

**Heritage Foundation of  
Newfoundland and Labrador**

**Annual Report 2017-18**



**Tourism, Culture, Industry and Innovation**

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## MESSAGE FROM THE CHAIR

As Chair of the board for the Heritage Foundation of Newfoundland and Labrador, I am pleased to present its annual report for the fiscal year 2017-18. 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Lough". The signature is somewhat stylized and overlaps itself.

Dave Lough  
Chair

## **OVERVIEW**

### **Background**

The Heritage Foundation of Newfoundland and Labrador (HFNL) is composed of a Board of Directors appointed by the Lieutenant-Governor in Council under the **Historic Resources Act**. The Board of Directors is presently composed of eight members: 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 are five permanent staff (four male/ one female) employed by the HFNL. The permanent staff is composed of an Executive Director, Accountant (part-time), two Heritage Development Officers and an Intangible Cultural Heritage (ICH) Development Officer. In addition, in 2017-18 the Foundation employed a summer student and an ICH Intern.

### **Financial Information**

The annual budget of the HFNL is approximately \$761,026. Detailed 2017-18 audited financial information is found in the Financial Statements section.

### **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:

- Designation of heritage buildings, structures and districts;
- 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 HFNL has also been entrusted with the implementation of the province's Intangible Cultural Heritage Strategy to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations. As such, the mandate statement of the HFNL has been revised accordingly, "To support the preservation and recognition of the province's historic places and the safeguarding of its intangible cultural heritage."

## **Vision**

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

## **Mission**

The HFNL supports the province's heritage in a number of ways:

- a) By raising awareness of and commemorating its built heritage, its history and, its Intangible Cultural Heritage;
- b) By supporting the preservation of its built heritage and historic places through funding programs and the provision of technical assistance and;
- c) By safeguarding its Intangible Cultural Heritage through a variety of initiatives that document, transmit and celebrate it.

## **Values**

**Conservation:** The Board of Directors and staff work to promote a culture of heritage conservation, that being all those actions or processes that are aimed at safeguarding the character-defining elements of the historic places of Newfoundland and Labrador, so as to retain their heritage value and extend their physical life. The Foundation follows the National Standards and Guidelines for the Conservation of Historic Places in Canada in its work.

**Independence:** The Foundation maintains fairness and openness in its decision-making processes in order to maintain the trust of its clients and the public. Its Board of Directors operates free from political influence while fulfilling its mandate as legislated in the Provincial **Historic Resources Act**.

**Professionalism:** The Board of Directors and its staff believe in providing services with high standards by maintaining and enhancing their knowledge base and providing quality services in a timely, responsible, business-like manner.

**Respect:** The Board of Directors and its staff strive to operate in a highly respectful manner.

## **Primary Clients**

The HFNL serves the general public, municipalities, and community and heritage organizations seeking provincial heritage designation and/or information on various aspects of tangible and intangible heritage.

## **Board of Directors**

At the end of this reporting period, March 31, 2018 the board consisted of the following members:

Chairperson	Dave Lough, St. John's
Vice Chair	Lloyd Kane, Cupids
Treasurer	Sarah Wade, St. John's
Secretary	Jim Miller, Trinity
Members	Lisa Daley, Fredericton, NB Philip Wood, Bay Roberts Elizabeth-Ann Murphy, Parker's Cove Gerry Osmond, Department of Tourism, Culture, Industry and innovation

## **Lines of Business**

Designation, funding and plaquing programs for heritage structures:

Through the Registered Heritage Structure Designation Program, the Registered Heritage Structure Grants Program, the Registered Heritage Structures Building Assessment Program and, the Registered Heritage Structure Maintenance Granting Program the HFNL designates structures and provides grants for 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 plaque. There are no additional restrictions other than what the town may make on its own under the **Municipalities Act, 1999**.

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 semiannual 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 publishes a newsletter

approximately six times a year targeted to the general public with information about all of its activities.

The HFNL sponsors a number of built heritage initiatives such as 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 Heritage Fairs, managed by the Historic Sites Association of Newfoundland and Labrador and the annual Heritage Poster Program, targeted to the province's K-12 school system. In addition, it offers lectures and workshops on best practices in heritage conservation.

The Intangible Cultural Heritage (ICH) Program:

This 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. HFNL achieves this through support for initiatives that celebrates, records, disseminates and promotes 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.

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. 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. It provides solid, practical advice for heritage conservation for conserving everything from historic residential and industrial buildings to landscape gardens and archaeological sites with the emphasis on the preservation of our rich and irreplaceable built heritage.

The HFNL reorganized Municipal Outreach through a program named "People, Places and Culture" designed to assist communities to identify their tangible and intangible cultural heritage resources and to plan for how to protect and develop them. HFNL has been working with Municipalities NL to incorporate "People, Places & Culture" into a revamped "Tidy Towns" program. 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 CRHP.

Provincial Historic Commemorations Program:

In 2016-17 HFNL assumed responsibility for the Provincial Historic Commemorations Program (PHCP). A PHCP sub-committee of the Foundation reviews nominations under the program. In 2017-18 the program had a relatively low level of activity while the HFNL seeks additional partners and resources to administer the program, principally to commission research papers on nominated subjects.



## REPORT ON PERFORMANCE

### 2017-18 Objectives/Indicators

Demographic, economic, social and cultural changes are having a significant impact on the province's built heritage. Rural depopulation, a decline in church attendance and economic changes are often creating challenges for building owners to maintain historic structures. In many instances, historic buildings have become redundant and left vacant. Key to preserving heritage-structures is finding ways to adapt them to better meet the needs of occupants or to find appropriate new uses that protect heritage values.

**Objective #1:** By March 31, 2018 the HFNL will have promoted best practices in the adaptation of heritage buildings to ensure their protection.

**Indicator 1: Hosted a forum on "Heritage and Development" targeted to key stakeholders to promote best practices related to maintaining heritage values on heritage properties slated for redevelopment.**

In May 2017, a forum, entitled, "Finding the Profit in Heritage," was held that attracted approximately 60 individuals representing property owners and developers, heritage advocates, City of St. John's municipal officials, architects and others. From the forum a set of recommendations was developed that was presented to the St. John's City Council and put into an information piece called "Supporting the Adaptive Reuse of Heritage Buildings in Newfoundland & Labrador: the Role of Municipalities", that was distributed to municipalities in the province and placed on the HFNL website.

**Indicator 2: Held a provincial forum "Adapting Heritage to the 21st Century" designed to create greater awareness amongst stakeholders on options for adapting heritage buildings to contemporary needs and for adaptive reuse.**

Approximately 120 individuals participated in the October 2017 conference with close to 20 presenters from across Canada. Several concurrent sessions were held around four core themes:

- i) Identifying adaptive reuse opportunities;
- ii) Enhancing the sustainability of historic places;
- iii) Design Issues around adaptation; and,
- iv) Enhancing the meaning of Historic Places for people today.

The results of the forum are being developed into an online Adaptive Reuse Toolkit.

**Indicator 3: Worked with Memorial University, to undertake research and support best practices in the management of historical ecclesiastical buildings in the province that included collaborating with a newly-established Working Group on Historic Ecclesiastical Structures in St. John's.**

During the year, HFNL hosted a number of meetings of the Working Group to discuss strategies for the preservation of historic ecclesiastical structures. Memorial University's focus is a digital atlas relating to the province's churches called, "After Church", with a focus on the divestment and adaptive reuse of church buildings. The committee was also involved in the organization of a half-day workshop targeted to managers of historic churches and tied to the Adapting Heritage conference in the Fall of 2017; approximately 75 individuals attended. Presentations from this session are to be included in the Adaptive Heritage toolkit. In addition, the committee met with representatives of a number of the major denominations to discuss issues and challenges related to the management of historic church buildings.

**Objective #2:** By March 31, 2018 the HFNL 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: Piloted its "People, Place and Culture" initiative in two communities in Newfoundland and Labrador. This initiative will see a team comprised of HFNL staff with expertise in tangible and intangible cultural heritage, along with relevant partners, engage with communities to identify their heritage resources, to development strategies for protecting and safeguarding them, and for developing them as community economic generators.**

HFNL piloted its "People, Places and Culture" workshop in the communities of New Perlican and Pasadena. The New Perlican event attracted more than 30 participants and resulted in the development of three major initiatives out of a list of approximately 20 that emerged from a community heritage asset identification session. Subsequent to the workshop, a community oral history session and interviews were held resulting in a publication now in its third printing used by the local heritage society as a fundraiser. Workshops in Pasadena/Reidville drew nearly 50 participants and resulted in a mapping exercise to identify street names along with

memories and stories about local founding families that will form the basis of a community history booklet.

For 18 months, the Foundation has been part of an advisory committee of Municipalities Newfoundland and Labrador working to redevelop the Tidy Towns program in Newfoundland and Labrador. The revamped program will place a greater emphasis on needs assessment and opportunities identification as part of a planning process for community enhancement. The “People, Places & Culture” program has been identified as an opportunities identification tool for communities interested in pursuing enhancement of their heritage and culture.

**Objective #3:** By March 31, 2018 the HFNL, 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: Hosted a forum that celebrated 10 years of ICH in Newfoundland and Labrador and looked forward to new directions with a particular focus on the transmission of traditional knowledge and skills and on ways that these can gain new meaning for the present generation and be a source of enterprise.**

The forum, “From Sealskin to Science Fiction: Taking Tradition into the Twenty-first Century” featured the work of the HFNL in safeguarding the province’s ICH. An overview of HFNL initiatives to date included:

- Launching of the first Mummer’s Festival;
- Hosting a number of folklife festivals on different themes;
- Documenting a wide range of cultural traditions that include: making mill baskets, root cellars, folklore of wells and springs, traditional folk dances and games, among others.

As well it has hosted workshops to pass on traditional skills and knowledge in such areas as food traditions of New Canadians and textile traditions.

Most recently, the HFNL has been involved with the “Collective Memories” program engaging hundreds of seniors in several Newfoundland and Labrador communities to share their personal and community histories as a method of senior’s engagement and validation. The forum also featured several community-based initiatives and businesses that have been using traditional knowledge as a source of inspiration.

The forum identified a number of priorities for ICH going forward:

1. Enhanced dialogue and partnerships with communities and organizations to identify and prioritize aspects of traditional culture for safeguarding;
2. Greater effort to pass on traditional knowledge to younger generations, particularly through connecting seniors with youth; and
3. Support for new enterprise based on traditional knowledge and skills.

### **2018-19 Objectives/Indicators**

**Objective #1:** By March 31, 2019 the HFNL will have promoted best practices in the adaptation of heritage buildings to ensure their protection.

**Indicator 1:** HFNL will have produced a tool kit from the proceedings of the forum “Adapting Heritage to the 21st Century” for public distribution.

**Objective #2:** By March 31, 2019 the HFNL 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:** HFNL will have evaluated its “People, Place and Culture” pilot projects, made refinements, and delivered additional projects in two to three communities in the province.

**Objective #3:** By March 31, 2019 the HFNL, 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:** HFNL, building on its experience with “Collective Memories,” will have developed and disseminated tools for communities to engage seniors on ICH initiatives that support social inclusion.

**HERITAGE FOUNDATION OF  
NEWFOUNDLAND AND LABRADOR**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

## **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.

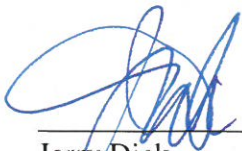
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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, 2018, 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, 2018, 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 cursive script that reads "Julia Mullaley".

**JULIA MULLALEY, CPA, CA**  
**Auditor General**

September 19, 2018  
St. John's, Newfoundland and Labrador



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

2018

2017

**FINANCIAL ASSETS**

Cash	\$ 99,835	\$ 104,910
Portfolio investments (Note 4)	969,159	1,200,224
Accounts receivable (Note 5)	39,346	59,914
	<b>1,108,340</b>	<b>1,365,048</b>

**LIABILITIES**

Accounts payable and accrued liabilities	2,450	10,409
Accrued employee benefits	21,456	29,757
Employee future benefits (Note 6)	21,904	50,599
Deferred revenue (Note 7)	899,550	1,056,784
	<b>945,360</b>	<b>1,147,549</b>

**Net financial assets** **162,980** **217,499**

**NON-FINANCIAL ASSETS**

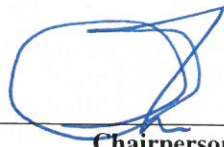
Tangible capital assets (Note 8)	7,485	10,018
Prepaid expenses	1,563	383
	<b>9,048</b>	<b>10,401</b>

**Accumulated surplus (Note 9)** **\$ 172,028** **\$ 227,900**

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

	2018 Budget	2018 Actual	2017 Actual
(Note 15)			
<b>REVENUES</b>			
Province of Newfoundland and Labrador (Note 16)	\$ 626,600	\$ 662,914	\$ 661,595
Government of Canada	-	24,220	-
Conference fees	-	20,116	-
Income from portfolio investments	-	18,316	23,142
Miscellaneous	20,000	3,691	15,966
	<b>646,600</b>	<b>729,257</b>	700,703
<b>EXPENSES (Note 10)</b>			
Heritage grants	150,600	206,944	221,447
Fisheries Heritage Preservation Initiative	12,500	3,569	769
Restricted Heritage District	5,500	12,142	16,309
Special projects (Note 11)	-	87,115	47,296
Administration	426,826	375,239	383,150
Intangible Cultural Heritage Strategy (Note 12)	165,600	100,120	100,718
	<b>761,026</b>	<b>785,129</b>	769,689
<b>Annual deficit</b>	<b>(114,426)</b>	<b>(55,872)</b>	(68,986)
<b>Accumulated surplus, beginning of year</b>	<b>227,900</b>	<b>227,900</b>	296,886
<b>Accumulated surplus, end of year</b>	<b>\$ 113,474</b>	<b>\$ 172,028</b>	\$ 227,900

*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**

	2018 Budget	2018 Actual	2017 Actual
	(Note 15)		
<u>Annual deficit</u>	\$ (114,426)	\$ (55,872)	\$ (68,986)
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	-	-	(3,381)
<u>Amortization of tangible capital assets</u>	-	2,533	2,026
	-	2,533	(1,355)
<b>Prepaid expenses</b>			
Acquisition of prepaid expense	-	(1,563)	(2,899)
<u>Use of prepaid expense</u>	-	383	3,719
	-	(1,180)	820
<b>Decrease in net financial assets</b>	(114,426)	(54,519)	(69,521)
<u>Net financial assets, beginning of year</u>	217,499	217,499	287,020
<u>Net financial assets, end of year</u>	\$ 103,073	\$ 162,980	\$ 217,499

*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

2018

2017

**Operating transactions**

Annual deficit	\$ (55,872)	\$ (68,986)
Adjustment for non-cash items		
Amortization of tangible capital assets	2,533	2,026
	(53,339)	(66,960)
Change in non-cash operating items		
Accounts receivable	20,568	23,416
Accounts payable and accrued liabilities	(7,959)	9,610
Accrued employee benefits	(8,301)	(1,221)
Employee future benefits	(28,695)	1,212
Deferred revenue	(157,234)	(40,945)
Prepaid expenses	(1,180)	820
<b>Cash applied to operating transactions</b>	<b>(236,140)</b>	<b>(74,068)</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	-	(3,381)
<b>Cash applied to capital transactions</b>	<b>-</b>	<b>(3,381)</b>
<b>Investing transactions</b>		
Purchase of portfolio investments	(368,935)	(385,742)
Redemption of portfolio investments	600,000	400,000
<b>Cash provided from investing transactions</b>	<b>231,065</b>	<b>14,258</b>
<b>Decrease in cash</b>	<b>(5,075)</b>	<b>(63,191)</b>
<b>Cash, beginning of year</b>	<b>104,910</b>	<b>168,101</b>
<b>Cash, end of year</b>	<b>\$ 99,835</b>	<b>\$ 104,910</b>

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

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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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.

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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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 Provident<sup>10</sup> 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 Provident<sup>10</sup> 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.

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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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.

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

**(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.

**(i) Measurement uncertainty**

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

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

**3. Changes in accounting policies**

**(a) New accounting standards**

On April 1, 2017, the Foundation adopted the following five new CPSAS Handbook Sections:

*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.



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**3. Changes in accounting policies (cont.)**

**(a) New accounting standards (cont.)**

*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.

These accounting changes had no significant impact on the financial statements.

**(b) Accounting pronouncement**

The PSAB has issued *PS 3430 Restructuring Transactions* which is effective April 1, 2018. This is a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. The standard has not been applied in these financial statements.

The Foundation plans to adopt this standard by the effective date and is currently analyzing the impact the standard will have on the financial statements.

**4. Portfolio investments**

	<u>2018</u>	<u>2017</u>
Portfolio investments, at cost	\$ 969,159	\$ 1,200,224
Portfolio investments, at market	\$ 969,159	\$ 1,200,224

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from July 27, 2018 to July 26, 2019, and interest rates ranging from 1.00% to 2.70%.

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**5. Accounts receivable**

	<u>2018</u>	<u>2017</u>
Investment income receivable	\$ 9,687	\$ 10,306
Harmonized sales tax receivable	14,352	8,798
Province of Newfoundland and Labrador	8,700	40,000
Trade accounts receivable	6,607	810
	<hr/> \$ 39,346	<hr/> \$ 59,914

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 \$21,904 (2017 - \$50,599).

(b) Retirement benefits

The Foundation and certain of its employees are subject to the *Public Service Pensions Act, 1991*. The plan is administered by Provident<sup>10</sup>, 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% (2017 - 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, 2018 was \$25,675 (2017 - \$23,519).

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, 2018, were \$8,591 (2017 - \$7,684).

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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	\$ 736,031	<b>\$ 150,600</b>	<b>\$ 206,944</b>	<b>\$ 679,687</b>
Fisheries Heritage Preservation Program	55,236	-	<b>3,569</b>	<b>51,667</b>
Ecclesiastical Structures	113,824	-	<b>18,488</b>	<b>95,336</b>
Registered Heritage Districts	75,113	-	<b>12,142</b>	<b>62,971</b>
Collective Memories Project	47,004	-	<b>40,680</b>	<b>6,324</b>
New Horizons for Seniors Program	24,220	-	<b>24,220</b>	-
JCP Project for Intangible Cultural Heritage Program	5,356	-	<b>1,791</b>	<b>3,565</b>
	<b>\$ 1,056,784</b>	<b>\$ 150,600</b>	<b>\$ 307,834</b>	<b>\$ 899,550</b>

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**8. Tangible capital assets**

Cost	<u>Systems development</u>	<u>Office and computer equipment</u>	<u>Total</u>
Balance, March 31, 2017	\$ 267,096	\$ 78,224	\$ 345,320
Acquisition of Tangible Capital Assets	-	-	-
Balance, March 31, 2018	267,096	78,224	345,320
<b>Accumulated amortization</b>			
Balance, March 31, 2017	267,096	68,206	335,302
Amortization expense	-	2,533	2,533
Balance, March 31, 2018	267,096	70,739	337,835
<b>Net book value, March 31, 2018</b>	<b>\$ -</b>	<b>\$ 7,485</b>	<b>\$ 7,485</b>
<b>Net book value, March 31, 2017</b>	<b>\$ -</b>	<b>\$ 10,018</b>	<b>\$ 10,018</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, 2018, the Fund balance was \$172,028 (2017 - \$227,900).

**10. Expenses by object**

The following is a summary of expenses by object:

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 457,358	\$ 455,509
Grants	204,890	240,714
Purchased services	48,070	25,793
Travel	41,214	21,060
Professional services	26,355	18,365
Communications	2,548	3,793
Amortization	2,533	2,026
Property, furnishings and equipment	2,161	2,429
	<b>\$ 785,129</b>	<b>\$ 769,689</b>

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**11. Special projects**

The Foundation incurred expenses related to the following special projects.

	<u>2018</u>	<u>2017</u>
Collective Memories Project	\$ 40,680	\$ 42,996
Ecclesiastical Conference	38,604	-
Other	7,831	4,300
	<u>\$ 87,115</u>	<u>\$ 47,296</u>

**12. Intangible Cultural Heritage Strategy**

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year, the Foundation recognized \$91,341 (2017 - \$98,852) in revenue related to the Strategy. The Foundation also incurred expenses of \$100,120 (2017 - \$100,718) related to the Strategy.

**13. Contractual obligations**

**(a) Grant commitments**

As at March 31, 2018, the Foundation had committed \$584,361 (2017 - \$561,913) 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, 2018, the Foundation had also committed \$0 (2017 - \$1,350) 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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**13. Contractual obligations (cont.)**

**(b) Operating lease obligation**

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

2018-19	\$ 2,146
2019-20	<u>1,073</u>
	<u>\$ 3,219</u>

**14. Financial risk management**

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relates to cash, portfolio investments and accounts receivable. The Foundation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Foundation is not exposed to significant credit risk with its cash or portfolio investments because these financial instruments are held with a Chartered Bank. The Foundation is not exposed to significant credit risk related to its accounts receivable as these amounts are due primarily from the Province of Newfoundland and Labrador, a Chartered Bank, or the Government of Canada. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its financial liabilities and contractual obligations. The Foundation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, accrued employee benefits, and its contractual obligations as disclosed in Note 13. The Foundation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

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**14. Financial risk management (cont.)**

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.

**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 \$529,900 (2017 - \$596,430). The Foundation recognized \$662,914 (2017 - \$661,595) 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 \$8,700 (2017 - \$40,000)

**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.

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Department of Tourism, Culture, Industry and Innovation  
2nd Floor, West Block  
Confederation Building  
P.O. Box 8700  
St. John's, NL A1B 4J6

Telephone: (709) 729-7000

Toll Free: 1-800-563-2299

Facsimile: (709) 729-0654

E-mail: [tcii@gov.nl.ca](mailto:tcii@gov.nl.ca)

**Available in alternate format upon request.**



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