020 Heritage NL will have developed six case studies to promote the links between living heritage, entrepreneurship, and economic/tourism development in Newfoundland and Labrador. These case studies will be shared on social media, the web, and delivered as a set of print copies to business development agencies across the province.

Opportunities and Challenges

Opportunities

Enhancing the Use and Preservation of Heritage Resources as a Community Economic Development Tool – Places like Bonavista, Trinity, Port Union, Woody Point, and Battle Harbour have put themselves on the map through the conservation and development of their heritage assets. There is a lot of potential for other communities in Newfoundland and Labrador to do the same. There are opportunities for Heritage NL to work more closely with communities across the province, particularly those that have Registered Heritage Districts or significant concentrations of heritage assets. Currently, Heritage NL is piloting an initiative in the Heart's Content Heritage District to put in place protection and funding measures for heritage assets.

Challenges

Lack of Professional Heritage Conservation Expertise – A critical aspect of ensuring the conservation of Newfoundland and Labrador's historic places is the availability of specialized conservation expertise. With a relatively small market for heritage conservation work, this is a particular challenge in this province. In many cases it has been necessary to rely on expertise from outside the province. Heritage NL is seeking to address this with professional training and skills development in partnership with agencies like Parks Canada and educational institutions and professional associations.

Resourcing Heritage Restoration Work around the Province – Through program changes and awareness, the demand for Heritage NL financial support for conservation is outstripping its resources. This is particularly the case for a number of the province's landmark structures which require significant resources to maintain. Examples include:

- **Bridge House, Bonavista**, the oldest documented residence in NL;
- **Masonic Temple, St. John's**, one of the finest Masonic lodges in Canada;
- **Immaculate Conception Cathedral, Harbour Grace**, a large stone church to be redeveloped as a hospitality business; and
- **RC Basilica Complex, St. John's**, one of the finest collections of ecclesiastical buildings in Canada, and part of a National Historic Site, which will require tens of millions of dollars over the coming decades to maintain



The Basilica and surrounding campus have undergone extensive documentation with support from Heritage NL. This groundwork will facilitate future project planning and allow input from physically remote teams of experts.

Next page: Aerial photography completed as part of the Basilica documentation project permits safe inspection of inaccessible architectural elements.



**FINANCIAL
STATEMENTS**

**HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

MARCH 31, 2019

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 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 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.



Jerry Dick
Executive Director



**AUDITOR
GENERAL**
of 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, 2019, 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, 2019, 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.

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.

Independent Auditor's Report (cont.)

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.
- 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.

Independent Auditor's Report (cont.)

- 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.



JULIA MULLALEY, CPA, CA
Auditor General

July 2, 2019
St. John's, Newfoundland and Labrador

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

2019

2018

FINANCIAL ASSETS

Cash	\$ 34,108	\$ 99,835
Portfolio investments (Note 4)	847,110	969,159
Accounts receivable (Note 5)	30,171	39,346
	911,389	1,108,340

LIABILITIES

Accounts payable and accrued liabilities	12,445	2,450
Accrued employee benefits	17,902	21,456
Employee future benefits (Note 6)	-	21,904
Deferred revenue (Note 7)	749,376	899,550
	779,723	945,360

Net financial assets **131,666** 162,980

NON-FINANCIAL ASSETS


Tangible capital assets (Note 8)	4,952	7,485
Prepaid expenses	1,463	1,563
	6,415	9,048

Accumulated surplus (Note 9) **\$ 138,081** \$ 172,028

Contractual obligations (Note 13)

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

Signed on behalf of the Foundation:


Chairperson


Member

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

	2019 Budget	2019 Actual	2018 Actual
(Note 15)			
REVENUES			
Province of Newfoundland and Labrador (Note 16)	\$ 506,000	\$ 668,866	\$ 662,914
Government of Canada	85,500	36,939	24,220
Conference fees	-	-	20,116
Income from portfolio investments	20,000	20,026	18,316
Miscellaneous	25,500	1,000	3,691
	637,000	726,831	729,257
EXPENSES (Note 10)			
Heritage grants	150,000	314,211	206,944
Fisheries Heritage Preservation Initiative	5,000	-	3,569
Restricted Heritage District	10,000	1,082	12,142
Special projects (Note 11)	84,750	8,588	87,115
Administration	317,976	305,579	375,239
Intangible Cultural Heritage Strategy (Note 12)	110,200	131,318	100,120
	677,926	760,778	785,129
Annual deficit	(40,926)	(33,947)	(55,872)
Accumulated surplus, beginning of year	172,028	172,028	227,900
Accumulated surplus, end of year	\$ 131,102	\$ 138,081	\$ 172,028

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2019 Budget	2019 Actual	2018 Actual
	(Note 15)		
Annual deficit	\$ (40,926)	\$ (33,947)	\$ (55,872)
Tangible capital assets			
Acquisition of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	2,533	2,533
	-	2,533	2,533
Prepaid expenses			
Acquisition of prepaid expense	-	(1,463)	(1,563)
Use of prepaid expense	-	1,563	383
	-	100	(1,180)
Decrease in net financial assets	(40,926)	(31,314)	(54,519)
Net financial assets, beginning of year	162,980	162,980	217,499
Net financial assets, end of year	\$ 122,054	\$ 131,666	\$ 162,980

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

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

	2019	2018
Operating transactions		
Annual deficit	\$ (33,947)	\$ (55,872)
Adjustment for non-cash items		
Amortization of tangible capital assets	2,533	2,533
	(31,414)	(53,339)
Change in non-cash operating items		
Accounts receivable	9,175	20,568
Accounts payable and accrued liabilities	9,995	(7,959)
Accrued employee benefits	(3,554)	(8,301)
Employee future benefits	(21,904)	(28,695)
Deferred revenue	(150,174)	(157,234)
Prepaid expenses	100	(1,180)
Cash applied to operating transactions	(187,776)	(236,140)
Capital transactions		
Purchase of tangible capital assets	-	-
Cash applied to capital transactions	-	-
Investing transactions		
Purchase of portfolio investments	(700,105)	(368,935)
Redemption of portfolio investments	822,154	600,000
Cash provided from investing transactions	122,049	231,065
Decrease in cash	(65,727)	(5,075)
Cash, beginning of year	99,835	104,910
Cash, end of year	\$ 34,108	\$ 99,835

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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.

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.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in the bank.

(d) Employee future benefits

(i) Severance pay is calculated based on years of service and current salary levels. Consistent with a change in Government's severance policy, the Foundation changed its severance policy during the year. As a result, no further severance accrued for employees after May 31, 2018. Employees who had at least one year of eligible service as at May 31, 2018 had the option of receiving their severance entitlement during the fiscal year ended March 31, 2019, or deferring it to a later date. All employees elected to receive their severance entitlement during the current fiscal year.

(ii) The employees of the Foundation are covered by the *Public Service Pensions Act, 1991*, 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, 1991*, 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, 2019

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 are 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.

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, the Fisheries Heritage Preservation grant program, and other projects as directed by the Province.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

2. Summary of significant accounting policies (cont.)

(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 and estimated employee future benefits.

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. Change in accounting policy

On April 1, 2018, the Foundation adopted *PS 3430 Restructuring Transactions*. This is a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. This accounting change had no impact on the financial statements.

4. Portfolio investments

	<u>2019</u>	<u>2018</u>
Portfolio investments, at cost	\$ 847,110	\$ 969,159
Portfolio investments, at market	\$ 847,110	\$ 969,159

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from July 8, 2019 to August 15, 2020, and interest rates ranging from 1.25% to 2.70%.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

5. Accounts receivable

	<u>2019</u>	<u>2018</u>
Investment income receivable	\$ 14,442	\$ 9,687
Harmonized sales tax receivable	5,878	14,352
Province of Newfoundland and Labrador	8,700	8,700
Trade accounts receivable	1,151	6,607
	<u>\$ 30,171</u>	<u>\$ 39,346</u>

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

6. Employee future benefits

(a) Severance pay

Employee future benefits consist of the liability for severance pay of \$0 (2018 - \$21,904).

(b) Retirement benefits

The Foundation and certain of its employees are subject to the *Public Service Pensions Act, 1991*. 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% (2018 - 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, 2019 was \$24,943 (2018 - \$25,675).

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, 2019, were \$2,008 (2018 - \$8,591).

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

7. 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.

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
Registered Heritage Structures	\$ 679,687	\$ 150,000	\$ 314,211	\$ 515,476
Fisheries Heritage Preservation Program	51,667	-	-	51,667
Ecclesiastical Structures	95,336	-	-	95,336
Registered Heritage Districts	62,971	-	1,082	61,889
Collective Memories Project	6,324	-	2,783	3,541
New Horizons for Seniors Program	-	21,467	-	21,467
JCP Project for Intangible Cultural Heritage Program	3,565	-	3,565	-
	\$ 899,550	\$ 171,467	\$ 321,641	\$ 749,376

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

8. Tangible capital assets

Cost	Systems development	Office and computer equipment	Total
Balance, March 31, 2018	\$ 267,096	\$ 78,224	\$ 345,320
Acquisition of Tangible Capital Assets	-	-	-
Balance, March 31, 2019	267,096	78,224	345,320
Accumulated amortization			
Balance, March 31, 2018	267,096	70,739	337,835
Amortization expense	-	2,533	2,533
Balance, March 31, 2019	267,096	73,272	340,368
Net book value, March 31, 2019	\$ -	\$ 4,952	\$ 4,952
Net book value, March 31, 2018	\$ -	\$ 7,485	\$ 7,485

9. 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, 2019, the Fund balance was \$138,081 (2018 - \$172,028).

10. Expenses by object

The following is a summary of expenses by object:

	<u>2019</u>	<u>2018</u>
Salaries and benefits	\$ 400,760	\$ 457,358
Grants	313,022	204,890
Purchased services	24,615	48,070
Travel	11,144	41,214
Professional services	5,946	26,355
Communications	2,696	2,548
Amortization	2,533	2,533
Property, furnishings and equipment	62	2,161
	\$ 760,778	\$ 785,129

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

11. Special projects

The Foundation incurred expenses related to the following special projects.

	<u>2019</u>	<u>2018</u>
Collective Memories Project	\$ 2,783	\$ 40,680
Ecclesiastical Conference	-	38,604
Other	5,805	7,831
	<u>\$ 8,588</u>	<u>\$ 87,115</u>

12. 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 \$92,991 (2018 - \$91,341) in revenue related to the Strategy. The Foundation also incurred expenses of \$131,318 (2018 - \$100,120) related to the Strategy.

13. Contractual obligations

(a) Grant commitments

As at March 31, 2019, the Foundation had committed \$295,793 (2018 - \$584,361) 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.

As at March 31, 2019, the Foundation had also committed \$0 (2018 - \$0) in the form of Fisheries Heritage Preservation Initiative grants approved but not yet disbursed or rescinded. Future disbursements related to these Fisheries Heritage Preservation Initiative grants will be recorded as reductions to deferred revenue. The Foundation's policy with respect to Fisheries Heritage Preservation Initiative grant commitments requires that all grants approved be available for a period of one year from the date of grant approval. Clients not utilizing the Fisheries Heritage Preservation Initiative grants within this timeframe will forfeit their right to these grants, unless an extension is granted.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

13. Contractual obligations (cont.)

(b) Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments over the remaining term of the lease are as follows:

2019-20	<u>\$ 1,073</u>
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14. 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.

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 Chartered Bank. 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 Chartered Bank, 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 13. 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.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

15. 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.

16. Related party transactions


- (a) The Foundation receives grant funding from the Province of Newfoundland and Labrador. During the year, the Foundation received grants totaling \$497,225 (2018 - \$529,900). The Foundation recognized \$668,866 (2018 - \$662,914) 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 \$8,700 (2018 - \$8,700)


17. 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.



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