

**Heritage Foundation of Newfoundland and Labrador**

**Annual Report 2016-17**

## MESSAGE FROM THE CHAIR

As Chair of the Board for the Heritage Foundation of Newfoundland and Labrador (HFNL), I am pleased to present its annual report for the fiscal year 2016-17. The annual report is submitted in accordance with the obligation as a category three entity under the *Transparency and Accountability Act*, prepared under the direction of the Board which is accountable for the actual results reported.

In Budget 2016-17, responsibility for the Provincial Historic Commemoration Program (PHCP) was transferred from the Provincial Historic Commemorations Board (PHCB) to the HFNL. This program is included in the Foundation's report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Frank Crews', is positioned above the printed name.

Frank Crews  
Chair

## **OVERVIEW**

### **Background**

The HFNL is composed of a Board of Directors appointed by the Lieutenant-Governor in Council. The Board of Directors is composed of a Chairperson, Vice-Chairperson, government representative and several Board members (full complement shall consist of not less than seven nor more than 12 members as per the Act).

There is a total of five permanent staff (three male/two female) employed by the HFNL. The permanent staff is composed of an Executive Director, Finance Manager, two Heritage Officers, one who serves as Provincial Registrar and the other who administers the Foundation's designation and restoration grant programs, and an Intangible Cultural Heritage (ICH) Development Officer. Additional term staff is hired by the Foundation, generally with assistance from student employment and internship programs.

### **Financial Information**

The annual budget of the HFNL was approximately \$596,430. A copy of the financial statements prepared by HFNL is appended to this report.

### **Legislation and Mandate**

Established in 1984 under Part IV, sections 19-29 of the *Historic Resources Act* the HFNL's primary mandate is to preserve the province's built heritage through: the designation of heritage buildings, structures and districts; the provision of grants to assist with the preservation of designated buildings, and the provision of professional advisory services to individuals and organizations; and through this, to stimulate an understanding and appreciation of the architectural, cultural and historical value of the cultural landscape.

Since 2008, the HFNL has been entrusted with the implementation of the province's ICH to safeguard and sustain the ICH of Newfoundland and Labrador for present and future generations. As such, the mandate statement of the HFNL was revised accordingly, "To support the preservation and recognition of the province's historic places and the safeguarding of its intangible cultural heritage."

In Budget 2016-17, the Government of Newfoundland and Labrador transferred responsibility for the PHCP from the PHCB to the HFNL. The authority for the PHCP resides in section 17.(1) of the *Historic Resources Act*, which states that "The minister may declare a site, event, person or cultural tradition in the province that is considered by the minister to be of historical or cultural significance to be a registered provincial cultural resource.

## **Vision**

The Vision of the HFNL is of a province that is aware of its unique heritage value and which promotes and benefits from best practices in preserving its historic places and its intangible cultural heritage.

## **Board of Directors**

At the end of this reporting period, March 31, 2017 the Board consisted of the following members:

Chairperson Frank Crews, Grand Bank

Vice Chair Lloyd Kane, Cupids

Members Joan Anderson, Makkovik, Labrador  
Joanie Cranston, Norris Point  
Andrew Shea, Fogo  
George Courage, St. John's  
Doug Wells, Harbour Breton  
Gerry Osmond, Government representative, ex-officio

## **Lines of Business**

**Designation, funding and plaquing programs for heritage structures.** Through the Registered Heritage Structure Designation Program, the Registered Heritage Structure Grants Program, and the Registered Heritage Structure Maintenance Granting Program the HFNL designates structures and provides grants for exterior restoration and maintenance on these properties. Through the Registered Heritage Structure Plaquing Program the structure receives provincial heritage recognition.

**Designation and plaquing program for heritage districts.** Historic districts are geographically defined areas which embody a special sense of time and place through buildings, structures and open spaces modified by human use and which are united by past events and use and/or aesthetically, by architecture and plan. The Registered Heritage District Designation is commemorative only and is usually commemorated by means of a bronze plaque. There are no additional restrictions other than what the town may make on its own under the Municipalities Act.

**Granting program for fishery related buildings.** The Fisheries Heritage Preservation Program is a small-project restoration grant program which provides funding to individuals, municipalities, community and nonprofit groups to assist in the preservation and presentation of the Newfoundland and Labrador fisheries heritage (i.e. stages, stores, flakes, lofts and other fishery-related buildings of Newfoundland and Labrador). As demand for the fund has reduced to a trickle, HFNL made the

decision to conclude the program and to allocate the remaining funds of approximately \$55,000 to future fisheries-related grant applications that may be submitted under a new designation category, "Recognized Heritage Structures and Features," that is intended to recognize and protect heritage elements that contribute to the cultural heritage landscape.

**Education and sponsorship.** The HFNL undertakes, from time to time, a number of "how to" publications to inform the public on the correct procedures dealing with the restoration of heritage buildings. The HFNL developed and distributed a new semi-annual newsletter, "The Livyers Log" targeted to owners of Registered Heritage Structures. It is filled with practical information on the maintenance and management of heritage structures and is intended to build a stronger relationship with property owners. The Foundation also redeveloped its ICH newsletter to encompass the full range of its activities.

The HFNL sponsors a number of initiatives such as the heritage award component of Tidy Towns of Newfoundland and Labrador, and the Southcott Awards and Doors Open NL administered by the Newfoundland Historic Trust. The Foundation also supports a number of youth outreach initiatives including sponsorship of the Provincial Historica Fairs, managed by the Newfoundland Historic Sites Association and the annual Heritage Poster Program, targeted to the province's K-12 school system.

**The Provincial Registry of Historic Places (PRHP) & Standards and Guidelines for the Conservation of Historic Places in Canada and Municipal Outreach.** The Provincial Registry of Historic Places serves as a Registry of Historic Structures and Historic Districts in Newfoundland which is a mandated function of the Department of TCII. The Registry has become the HFNL's "portal to the public for information on historic places."

The HFNL administers, promotes and delivers the Standards and Guidelines for the Conservation of Historic Places in Canada which is Canada's first nationwide benchmark of conservation principles and practices. Similar to the national Building Code which is a standard for new construction, the Standards and Guidelines have become the national equivalent for the restoration of historic places. The emphasis is on solid, practical advice for heritage conservation for conserving everything from historic residential and industrial buildings to landscape gardens and archaeological sites.

**Intangible Cultural Heritage Office.** The HFNL houses the Provincial ICH Program. The ICH Program seeks to safeguard, strengthen and celebrate Newfoundland and Labrador's distinctive intangible cultural heritage. ICH comprises information in the form of traditional knowledge, beliefs and skills. This is being achieved through

support for initiatives that celebrate, record, disseminate and promote our living heritage and help to build bridges between diverse cultural groups within and outside Newfoundland and Labrador. HFNL-ICH regularly runs community training workshops, and works to identify, inventory, and safeguard traditions and bodies of knowledge that are under threat. Preserving intangible cultural heritage is vital to sustaining the province's innate creativity and sense of identity.

**Municipal Outreach.** Municipal Outreach services have been reorganized through a program named "People, Place and Culture" designed to assist communities to identify their tangible and intangible cultural heritage resources and to plan for how they can be protected and developed. The program was piloted in New Perlican. In addition, HFNL provides services to municipalities to develop and/or review the Statements of Significance for municipally-designated heritage structures and to place them on the PRHP which feeds to the Canadian Registry of Historic Places (CRHP).

**Provincial Historic Commemorations Program.** In 2016-17 HFNL assumed responsibility for the Provincial Historic Commemorations Program (PHCP). In February 2017 it held an event hosted by Government House to announce all of the subjects commemorated under the PHP along with winners of the annual school poster contest and new designations of Registered Heritage Structures. Nominations under the program are reviewed by a PHCP Sub-committee comprised of members of the previous PHCP Board.

## REPORT ON PERFORMANCE

### ISSUE 1. Modern Architecture Style Preservation

The HFNL has, since its inception, concentrated on structures of the 19<sup>th</sup> and early 20<sup>th</sup> century. Since 2011, the HFNL has been working to include the built heritage of the Modern Architectural style of the province in this protection and commemoration. This style of architecture transpired over a 60-year period and unlike formal architectural styles such as Queen Anne, Second Empire and Georgian, there are no definitive criteria for Modern Architecture. HFNL partnered with Robert Mellin, an expert on modernist buildings in the province, to identify modern style structures of importance as noted in his publication “Newfoundland Modern”.

**Goal:** By March 31, 2017 the HFNL will have broadened its Registered Heritage Structure Program to include the Modern Architectural style.

Indicator 1: Modified designation criteria to include the Modern Architectural style

HFNL modified its Registered Heritage Structure designation application form to include Modern style buildings. Separate criteria were developed for evaluating applications of Modern style buildings distinct from earlier heritage structures. These included:

- a. **Style** – the building is a recognizable example of a modern architecture style (e.g. Arts and Crafts, Expressionism, Modernism, Style Moderne, Wartime Innovation, International Style, Brutalism, etc.).
- b. **Construction/Materials** – the building is constructed using techniques associated with modern construction (e.g. steel girders, poured concrete, composite materials, man-made stone or brick or glass skin/panels).
- c. **Exterior Detail** – aspects of the exterior of the building give it a particular merit as representative of a style or form of modern architecture (e.g. simplicity and clarity of form, use of glass panels, use of industrially produced materials, concrete construction, concrete panels, curtain walls, window treatment, elimination of unnecessary detail, simple yet decorative finishes or plain simple horizontal and/or vertical lines).

Indicator 2: Promoted the importance of the Modern Architectural style of architecture

The Foundation determined that the most effective way to build awareness about its program to designate Modern Architectural style buildings was by making direct contact with the owners of significant Modernist structures.

Indicator 3: Sought to designate a structure built in the Modern Architectural style

A shortlist of exemplary and representative structures in the Modern Architectural style was developed by HFNL in consultation with Robert Mellin. A number of owners of the structures on this shortlist were contacted by letter, making them aware that there buildings were eligible for designation by the Foundation and encouraging them to do so.

Indicator 4: Populated the Provincial Registry of Historic Places with Modern Architectural style structures if any are designated as Registered Heritage Structures by HFNL

To date, no Modern Architectural style buildings have been designated although the Foundation is working with a small number of owners who have expressed interest in making application for designation. Populating the registry is seen as a long-term initiative as an understanding of the importance of these structures is engendered.

**Objective 2016-17:** By March 31, 2016, the HFNL will have promoted and encouraged applications for the designation of structures built in the Modern Architectural style and populated the Provincial Registry of Historic Places with any designated structures built in the Modern Architectural style.

Indicator 1: Continued to build awareness that the HFNL will entertain applications for buildings in the Modern Architectural style

The Foundation determined that the most effective way to built awareness about its program to designate Modern Architectural style buildings was by making direct contact with the owners of significant Modernist structures.

Indicator 2: Identified key Modernist structures in the province and approached owners to consider designation

The HFNL, in consultation with Robert Mellin, author of the book *Newfoundland Modern*, developed a shortlist of what are considered some of the best examples of Modern Architectural style structures in the province and sent a letter to the owners of these structures informing them of the Registered Heritage Structure program.

Indicator 3: Populated the Provincial Registry of Historic Places with any designated structures built in the Modern Architectural style

To date no designations have been made under the program for Modern Architectural style structures, hence no additions have been made to the Provincial Registry under this category although expressions of interest have been received from 3 owners of Modern styled buildings: Holy Redeemer Roman Catholic Cathedral, Corner Brook; MacDonald House, St. John's; Kinsmen's Model Home, St. John's. Populating the registry with a significant number of Modern Architectural style structures is seen as a long-term initiative achieved through raising awareness amongst residents of the province of the value of these structures.

## **ISSUE 2. Ecclesiastical Structure Preservation**

Among the most vibrant and architecturally important structures in any community in the province are the ecclesiastical structures. Many of these buildings date from the mid-19<sup>th</sup> century and due to the decline in rural population and congregations, these structures are in considerable jeopardy. These ecclesiastical structures fall



under the mandate of the HFNL which is to ensure that the built architectural heritage of the province is conserved, protected and commemorated. The HFNL has had interaction with church owners of the benefits of designation and of repurposing rather than demolishing an ecclesiastical structure.

**Goal:** By March 31, 2017 the HFNL will have supported the preservation of historic ecclesiastical structures.

Indicator 1: Published an Ecclesiastical Structure Report and distributed it to the church community, including the laity, clergy and congregations

In 2014 HFNL developed a promotional booklet “Heritage Designation of Historic Churches” that was distributed to the church community that included information on designation application along with adaptive reuse of former church buildings, the greening of churches, and additional funding sources.

Indicator 2: Continued to provide advisory services to owners of historic ecclesiastical structures

Dialogue was continued with church leaders in the province by providing heritage information to approximately 20 church organizations concerning the designation and restoration of churches in the form of telephone and email inquiries and face-to-face meetings. HFNL staff worked with the Roman Catholic Diocese of Grand Falls to undertake a community consultation and to develop a set of recommendations for the adaptive reuse of the former Immaculate Conception Cathedral in Harbour Grace, a large 19<sup>th</sup> century stone church. This is seen as something of a model for considering options for the adaptive reuse of former religious buildings.

Indicator 3: Continued to engage in talks with church officials about the importance of historic ecclesiastical structures to the architectural landscape of the province

HFNL, working with stakeholders from Memorial University, developed a St. John’s Downtown Historic Church working group to develop tools and resources for congregations as they seek to manage historic church structures in the face of declining church involvement and declining resources. Planning was also initiated for a workshop in the fall of 2017 on the management of historic religious structures.

**Objective 2016-17:** By March 31, 2017 the HFNL will have examined the efficiency of the pilot project and implemented revisions if/where necessary.

Indicator 1: Undertook a survey of owners of church properties classed I-III to gauge their awareness of HFNL programs and services regarding historic churches

The 45 designated churches were surveyed as part of a larger survey of owners of designated Registered Heritage Structures, in part, to gauge their level of awareness of HFNL services.

Indicator 2: Provided information to those church property owners interested in receiving additional information from HFNL

The information booklet on the preservation of historic churches was sent to the owners of all Class I-III historic churches. HFNL liaised directly with approximately 20 owners of heritage churches.

Indicator 3: Implemented revisions to outreach efforts if/where necessary

Undertook a community consultation process for the former Immaculate Conception Church to consider the best options for adaptive reuse. This is seen as a model for other groups that are closing and divesting of church structures. As well, the working group on Historic Downtown Churches is developing tools and information that will be of use to the owners of historic churches in managing their buildings.

### **ISSUE 3. Intangible Cultural Heritage Preservation**

As lifestyles and the economy change, traditional knowledge is at risk of being lost. To ensure that intangible heritage is not lost to future generations, it is important to record and document it while those with knowledge are still active. Documenting the link between tangible and intangible will ensure that the stories related to structures, places and objects will be maintained.

**Goal:** By March 31, 2017 the HFNL will have strengthened the protection of intangible culture.

Indicator 1: Addressed key challenges around best practices in ICH documentation

HFNL undertook consultation on cultural traditions at risk and developed a list of priorities that included: knowledge of the land and sea; traditional methods of food preservation; oral traditions and storytelling; traditional crafts and knowledge of traditional construction techniques in rural parts of the province.

Indicator 2: Documented key traditions at risk

HFNL, with funding from the former Department of Seniors and Wellness, undertook a program targeted to senior residents of the province to share their stories and knowledge of the province's ICH. The result was a series of booklets that documented this work.

Indicator 3: Demonstrated the link between Intangible and Tangible Cultural Heritage

In 2016 the Foundation undertook two initiatives to strengthen the link between ICH and historic places: it redeveloped its evaluation criteria for designating heritage properties to place greater emphasis on intangible values; it undertook a pilot project to develop a detailed documentation of the tangible and intangible values of an historic church in Elliston that resulted in an article published in the *Journal of the Society for the Study of Architecture in Canada*.

**Objective 2016-17:** By March 31, 2017 the HFNL will have demonstrated the link between Intangible and Tangible Cultural Heritage.

Indicator 1: Undertook a pilot project on the documentation of tangible and intangible heritage values of a designated registered heritage structure

HFNL undertook a pilot project to develop a detailed documentation of the tangible and intangible values of an historic Salvation Army church in Elliston.

Indicator 2: Prepared and disseminated a final report on the documented heritage values

The Elliston pilot project was developed into an article published in the *Journal of the Society for the Study of Architecture in Canada*.

#### **ISSUE 4. Evaluation of HFNL Operations, Mandate & Programs**

The evaluation of HFNL Operations, Mandate & Programs has articulated what the HFNL wants to achieve; how it achieves its intended outcomes; how it matches resources with activities/resources; and how to monitor and evaluate its efforts.

**Goal:** By March 31, 2017, the HFNL will have reviewed, assessed and evaluated the operations, mandate and programs of the HFNL.

Indicator 1: Issued a call for Request for Proposals to review, assess and evaluate the operations, mandate and programs of the HFNL

The Request for Proposals to review, assess and evaluate the operations, mandate and programs of HFNL was issued jointly by the Department of TCII and the HFNL. This Call for Proposals was to hire a consultant to provide program evaluation services to measure the effectiveness of HFNL.

Indicator 2: Hired a consultant to review, assess and evaluate the operations, mandate and programs of the HFNL

HFNL hired Goss Gilroy Inc. to review, assess and evaluate the operations, mandate and programs of the Foundation. The evaluation was guided by the Evaluation Plan for the Programs and Services of the HFNL and a steering committee comprised of Board members. The evaluation focused on design, delivery and management; performance (outcomes); and relevance of the HFNL programs and services. The evaluation covered HFNL activities related to architectural heritage since its

formation in 1984 and up to March 31, 2014.

Indicator 3: Completed the evaluation of the HFNL operations, mandate and programs and circulated the Evaluation Report to all the Board Members

The Evaluation of the Programs and Services of the HFNL Report was sent to all Board members and formally presented to the Board of Directors at the Board meeting on October 17, 2014. The Evaluation Report was approved by the Board of Directors at their meeting on March 14, 2015.

Indicator 4: Reviewed the Evaluation Report and implemented selected recommendations if necessary

The Board undertook a strategic planning exercise to identify short- and long-term goals based on priorities identified in the evaluation report. The session, held in Cupids May 29<sup>th</sup>-30<sup>th</sup>, was facilitated by a professional hired facilitator who took the group through a number of discussions that included: success criteria for the strategy session; review of priorities identified in the evaluation report; brainstorming on strategies for implementing the recommendations in the evaluation report; and the development of a 12-month operational plan to address short-term requirements (succession plan for the soon-to-retire executive director; board succession plan; and an ICH governance model.).

The Board prioritized a number of strategic priorities based on the report recommendations, which included: better and more regular monitoring of progress toward achieving goals; better integration of ICH with tangible values of heritage; developing an IT and communications strategy; increased municipal outreach; enhanced collaboration with potential partner groups; better monitoring and tracking designated properties; and enhanced outreach to owners of heritage properties.

**Objective 2016-17:** By March 31, 2017 the HFNL will have reviewed the Evaluation Report and implemented selected recommendations if necessary.

Indicator 1: Implemented, if necessary, selected Evaluation Report recommendations

HFNL began initiating a number of the recommendations in the Evaluation Report that included a review and redevelopment of its designation and granting programs; a refining of its evaluation criteria for designation to include greater emphasis on intangible values; a pilot project in Elliston to develop a detailed inventory of a building's architectural and intangible values. As well, an annual work plan was developed by staff to allow for the more systematic implementation and evaluation of HFNL priorities.

**FINANCIAL STATEMENTS**

Audited financial statements attached to this report.

**HERITAGE FOUNDATION OF  
NEWFOUNDLAND AND LABRADOR**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

## 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.



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Jerry Dick  
Executive Director



**AUDITOR  
GENERAL**  
of Newfoundland and Labrador

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Heritage Foundation of Newfoundland and Labrador which comprise the statement of financial position as at March 31, 2017, the statements of operations, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



## **Independent Auditor's Report (cont.)**

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Heritage Foundation of Newfoundland and Labrador as at March 31, 2017, and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'T. Paddon', with a long horizontal flourish extending to the right.

**TERRY PADDON, CPA, CA**  
**Auditor General**

September 7, 2017  
St. John's, Newfoundland and Labrador

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

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash	\$ 104,910	\$ 168,101
Portfolio investments (Note 4)	1,200,224	1,214,482
Accounts receivable (Note 5)	59,914	83,330
	<u>1,365,048</u>	<u>1,465,913</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	10,409	799
Accrued employee benefits	29,757	30,978
Employee future benefits (Note 6)	50,599	49,387
Deferred revenue (Note 7)	1,056,784	1,097,729
	<u>1,147,549</u>	<u>1,178,893</u>
<b>Net financial assets</b>	<u>217,499</u>	<u>287,020</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	10,018	8,663
Prepaid expenses	383	1,203
	<u>10,401</u>	<u>9,866</u>
<b>Accumulated surplus (Note 9)</b>	<u>\$ 227,900</u>	<u>\$ 296,886</u>

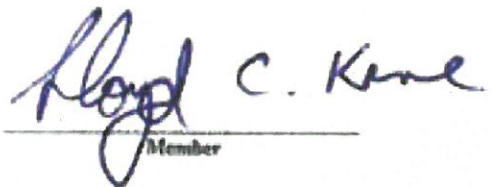
Contractual obligations (Note 13)

*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

	2017 Budget	2017 Actual	2016 Actual
(Note 15)			
<b>REVENUES</b>			
Province of Newfoundland and Labrador (Note 16)	\$ 550,300	\$ 661,595	\$ 761,730
Income from portfolio investments	-	23,142	24,873
Miscellaneous	61,913	15,966	28,600
	<b>612,213</b>	<b>700,703</b>	815,203
<b>EXPENSES (Note 10)</b>			
Heritage grants	171,000	220,747	342,818
Fisheries Heritage Preservation Initiative	-	769	4,129
Restricted Heritage District	-	16,309	5,146
Special projects (Note 11)	3,000	47,296	23,152
Administration	316,181	383,850	345,743
Intangible Cultural Heritage Strategy (Note 12)	150,000	100,718	112,614
	<b>640,181</b>	<b>769,689</b>	833,602
<b>Annual deficit</b>	<b>(27,968)</b>	<b>(68,986)</b>	(18,399)
<b>Accumulated surplus, beginning of year</b>	<b>296,886</b>	<b>296,886</b>	315,285
<b>Accumulated surplus, end of year</b>	<b>\$ 268,918</b>	<b>\$ 227,900</b>	\$ 296,886

*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

	2017 Budget	2017 Actual	2016 Actual
	(Note 15)		
Annual deficit	\$ (27,968)	\$ (68,986)	\$ (18,399)
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	-	(3,381)	(9,285)
Amortization of tangible capital assets	-	2,026	622
	-	(1,355)	(8,663)
<b>Prepaid expenses</b>			
Acquisition of prepaid expense	-	(2,899)	(2,809)
Use of prepaid expense	-	3,719	2,495
	-	820	(314)
<b>Decrease in net financial assets</b>	<b>(27,968)</b>	<b>(69,521)</b>	<b>(27,376)</b>
<b>Net financial assets, beginning of year</b>	<b>287,020</b>	<b>287,020</b>	<b>314,396</b>
<b>Net financial assets, end of year</b>	<b>\$ 259,052</b>	<b>\$ 217,499</b>	<b>\$ 287,020</b>

*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

	2017	2016
<b>Operating transactions</b>		
Annual deficit	\$ (68,986)	\$ (18,399)
Adjustment for non-cash items		
Amortization of tangible capital assets	2,026	622
	<b>(66,960)</b>	<b>(17,777)</b>
Change in non-cash operating items		
Accounts receivable	23,416	(25,158)
Accounts payable and accrued liabilities	9,610	(14,897)
Accrued employee benefits	(1,221)	(3,830)
Employee future benefits	1,212	(32,738)
Deferred revenue	(40,945)	(109,230)
Prepaid expense	820	(314)
<b>Cash applied to operating transactions</b>	<b>(74,068)</b>	<b>(203,944)</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(3,381)	(9,285)
<b>Cash applied to capital transactions</b>	<b>(3,381)</b>	<b>(9,285)</b>
<b>Investing transactions</b>		
Purchase of portfolio investments	(385,742)	(547,088)
Redemption of portfolio investments	400,000	900,000
<b>Cash provided from investing transactions</b>	<b>14,258</b>	<b>352,912</b>
<b>(Decrease) increase in cash</b>	<b>(63,191)</b>	<b>139,683</b>
<b>Cash, beginning of year</b>	<b>168,101</b>	<b>28,418</b>
<b>Cash, end of year</b>	<b>\$ 104,910</b>	<b>\$ 168,101</b>

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

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2017

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**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.

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**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. Entitlement to severance pay vests with employees after nine years of continuous service, and accordingly a liability has been recorded for these employees. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.
- 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 Pension Act, 1991*, employee contributions are matched by the Foundation and then remitted to the Public Service Pension Plan Corporation 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 the Public Service Pension Plan Corporation 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.

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**2. Summary of significant accounting policies (cont.)**

**(e) Tangible capital assets (cont.)**

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

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.



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**2. Summary of significant accounting policies (cont.)**

**(i) Measurement uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Accounting pronouncements**

There are several new standards issued by the PSAB that are not yet effective and have not been applied in these financial statements. These standards and corresponding effective dates are as follows:

Effective April 1, 2017:

*PS 2200 Related Party Disclosures* – a new standard defining related parties and establishing disclosure requirements for related party transactions.

*PS 3210 Assets* – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

*PS 3320 Contingent Assets* – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

*PS 3380 Contractual Rights* – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

*PS 3420 Inter-entity Transactions* – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Effective April 1, 2018:

*PS 3430 Restructuring Transactions* – a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities.

The Foundation plans to adopt these standards by the effective dates and is currently analyzing the impact these standards will have on the financial statements.

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**4. Portfolio investments**

	<u>2017</u>	<u>2016</u>
Portfolio investments, at cost	\$ 1,200,224	\$ 1,214,482
Portfolio investments, at market	\$ 1,200,224	\$ 1,214,482

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from July 2, 2017 to November 6, 2017, and interest rates ranging from 1.00% to 2.45%.

**5. Accounts receivable**

	<u>2017</u>	<u>2016</u>
Investment income receivable	\$ 10,306	\$ 12,907
Harmonized sales tax receivable	8,798	9,223
Province of Newfoundland and Labrador	40,000	58,700
Trade accounts receivable	810	2,500
	<u>\$ 59,914</u>	<u>\$ 83,330</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 \$50,599 (2016 - \$49,387).

(b) Retirement benefits

The Foundation and certain of its employees are subject to the *Public Service Pensions Act, 1991*. The plan is administered by the Public Service Pension Plan Corporation, 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% (2016 - 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, 2017 was \$23,519 (2016 - \$12,845).

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, 2017, were \$7,684 (2016 - \$16,931).

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**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.

	<b>Balance, beginning of year</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance, end of year</b>
Registered Heritage Structures	\$ 786,478	\$ 171,000	\$ (221,447)	\$ 736,031
Fisheries Heritage Preservation Program	56,005	-	(769)	55,236
Ecclesiastical Structures	113,824	-	-	113,824
Registered Heritage Districts	91,422	-	(16,309)	75,113
Collective Memories Project	50,000	40,000	(42,996)	47,004
New Horizons for Seniors Program	-	24,220	-	24,220
JCP Project for Intangible Cultural Heritage Program	-	6,130	(774)	5,356
	<b>\$ 1,097,729</b>	<b>\$ 241,350</b>	<b>\$ (282,295)</b>	<b>\$ 1,056,784</b>

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**8. Tangible capital assets**

<b>Cost</b>	<b>Systems development</b>	<b>Office and computer equipment</b>	<b>Total</b>
Balance, March 31, 2016	\$ 267,096	\$ 74,843	\$ 341,939
Acquisition of Tangible Capital Assets	-	3,381	3,381
Balance, March 31, 2017	267,096	78,224	345,320
<b>Accumulated amortization</b>			
Balance, March 31, 2016	267,096	66,180	333,276
Amortization expense	-	2,026	2,026
Balance, March 31, 2017	267,096	68,206	335,302
<b>Net book value, March 31, 2017</b>	<b>\$ -</b>	<b>\$ 10,018</b>	<b>\$ 10,018</b>
<b>Net book value, March 31, 2016</b>	<b>\$ -</b>	<b>\$ 8,663</b>	<b>\$ 8,663</b>

**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, 2017, the Fund balance was \$227,900 (2016 - \$296,886).

**10. Expenses by object**

The following is a summary of expenses by object:

	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 455,509	\$ 380,100
Grants	240,714	359,809
Professional services	18,365	4,846
Purchased services	25,793	48,114
Travel	21,060	33,563
Amortization	2,026	622
Communications	3,793	4,143
Property, furnishings and equipment	2,429	2,405
	<b>\$ 769,689</b>	<b>\$ 833,602</b>

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**11. Special projects**

The Foundation incurred expenses related to the following special projects.

	<u>2017</u>	<u>2016</u>
Succession Planning	\$ -	\$ 4,248
Grand Falls-Windsor Digitization Project	-	9,643
Helicopter Memorial	-	1,500
Collective Memories Project	<b>42,996</b>	-
Other	<b>4,300</b>	7,761
	<b>\$ 47,296</b>	<b>\$ 23,152</b>

**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 \$98,852 (2016 - \$95,600) in revenue related to the Strategy. The Foundation also incurred expenses of \$100,718 (2016 - \$112,614) related to the Strategy.

**13. Contractual obligations**

As at March 31, 2017, the Foundation had committed \$561,913 (2016 - \$579,400) 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, 2017, the Foundation had also committed \$1,350 (2016 - \$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.

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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 Heritage Foundation of Newfoundland and Labrador'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.

**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.

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**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 \$596,430 (2016 - \$652,500). The Foundation recognized \$661,595 (2016 - \$761,730) in revenue from the Province of Newfoundland and Labrador.
- (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 \$40,000 (2016 - \$58,700)

**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.

**18. Comparative figures**

Certain comparative figures have been restated to conform to the current year's presentation.