

**THE ROOMS CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

MARCH 31, 2021

Management's Report

Management's Responsibility for The Rooms Corporation of Newfoundland and Labrador Financial Statements

Management, in accordance with Canadian public sector accounting standards, has prepared the financial statements 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 periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Board 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 Rooms Corporation of Newfoundland and Labrador.

On behalf of The Rooms Corporation of Newfoundland and Labrador.



Ms. Anne Chafe
Chief Executive Officer



Ms. Donna Marie Humphries, CPA, CGA
Director of Finance



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation
of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

Independent Auditor's Report (cont.)

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (cont.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.


SANDRA RUSSELL, CPA, CA
Deputy Auditor General

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF FINANCIAL POSITION
As at March 31

2021

2020

FINANCIAL ASSETS

Cash	\$ 2,315,783	\$ 2,809,348
Accounts receivable (Note 3)	2,934,431	1,326,387
Inventory held for resale	197,717	218,607
Restricted cash (Note 4)	861,654	567,630
	<u>6,309,585</u>	<u>4,921,972</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	903,993	1,089,884
Employee future benefits (Note 6)	102,828	98,417
Deferred revenue (Note 7)	1,422,853	567,630
	<u>2,429,674</u>	<u>1,755,931</u>

Net financial assets 3,879,911 3,166,041

NON-FINANCIAL ASSETS

Prepaid expenses	733	3,243
Tangible capital assets (Note 8)	11,524,348	12,171,115
	<u>11,525,081</u>	<u>12,174,358</u>

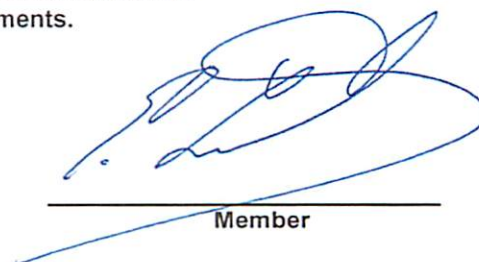
Accumulated surplus \$15,404,992 \$15,340,399

Trusts (Note 12)
Contractual obligations (Note 13)

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

Signed on behalf of the Board:


Chairperson


Member

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2021 Budget	2021 Actual	2020 Actual
(Note 15)			
REVENUES (Schedule 1)			
Province of Newfoundland and Labrador			
Operating grants	\$ 6,355,800	\$ 6,338,600	\$ 6,472,278
Contributions to employee benefits (Note 11)	-	653,086	743,054
Commercial operations (Note 10)	1,379,000	449,898	1,524,690
Government of Canada	423,620	528,801	414,502
Corporate sponsorship	440,000	175,976	433,750
External funding	-	3,652	5,897
	8,598,420	8,150,013	9,594,171
EXPENSES (Schedule 1)			
Archives division	1,049,469	870,169	985,001
Art gallery division	1,176,051	870,561	1,078,747
Corporate services and building operations	4,532,146	4,771,847	5,707,988
Education programs	754,595	466,156	716,955
Museum division and regional museums	1,086,159	1,106,687	1,304,595
	8,598,420	8,085,420	9,793,286
Annual surplus (deficit)	-	64,593	(199,115)
Accumulated surplus, beginning of year	15,340,399	15,340,399	15,539,514
Accumulated surplus, end of year	\$ 15,340,399	\$ 15,404,992	\$ 15,340,399

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2021 Budget	2021 Actual	2020 Actual
	(Note 15)		
Annual surplus (deficit)	\$ -	\$ 64,593	\$ (199,115)
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(183,566)	(300,917)
Amortization of tangible capital assets	-	830,333	829,556
	-	646,767	528,639
Changes in other non-financial assets			
Net use of prepaid expenses	-	2,510	4,686
	-	2,510	4,686
Increase in net financial assets	-	713,870	334,210
Net financial assets, beginning of year	3,166,041	3,166,041	2,831,831
Net financial assets, end of year	\$ 3,166,041	\$ 3,879,911	\$ 3,166,041

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended March 31

2021

2020

Operating transactions

Annual surplus (deficit)	\$ 64,593	\$ (199,115)
Adjustment for non-cash items		
Amortization	830,333	829,556
	894,926	630,441
Change in non-cash operating items		
Accounts receivable	(1,608,044)	1,026,170
Inventory held for resale	20,890	(11,911)
Restricted cash	(294,024)	(166,983)
Accounts payable and accrued liabilities	(185,891)	(108,872)
Employee future benefits	4,411	(95,756)
Deferred revenue	855,223	166,983
Prepaid expenses	2,510	4,686
Cash (applied to) provided from operating transactions	(309,999)	1,444,758

Capital transactions

Additions to capital assets	(183,566)	(300,917)
Cash applied to capital transactions	(183,566)	(300,917)
(Decrease) increase in cash	(493,565)	1,143,841
Cash, beginning of year	2,809,348	1,665,507
Cash, end of year	\$ 2,315,783	\$ 2,809,348

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

1. Nature of operations

The Rooms Corporation of Newfoundland and Labrador (the Corporation) was established as a corporation under the Rooms Act on May 19, 2005. In accordance with the Rooms Act, the Corporation assumed title to and has been vested with all of the rights, liabilities, assets and property of The Rooms Corporation of Newfoundland and Labrador Inc. established as a corporation under the Corporations Act on November 18, 2002. The Corporation was established to: collect, preserve, present and make available for research, historic artifacts, natural history specimens and archival records that represent and illustrate the significant history, culture and natural heritage of the Province; conduct research with respect to the history, natural history, culture and heritage of the Province; collect and present provincial, national and international contemporary and historic art; advance and promote the works of contemporary visual artists of the Province; support the development of cultural industries in the Province; strengthen the culture of the Province; and provide and enhance client services and partnerships to promote the cultural collections of the Province and to show other national and international collections. The Corporation is an agent of the Crown. The affairs of the Corporation are governed by a Board of Directors appointed by the Lieutenant-Governor in Council. The Rooms is located in St. John's, with regional facilities located in Grand Falls-Windsor (Mary March Provincial Museum), Grand Bank (Provincial Seamen's Museum), and North West River (Labrador Interpretation Centre).

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes under Section 149(1)(d) of the Income Tax Act.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as a Government Not-For-Profit Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements have been prepared by the Corporation's management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Corporation does not prepare a statement of remeasurement gains and losses as the Corporation does not enter into relevant transactions or circumstances that are being addressed by this statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities. The Corporation 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 ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Corporation subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash, restricted cash and accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

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

Income attributable to financial instruments is reported in the statement of operations.

(c) Cash

Cash includes operational floats and balances with banks that fluctuate from positive to negative.

(d) Inventory held for resale

Inventory held for resale includes items purchased for resale in the gift shop and are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(e) Collections

The collections of art work, archival documents and historical and cultural artifacts form the largest part of the assets of the Corporation. These collections are not presented in the statement of financial position due to the practical difficulties of determining a meaningful value for these assets. The acquisition of purchased works of art and artifacts is recorded as an expense.

(f) Tangible capital assets

Tangible capital assets to which the Corporation has title are recorded at cost at the time of acquisition.

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

Furniture	7 years
Equipment	3 years
Motor vehicles	5 years
Building improvements	7 to 40 years

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(f) Tangible capital assets (cont.)

Work in progress is considered to be a tangible capital asset, however, it is not amortized as it is not yet available for use. Upon completion, these assets will be recorded in the appropriate category.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the ability of the Corporation to provide goods and 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.

Contributed tangible capital assets are recorded as revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

(g) Employee future benefits

- (i) The cost of accumulating, non-vesting sick leave benefits is calculated based upon management's best estimate of its employees' sick leave utilization rates, sick leave balances, annual sick leave entitlements and current salary levels.
- (ii) Under the Rooms Act, Corporation employees are considered to be employed in the public service for the purposes of the Public Service Pensions Act, 2019. Employee contributions are matched by the Province and remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This pension 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 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

The contributions of the Corporation to the plan is recorded as an expense for the year.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(h) Revenues

Revenues are recognized in the period in which the transaction 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 the estimation is impracticable.

Government transfers (Province of Newfoundland and Labrador grants and Government of Canada grants) are recognized as revenues when the transfer is authorized and 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(i) Donations

Donations are comprised of contributions received from individuals, foundations and corporations.

Unrestricted contributions are recognized as revenue in the statement of operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions externally restricted for specific projects or expenses are recognized as deferred revenue in the statement of financial position and recognized in the statement of operations in the fiscal year in which the related expenses are incurred.

(j) Expenses

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

(k) Volunteers

During normal operations, volunteers contribute significant hours in support of the Corporation. Their activities include guided gallery and museum tours and a variety of programs that enrich the visitor's experience. Due to the ongoing global COVID-19 pandemic, volunteers were not readily utilized by the Corporation during 2020-21. Due to the complexity involved in valuing these services under normal operating circumstances, they are not reflected in the financial statements.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

2. Summary of significant accounting policies (cont.)

(I) Measurement uncertainty

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

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. Accounts receivable

	2021	2020
Province of Newfoundland and Labrador	\$ 2,060,430	\$ 1,163,259
Government of Canada	750,000	-
Harmonized Sales Tax	73,186	101,789
Other	50,815	61,339
	\$ 2,934,431	\$ 1,326,387

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

4. Restricted cash

The following funds, which have external conditions placed on their use, have been received and deposited with the Corporation's general funds and are reported in these financial statements as restricted cash.

	2021	2020
Corporate Donor - Educational Programming	\$ 310,274	\$ 46,250
Permanent Collections Donations	25,625	25,625
Private Donor - B-17 Bomber Exhibit	1,600	1,600
Private Donor - First World War Exhibit	316,772	316,772
Private Donor - Mining Exhibit	5,000	5,000
Provincial Government – Educational Programming	30,000	-
Provincial Government - Logger's Life Museum	6,650	6,650
The Rooms Foundation - FWW Exhibit Fund	165,733	165,733
	\$ 861,654	\$ 567,630

5. Accounts payable and accrued liabilities

	2021	2020
Trade accounts payable	\$ 580,586	\$ 650,393
Accrued salaries	17,304	150,237
Accrued overtime and leave	306,103	289,254
	\$ 903,993	\$ 1,089,884

6. Employee future benefits

(a) Employee future benefits liability

Employee future benefits consist of:

	2021	2020
Severance pay	\$ 30,737	\$ 30,737
Accumulating, non-vesting sick leave benefit liability	72,091	67,680
	\$ 102,828	\$ 98,417

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

6. Employee future benefits (cont.)

(b) Employee future benefits

(i) Severance pay

Severance was traditionally payable when the non-unionized employee ceased employment with the Corporation, provided no severance had been paid by Government or another Crown corporation or agency for the same period.

During the 2017-18 fiscal year, the Province of Newfoundland and Labrador signed a new collective agreement with the union representing the Corporation's unionized employees. The Corporation's unionized employees with at least one year of service were entitled to one week of salary for each complete year of service to March 31, 2018, to a maximum of 20 weeks. Unionized employees will not accrue severance after March 31, 2018.

Unionized employees had the option of receiving their severance entitlement prior to March 31, 2019 or deferring the receipt of their entitlement to a later date.

Severance was accounted for on an accrual basis and was calculated based upon years of service and current salary levels.

There were no severance payments to employees in 2020-21. The remaining severance liability payable to employees at March 31, 2021 is \$30,737 (2020 - \$30,737), representing severance owing to employees who deferred receiving their severance entitlement.

On May 31, 2018, the Province of Newfoundland and Labrador enacted legislation affecting severance pay for executives, managers and non-management/non-union employees. Effective June 1, 2018, these non-unionized employees with at least one year of continuous service were entitled to one week of salary for each complete year of service to a maximum of 20 weeks. The value of severance was based on an employee's rate of pay as of May 31, 2018, and no additional severance accrued beyond May 31, 2018. Employees had the option to receive all of their entitlement by March 31, 2019, or to defer receiving their entitlement to a later date. There is no remaining severance liability at March 31, 2021 for these employees.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

6. Employee future benefits (cont.)

(b) Employee future benefits (cont.)

(ii) Accumulating, non-vesting sick leave benefits

All unionized employees hired before May 4, 2004, are credited with 2 days per month and all unionized employees hired thereafter are credited with 1 day per month for use as paid absences in the year due to illness. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment.

(iii) Pension contributions

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pensions Act, 2019 (the Act). The plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The maximum contribution rate for eligible employees was 11.85% (2020 - 11.85%). The Corporation's contributions equal the employee contributions to the plan. The pension expense for the Corporation for the year ended March 31, 2021 was \$350,669 (2020 - \$334,182).

Employees who do not qualify to participate in the Public Service Pension Plan (for example, part-time employees) participate in the Government Money Purchase Pension Plan (GMPP). The GMPP is a defined contribution plan which was established under the Government Money Purchase Pension Plan Act. Employees are required to contribute 5% of regular earnings which is matched by the Corporation. Employees may make additional voluntary contributions, however, the maximum amount for all contributions may not exceed the lesser of 18% of an employee's earnings and the maximum amount allowed as specified under the Income Tax Act. Total GMPP expense for the Corporation for the year ended March 31, 2021, was \$11,045 (2020 - \$21,277).

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement. Since the conditions relating to their use have not been met, recognition of the revenues has been deferred and the funds received are recorded as restricted cash as disclosed in Note 4. As at March 31, 2021, funds received or receivable are reported as follows:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Donations	\$ 560,980	\$ 440,000	\$ (175,976)	\$ 825,004
Federal Government	-	750,000	(188,801)	561,199
Provincial Government	6,650	30,000	-	36,650
	<u>\$ 567,630</u>	<u>\$1,220,000</u>	<u>\$ (364,777)</u>	<u>\$ 1,422,853</u>

8. Tangible capital assets

Original Cost

	Balance March 31, 2020	Additions	Disposals/ Transfers	Balance March 31, 2021
Furniture	\$ 860,762	\$ -	\$ -	\$ 860,762
Equipment	1,188,493	52,318	-	1,240,811
Motor vehicles	37,430	-	-	37,430
Building improvements	15,216,458	-	236,987	15,453,445
Capital assets transferred (Note 9)	1	-	-	1
Work in progress	323,541	131,248	(236,987)	217,802
	<u>\$ 17,626,685</u>	<u>\$ 183,566</u>	<u>\$ -</u>	<u>\$ 17,810,251</u>

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

8. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2020	Amortization	Disposals	Balance March 31, 2021	Net book value March 31, 2021	Net book value March 31, 2020
Furniture	\$ 745,840	\$ 27,060	\$ -	\$ 772,900	\$ 87,862	\$ 114,922
Equipment	1,025,002	133,692	-	1,158,694	82,117	163,491
Motor vehicles	24,062	5,347	-	29,409	8,021	13,368
Building Improvements	3,660,665	664,234	-	4,324,899	11,128,546	11,555,793
Capital assets transferred (Note 9)	1	-	-	1	-	-
Work in progress	-	-	-	-	217,802	323,541
	\$ 5,455,570	\$ 830,333	\$ -	\$ 6,285,903	\$ 11,524,348	\$ 12,171,115

These financial statements do not include the value of "The Rooms" building out of which the Provincial Archives, Art Gallery and Museum Divisions of the Corporation operate. Ownership of the building, which cost \$49.3 million to construct, is held by the Minister of Transportation and Infrastructure on behalf of the Province. Ownership of buildings located throughout the Province which house regional museums are also held by the Minister of Transportation and Infrastructure on behalf of the Province.

9. Capital assets transferred to the Corporation

During 2003-04, The Rooms Corporation of Newfoundland and Labrador Inc. assumed title to the capital assets of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. These assets have been transferred to the Corporation. The costs and accumulated amortization of these assets are unknown and a reasonable estimate of the amounts involved could not be determined. Therefore, the cost has been recorded as \$1 and the accumulated amortization has been recorded at \$1.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

10. Commercial operations

Commercial operations revenue is comprised as follows:

	2021	2020
Admission revenue	\$ 96,002	\$ 647,503
Gift shop sales	119,181	403,291
Parking revenue	12,823	70,985
Other revenue	150,886	187,860
Interest income	71,006	215,051
	\$ 449,898	\$ 1,524,690

11. Related party transactions

Province of Newfoundland and Labrador

The Corporation is a Crown Corporation of the Province of Newfoundland and Labrador reporting through the Minister of the Department of Tourism, Culture, Arts and Recreation. Expenses incurred by the Province, related to salaries and benefits totaling \$4,226,288 (2020 - \$4,787,532), are reflected in these financial statements as expenses of the Corporation and as revenue from the Province. The total of employee benefits paid during the year was \$653,086 (2020 - \$743,054), included in this total is \$653,086 (2020 - \$637,803) related to the employer's share of employee benefits, and \$0 (2020 - \$105,251) related to settlement of employee severance benefits.

The Province provides the Corporation with buildings and space, and related building services, for use as regional museums, storage and workshops in various locations throughout the Province at no cost to the Corporation. Information technology services and legal services are also provided to the Corporation by the Province at no cost to the Corporation. The value of these spaces and the services provided is not readily determinable and therefore are not reflected in these financial statements.

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March 31, 2021

12. Colonial Building Political History Interpretation Project

Under a Memorandum of Understanding between the Corporation and the Province signed on March 31, 2009, the Corporation, as Project sponsor, became responsible for financial administration of a Project to renovate the Colonial Building into a heritage interpretation centre. The original Memorandum of Understanding was replaced by a new Memorandum of Understanding that was signed on December 14, 2011. Under the new Memorandum of Understanding, the Corporation continued as Project sponsor until the Project's expected completion.

On December 1, 2008, an Agreement (the Agreement) respecting a Project called "Colonial Building Political History Interpretation" was signed between the Corporation and the Government of Canada. The Agreement provided funding for the renovation of the Colonial Building in the maximum amount of \$748,335. On March 8, 2010, the Agreement was amended to reduce the maximum contribution from the Government of Canada to \$695,512.

As title to and use of the Colonial Building remains with the Province, the Corporation does not capitalize the renovations to the Colonial Building. Additionally, expenses of the project are not reported on the Corporation's statement of operations, and the unexpended funds held in trust are not reported on the Corporation's statement of financial position. The Corporation is provided with an annual administration fee that is recorded as revenue. In addition, interest earned on the funds held in trust is recorded as revenue by the Corporation.

Since the start of the Agreement to March 31, 2021, the Corporation has received funds totaling \$22,465,112 (2020 - \$22,465,112) and incurred expenses totaling \$17,403,461 (2020 - \$17,083,016) related to the Project. During the year ended March 31, 2021, expenses of \$320,445 (2020 - \$659,778) were incurred related to the Project. The balance of funds held in trust by the Corporation as at March 31, 2021 was \$5,061,651 (2020 - \$5,382,096).

13. Contractual obligations

(a) Facility Management Contract

In October 2018, the Corporation awarded a new facility management contract to Brookfield Global Integrated Solutions Canada for an initial 5 year term with an option to renew. This contract represents commitments of approximately \$167,000 per month.

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13. Contractual obligations (cont.)

(b) Equipment Lease

The Corporation has entered into lease agreement for the rental of office equipment. Approximate payment of these obligations in future years is as follows:

2022	2,448
2023	2,448
2024	2,448
	<hr/>
	\$ 7,344

14. Donated acquisitions

Donated acquisitions, or non-cash gifts, are gifts of art work, archival documents and historical and cultural artifacts that the Corporation has received, and for which a tax receipt has been issued to the donor based on an appraised value, and are included in the Corporation's permanent collections. Donated acquisitions are not reflected in the Corporation's financial statements. During the year, the Corporation issued receipts for non-cash donations of \$861,598 (2020 - \$757,065).

15. Budget

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 Corporation's Board.

16. Financial risk management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The Corporation is exposed to credit risk, liquidity risk and market risk through its financial instruments. There were no significant changes in the Corporation'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 Corporation's main credit risk relates to cash, restricted cash and accounts receivable. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments.

The Corporation is not exposed to significant credit risk with its cash and restricted cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk related to its accounts receivable as it has policies and

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NOTES TO FINANCIAL STATEMENTS
March 31, 2021

16. Financial risk management (cont.)

procedures for the monitoring and collection of its accounts receivable so as to mitigate potential credit losses. Any estimated impairment of these accounts receivable has been provided for through a provision for doubtful accounts as disclosed in Note 3.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, and its contractual obligations. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities. The future minimum payments required from the Corporation in relation to its contractual obligations are outlined in Note 13.

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 Corporation is not exposed to significant foreign exchange risk and other price risk. The Corporation is not exposed to significant interest rate risk related to cash or restricted cash because of its nature.

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 Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.

18. Impact of the COVID-19 pandemic on results and operations

The COVID-19 pandemic, declared March 11, 2020, resulted in The Rooms building closing to the public on March 17, 2020. While the financial impact on the Corporation in the 2019-20 fiscal year were minimal, impacts were felt much more extensively during 2020-21. On June 29, 2020, The Rooms and the regional museums reopened to the public for the 2020 tourist season. Upon reopening there were significantly reduced visitation due to the ongoing global pandemic and almost non-existent tourism activity, which resulted in dramatically reduced revenues for the year ending March 31, 2021. A second closure announced on February 11, 2021 resulted in an additional month of lost revenue and visitation until reopening on March 16, 2021. While the facilities reopening to the public twice during the fiscal year, normalized visitation and revenues have not returned, and are not expected to return until a much later date. Due to the unpredictability and unknown duration of any future COVID-19 restrictions that may be placed on operations, it is difficult to ascertain the potential future impacts.

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March 31, 2021

19. Comparative figures

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

SCHEDULE 1

REVENUES AND EXPENSES BY SECTOR

For the Year Ended March 31, 2021

	<u>Corporate Services and Building Operations</u>	<u>Archives Division</u>	<u>Art Gallery Division</u>	<u>Museum Division and Regional Museums</u>	<u>Education Programs</u>	<u>2021 Total</u>	<u>2020 Total</u>
REVENUES							
Province of Newfoundland & Labrador							
Operating grants	\$ 4,023,813	\$ 627,721	\$ 489,437	\$ 936,205	\$ 261,424	\$ 6,338,600	\$ 6,472,278
Contribution to employee benefits (Note 11)	204,770	147,881	73,256	157,001	70,178	653,086	743,054
Commercial operations (Note 10)	365,807	4,567	57,868	13,078	8,578	449,898	1,524,690
Government of Canada	188,801	90,000	250,000	-	-	528,801	414,502
Corporate sponsorship	50,000	-	-	-	125,976	175,976	433,750
External funding	3,249	-	-	403	-	3,652	5,897
	<u>4,836,440</u>	<u>870,169</u>	<u>870,561</u>	<u>1,106,687</u>	<u>466,156</u>	<u>8,150,013</u>	<u>9,594,171</u>
EXPENSES							
Advertising and promotion	88,139	-	4,610	424	-	93,173	81,332
Amortization	830,333	-	-	-	-	830,333	829,556
Appraisals and acquisitions	-	12,824	91,164	1,300	-	105,288	152,605
Bad debt expense	-	-	-	-	-	-	594
Building expenses	1,972,938	368	31,977	32,446	17,957	2,055,686	2,416,607
Conference and registration fees	5,362	650	2,435	2,543	-	10,990	15,650
Core programming	57,574	10,280	180,798	24,125	20,844	293,621	583,251
Cost of gift shop	227,766	-	-	1,079	-	228,845	384,749
Employee future benefits	235,984	156,256	83,824	136,346	58,970	671,380	635,653
Meeting expenses	548	469	-	290	-	1,307	13,129
Office equipment and supplies	31,618	6,605	1,827	4,961	6,466	51,477	130,529
Professional services	38,217	10,466	35,020	4,426	3,189	91,318	327,988
Salaries	1,227,762	662,973	437,895	886,790	357,782	3,573,202	4,044,478
Telecommunications and courier	40,443	928	1,002	10,246	948	53,567	67,858
Travel	15,163	8,350	9	1,711	-	25,233	109,307
	<u>4,771,847</u>	<u>870,169</u>	<u>870,561</u>	<u>1,106,687</u>	<u>466,156</u>	<u>8,085,420</u>	<u>9,793,286</u>
Annual surplus (deficit)	<u>\$ 64,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,593</u>	<u>\$ (199,115)</u>