

Heritage NL

Annual Report 2019-20

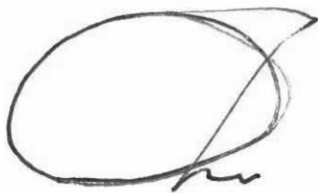
Message from the Chair

This report outlines the work and accomplishments of Heritage NL for the fiscal year 2019-20. This report highlights a number of initiatives and accomplishments that include receiving an international award for its work in Intangible Cultural Heritage; launching a pilot project to point to a new way to engage the public on significant development projects in historic areas of St. John's; and ongoing initiatives to support seniors' engagement by sharing their stories and knowledge.

While commemorating, protecting, and safeguarding the province's rich cultural heritage assets is the foundation of Heritage NL's work, it also strives to work with communities and groups to use these assets as a tool for community economic development and well-being. A new grants database being developed by the foundation is providing accurate data on actual funding in heritage conservation and on the investments that have been leveraged as a result.

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 black ink, appearing to read 'DL', with a large, stylized loop above it.

Dave Lough
Chairperson

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Entity Overview

Organizational Structure

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

Heritage NL is governed by a Board of Directors appointed by the Lieutenant-Governor in Council. As of March 31, 2020, 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

Gerry Osmond, Department of Tourism, Culture, Arts and Recreation
(formerly known as the Department of Tourism, Culture, Industry and
Innovation)

Staff and Budget

Heritage NL employs five permanent staff (four male, one female) including an Executive Director, Accountant, two Heritage Development Officers and an Intangible Cultural Heritage (ICH) Development Officer. Heritage NL also employs summer students and interns on a regular basis. The annual budget (expenditures) of Heritage NL in 2019-20 was \$670,848 with revenues of \$619,552. See the Financial Statements section of this report for 2019-20 audited financial statements.

Highlights and Partnerships

As of March 31, 2020, Heritage NL had designated six Registered Heritage Districts and 348 Registered Heritage Structures, including 36 Registered Heritage Landmarks. It has invested an estimated \$3.5 million dollars in grants for heritage conservation. This has resulted in \$20.1 million in leveraged funds, \$3.08 million in provincial HST and additional indirect tax income to government through economic multipliers and economic activity supported by heritage structures, particularly in tourism.

Heritage NL was recognized for its ICH work when it was awarded the Jeonju Award for Promoting Intangible Cultural Heritage at the ceremony in South Korea. For details, visit [CBC News](#).

Heritage NL invested \$213,907 in heritage conservation through grants to owners of Registered Heritage Structures. This is estimated to have leveraged \$625,000 in additional investment for a total of \$875,000 in spending on heritage conservation.

Heritage NL supported engagement with seniors through its ICH Office by continuing to support initiatives that validate seniors through the sharing of their stories and knowledge. For example, a collaboration with the Town of North River and Ascension Collegiate in Bay Roberts is seeing seniors share their stories with students.

Heritage NL, together with Happy City St. John's, launched a three-part public engagement process to allow public input into a proposed condominium development (Parish Lane) within the St. John's National Ecclesiastical Historic District. The goal was to demonstrate that good public engagement is good for everyone, including the public, the city and the developer. For details, visit the [Heritage NL](#) website.

Heritage NL piloted the first celebration in the Come Home Café series, in partnership with The Rooms. As well, the 2019 event to announce this year's inductees into the Provincial Historical Commemorations Program was held as part of The Rooms "Engaging Evenings" series.

Report on Performance

Issue # 1: Adaptation of Historic Places

Finding new uses for vacant or under-utilized historic structures is key to ensuring their survival and realizing their potential as community assets and economic drivers. Heritage NL works with communities and organizations to identify new uses for heritage buildings.

2019-20 Objective

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

Indicator #1: 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.

With the assistance of an architecture student from the University of Toronto and a tourism student intern from the College of the North Atlantic, Heritage NL developed an “Adaptive Reuse Feasibility Study” for the historic Hant’s Harbour Post Office. The study was intended to assist the Willow Tree Heritage Society to develop a viable business case for a 1920’s structure that it was acquiring. Three different architectural concepts were developed, each accompanied by a simple income statement. Based on the recommendations put forward, the society is considering adapting the building for use as a rental cottage on a social enterprise basis, thereby generating additional income for their work. Based on this work, Heritage NL plans to offer this service to other not-for-profit groups that are managing Registered Heritage Structures. For more details, visit the [Heritage NL](#) website.

Issue # 2: Identification, Protection, and Development of Heritage Resources

Community identity and pride stem from heritage resources, whether in the form of historic places and structures, traditional knowledge, cultural practices, or stories. These heritage resources are valuable assets a community can leverage in terms of marketing, tourism and economic development. This creates a need to understand resources unique to each community in order to develop strategies to identify, protect, and safeguard heritage assets to assist with future development plans.

2019-20 Objective

By March 31, 2020, 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 #1: 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.

A template for a regional guide to Registered Heritage Structures was developed in the form of a draft itinerary tour for the Baccalieu Trail that focused on Churches and Cemeteries. The purpose was to create greater awareness about the eastern region built heritage and to increase the visitation. However, the Eastern Destination Management Organization (DMO) decided later that it was not a strategic priority and withdrew from the project. Hence, the template was not piloted.

Issue # 3: Supporting Social Inclusion and Tourism Development through Intangible Cultural Heritage

Cultural traditions and knowledge can form the basis of new enterprise in Newfoundland and Labrador, often in the area of tourism and craft industries. This often requires a contemporary twist on traditional skills and knowledge. Heritage NL is actively engaged in documenting and inventorying traditional knowledge, particularly through its engagement with the province's seniors, and in sharing this with the broader population, it seeks to inspire and encourage potential entrepreneurs to launch new business ventures that draw from this knowledge.

2019-20 Objective

By March 31, 2020, 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 #1: By March 31, 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.

A series of six case studies, under its "Living Heritage Economy" program, were developed to examine the links between ICH/traditional knowledge and enterprise/community economic development in Newfoundland and Labrador. Shared as PDF documents and audio files in different formats (web/print/audio) they include:

Print/Online PDF's (Available on the [Heritage NL](#) website)

1. Exploring Folklore Through Craft with Janet Peter.
2. Knitting Together Business and Heritage with Christine Legrow.

3. Tradition Is Why We're at it: The Livyers' Lot Économusée with Elizabeth Ann Murphy.

Audio Case Studies (recorded, broadcast in partnership with CHMR Radio at MUN)

4. Weaving with Jessica McDonald. For more details, visit the [Living Heritage Podcast](#).
5. Blacksmithing as Social Enterprise with the Green Family Forge and the Trinity Historical Society. For more details, visit the [Living Heritage Podcast](#).
6. Tidal Wave Walking Tour Project with Carl Slaney of Laurentian Legacy Tours, St. Lawrence. For more details, visit the [Living Heritage Podcast](#).

These were distributed online through Heritage NL's twitter feed, Facebook page, the [Intangible Cultural Heritage blog](#) and were also on both Heritage NL's website and Memorial University's website. Print copies were made and distributed, with additional print copies available directly through the Heritage NL office.

Opportunities and Challenges

Impacts of COVID-19 –The unprecedented COVID-19 pandemic in 2020 had an impact on all sectors. Performance venues were unable to open which resulted in loss of revenue to both organizations and artists. Museums/historic sites either remained closed or opened with limited capacity/hours, which again caused significant loss of revenues. In addition, cultural facilities that did open faced the loss of out of province travelers, who make up a large portion of the visitation to many facilities across the province. HFNL is working with stakeholders to determine the impacts to the sector and provide support for recovery.

Heritage Resources as a Community Economic Development Tool – Places like Bonavista, Battle Harbour, Port Union, Trinity, and Woody Point have been recognized as success stories, partly due to their focus on the conservation and development of their unique heritage assets. Like these communities, there is tremendous opportunity for other communities in Newfoundland and Labrador to use their heritage as a means to create jobs and spur economic development. During 2019-20, Heritage NL worked closely with the Town of Heart's Content to put in place a heritage by-law that will allow it to pilot an initiative to fund the restoration of municipally designated heritage structures and discussions are underway to create a community development corporation. Much of this is fueled by a potential nomination of the community as a UNESCO World Heritage Site, thereby presenting opportunity for further development.

Resourcing in Heritage Restoration Work – Heritage NL has worked diligently to promote its heritage conservation and funding programs. Due to its success raising awareness, the resulting demand for Heritage NL's financial support exceeded resources by a factor of approximately four to one. While this is obviously a challenge, it also presents an opportunity for further heritage work in the province.

Recruiting Heritage Conservation Professionals – The availability of individuals with specialized conservation expertise is a challenge with respect to ensuring the

conservation of historic places in Newfoundland and Labrador. The market for heritage conservation work is relatively small and creates a challenge in attracting talented conservation professionals within the province. As a result, it has sometimes become necessary to rely on expertise from outside the province. To help mitigate this challenge, Heritage NL is offering professional training and skills development in partnership with agencies such as Parks Canada, educational institutions and professional associations.

Financial Information

HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR
FINANCIAL STATEMENTS
MARCH 31, 2020

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



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, 2020, 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, 2020, 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

July 14, 2020
St. John's, Newfoundland and Labrador

ANNUAL REPORT 2019-20

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

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 8,119	\$ 34,108
Portfolio investments (Note 3)	750,110	847,110
Accounts receivable (Note 4)	30,216	30,171
	<u>788,445</u>	<u>911,389</u>
LIABILITIES		
Accounts payable and accrued liabilities	9,027	12,445
Accrued employee benefits	16,967	17,902
Deferred revenue (Note 6)	661,756	749,376
	<u>687,750</u>	<u>779,723</u>
Net financial assets	<u>100,695</u>	<u>131,666</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	2,419	4,952
Prepaid expenses	1,451	1,463
	<u>3,870</u>	<u>6,415</u>
Accumulated surplus (Note 8)	<u>\$ 104,565</u>	<u>\$ 138,081</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 2019-20

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

	2020 Budget	2020 Actual	2019 Actual
(Note 14)			
REVENUES			
Province of Newfoundland and Labrador (Note 15)	\$ 549,911	\$ 559,232	\$ 668,866
Government of Canada	52,641	30,139	36,939
Conference and event fees	-	24,652	-
Jeonju International Award for Promoting Intangible Cultural Heritage	-	10,190	-
Income from portfolio investments	15,000	17,245	20,026
Miscellaneous	2,000	-	1,000
	619,552	641,458	726,831
EXPENSES (Note 9)			
Heritage grants	214,911	213,907	314,211
Registered Heritage Districts	10,000	1,436	1,082
Other initiatives (Note 10)	13,041	11,154	8,588
Administration	307,076	328,480	305,579
Intangible Cultural Heritage Strategy (Note 11)	125,820	119,997	131,318
	670,848	674,974	760,778
Annual deficit	(51,296)	(33,516)	(33,947)
Accumulated surplus, beginning of year	138,081	138,081	172,028
Accumulated surplus, end of year	\$ 86,785	\$ 104,565	\$ 138,081

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

Office of the Auditor General

ANNUAL REPORT 2019-20

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

	2020 Budget	2020 Actual	2019 Actual
(Note 14)			
Annual deficit	\$ (51,296)	\$ (33,516)	\$ (33,947)
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	-	(3,368)	(1,463)
Use of prepaid expense	-	3,380	1,563
	-	12	100
Decrease in net financial assets	(51,296)	(30,971)	(31,314)
Net financial assets, beginning of year	131,666	131,666	162,980
Net financial assets, end of year	\$ 80,370	\$ 100,695	\$ 131,666

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

Office of the Auditor General

ANNUAL REPORT 2019-20

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

	2020	2019
Operating transactions		
Annual deficit	\$ (33,516)	\$ (33,947)
Adjustment for non-cash items		
Amortization of tangible capital assets	2,533	2,533
	(30,983)	(31,414)
Change in non-cash operating items		
Accounts receivable	(45)	9,175
Accounts payable and accrued liabilities	(3,418)	9,995
Accrued employee benefits	(935)	(3,554)
Employee future benefits	-	(21,904)
Deferred revenue	(87,620)	(150,174)
Prepaid expenses	12	100
Cash applied to operating transactions	(122,989)	(187,776)
Capital transactions		
Purchase of tangible capital assets	-	-
Cash applied to capital transactions	-	-
Investing transactions		
Purchase of portfolio investments	(650,000)	(700,105)
Redemption of portfolio investments	747,000	822,154
Cash provided from investing transactions	97,000	122,049
Decrease in cash	(25,989)	(65,727)
Cash, beginning of year	34,108	99,835
Cash, end of year	\$ 8,119	\$ 34,108

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, 2020

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, 2020

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, 2020

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, 2020

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>2020</u>	<u>2019</u>
Portfolio investments, at cost	\$ 750,110	\$ 847,110
Portfolio investments, at market	\$ 750,110	\$ 847,110

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from July 6, 2020 to August 30, 2021, and interest rates ranging from 2.30% to 2.60%.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
 March 31, 2020

4. Accounts receivable

	<u>2020</u>	<u>2019</u>
Investment income receivable	\$ 13,929	\$ 14,442
Harmonized sales tax receivable	7,437	5,878
Province of Newfoundland and Labrador	8,850	8,700
Trade accounts receivable	-	1,151
	<u>\$ 30,216</u>	<u>\$ 30,171</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% (2019 - 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, 2020 was \$25,842 (2019 - \$24,943).

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, 2020, were \$2,724 (2019 - \$2,008).

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.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
 March 31, 2020

6. Deferred revenue (cont.)

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
Registered Heritage Structures	\$ 515,476	\$ 150,000	\$ 214,132	\$ 451,344
Fisheries Heritage Preservation Program	51,667	-	-	51,667
Sub-total Heritage Grants	567,143	150,000	214,132	503,011
Ecclesiastical	95,336	-	4,972	90,364
Registered Heritage Districts	61,889	-	1,436	60,453
Collective Memories Project	3,541	-	3,541	-
New Horizons for Seniors Program	21,467	-	13,539	7,928
	\$ 749,376	\$ 150,000	\$ 237,620	\$ 661,756

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7. Tangible capital assets

	<u>Systems development</u>	<u>Office and computer equipment</u>	<u>Total</u>
Cost			
Balance, March 31, 2019	\$ 267,096	\$ 78,224	\$ 345,320
Acquisition of Tangible Capital Assets	-	-	-
Balance, March 31, 2020	\$ 267,096	\$ 78,224	\$ 345,320
Accumulated amortization			
Balance, March 31, 2019	267,096	73,272	340,368
Amortization expense	-	2,533	2,533
Balance, March 31, 2020	267,096	75,805	342,901
Net book value, March 31, 2020	-	2,419	2,419
Net book value, March 31, 2019	\$ -	\$ 4,952	\$ 4,952

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, 2020, the Fund balance was \$104,565 (2019 - \$138,081).

9. Expenses by object

The following is a summary of expenses by object:

	<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 402,218	\$ 400,760
Grants	212,470	313,022
Purchased services	34,799	24,615
Travel	13,596	11,144
Professional services	4,339	5,946
Communications	2,644	2,696
Amortization	2,533	2,533
Property, furnishings and equipment	2,375	62
	\$ 674,974	\$ 760,778

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10. Other initiatives

The Foundation incurred expenses related to the following other initiatives.

	<u>2020</u>	<u>2019</u>
Collective Memories Project	\$ 3,541	\$ 2,783
Ecclesiastical	4,972	-
Other	<u>2,641</u>	<u>5,805</u>
	<u>\$ 11,154</u>	<u>\$ 8,588</u>

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 (2019 - \$92,991) in revenue related to the Strategy. The Foundation also incurred expenses of \$119,997 (2019 - \$131,318) related to the Strategy.

12. Contractual obligations

As at March 31, 2020, the Foundation had committed \$442,620 (2019 - \$295,793) 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 \$485,151 (2019 - \$497,225). The Foundation recognized \$559,232 (2019 - \$668,866) 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 \$8,850 (2019 - \$8,700)

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.

