

**THE ROOMS CORPORATION OF  
NEWFOUNDLAND AND LABRADOR**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

## 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.

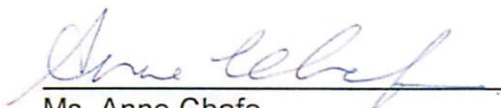
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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, 2022, 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, 2022, 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.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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.
- 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 controls.
- 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

## Independent Auditor's Report (cont.)

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.



**DENISE HANRAHAN, CPA, CMA, MBA, ICD.D**  
**Auditor General**

September 14, 2022  
St. John's, Newfoundland and Labrador



**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**STATEMENT OF FINANCIAL POSITION**

As at March 31

2022

2021

**FINANCIAL ASSETS**

Cash	\$ 2,802,020	\$ 2,315,783
Accounts receivable (Note 3)	3,379,516	2,934,431
Inventory held for resale	199,500	197,717
Restricted cash (Note 4)	1,125,843	861,654
	<u>7,506,879</u>	<u>6,309,585</u>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 5)	1,203,180	903,993
Employee future benefits (Note 6)	107,505	102,828
Deferred revenue (Note 7)	2,003,634	1,422,853
	<u>3,314,319</u>	<u>2,429,674</u>

**Net financial assets** 4,192,560 3,879,911

**NON-FINANCIAL ASSETS**

Prepaid expenses	44,209	733
Tangible capital assets (Note 8)	11,666,284	11,524,348
	<u>11,710,493</u>	<u>11,525,081</u>

**Accumulated surplus** \$15,903,053 \$15,404,992

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

	<b>2022 Budget</b>	<b>2022 Actual</b>	<b>2021 Actual</b>
<b>(Note 15)</b>			
<b>REVENUES (Schedule 1)</b>			
Province of Newfoundland and Labrador (Note 11)			
Operating grants	\$ 6,321,600	\$ 6,475,374	\$ 6,338,600
Contributions to employee benefits	-	648,114	653,086
Commercial operations (Note 10)	1,333,800	934,993	449,898
Government of Canada	250,000	821,478	528,801
Corporate sponsorship	390,000	336,250	175,976
External funding	-	10,234	3,652
	<b>8,295,400</b>	<b>9,226,443</b>	<b>8,150,013</b>
<b>EXPENSES (Schedule 1)</b>			
Archives division	776,501	806,349	870,169
Art gallery division	1,042,410	864,410	870,561
Corporate services and building operations	4,801,751	5,253,523	4,771,847
Education programs	632,681	546,383	466,156
Museum division and regional museums	1,173,583	1,257,717	1,106,687
	<b>8,426,926</b>	<b>8,728,382</b>	<b>8,085,420</b>
<b>Annual surplus (deficit)</b>	<b>(131,526)</b>	<b>498,061</b>	<b>64,593</b>
<b>Accumulated surplus, beginning of year</b>	<b>15,404,992</b>	<b>15,404,992</b>	<b>15,340,399</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 15,273,466</b>	<b>\$ 15,903,053</b>	<b>\$ 15,404,992</b>

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

	2022 Budget	2022 Actual	2021 Actual
(Note 15)			
<b>Annual surplus</b>	\$ -	\$ 498,061	\$ 64,593
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	(923,495)	(183,566)
Amortization of tangible capital assets	-	781,559	830,333
	-	(141,936)	646,767
<b>Changes in other non-financial assets</b>			
Net (acquisition) use of prepaid expenses	-	(43,476)	2,510
	-	(43,476)	2,510
<b>Increase in net financial assets</b>	-	312,649	713,870
<b>Net financial assets, beginning of year</b>	<b>3,879,911</b>	<b>3,879,911</b>	<b>3,166,041</b>
<b>Net financial assets, end of year</b>	<b>\$ 3,879,911</b>	<b>\$ 4,192,560</b>	<b>\$ 3,879,911</b>

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

**2022**

**2021**

**Operating transactions**

Annual surplus	\$ 498,061	\$ 64,593
Adjustment for non-cash items		
Amortization	781,559	830,333
	<b>1,279,620</b>	<b>894,926</b>
Change in non-cash operating items		
Accounts receivable	(445,085)	(1,608,044)
Inventory held for resale	(1,783)	20,890
Restricted cash	(264,189)	(294,024)
Accounts payable and accrued liabilities	299,187	(185,891)
Employee future benefits	4,677	4,411
Deferred revenue	580,781	855,223
Prepaid expenses	(43,476)	2,510
<b>Cash provided from (applied to) operating transactions</b>	<b>1,409,732</b>	<b>(309,999)</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(923,495)	(183,566)
<b>Cash applied to capital transactions</b>	<b>(923,495)</b>	<b>(183,566)</b>
<b>Increase (decrease) in cash</b>	<b>486,237</b>	<b>(493,565)</b>
<b>Cash, beginning of year</b>	<b>2,315,783</b>	<b>2,809,348</b>
<b>Cash, end of year</b>	<b>\$ 2,802,020</b>	<b>\$ 2,315,783</b>

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, 2022**

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**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 (Demasduit Regional 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, 2022**

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**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 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, 2022**

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**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 Provident<sup>10</sup> 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 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 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, 2022**

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**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 the 2021 and 2022 fiscal years. 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, 2022**

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

**(l) 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.

**(m) Accounting pronouncement**

The PSAB has issued PS 3280 - Asset Retirement Obligations which is effective for fiscal years beginning on or after April 1, 2022. This is a new standard on how to account for and report legal obligations associated with the retirement of tangible capital assets. The standard has not been applied in these financial statements.

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

**3. Accounts receivable**

	<b>2022</b>	<b>2021</b>
Province of Newfoundland and Labrador	<b>\$ 2,495,585</b>	\$ 2,060,430
Government of Canada	<b>608,250</b>	750,000
Harmonized Sales Tax	<b>159,513</b>	73,186
Other	<b>116,168</b>	50,815
	<b>\$ 3,379,516</b>	\$ 2,934,431

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, 2022**

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**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.

	2022	2021
Corporate Donor – Educational Programming	\$ -	\$ 310,274
Canada Council – Art Gallery	50,000	-
Art Bank – Indigenous Artwork Acquisitions	170,000	-
Art Gallery – Private Donor Art Acquisition	4,763	-
Art Gallery – Permanent Collections Donations	25,625	25,625
Private Donor – B-17 Bomber Exhibit	1,600	1,600
Private Donors – First World War Exhibition	416,772	316,772
Private Donor – Regional Museums	5,000	5,000
Provincial Government – Public Programming	267,500	30,000
Provincial Government – Regional Museums	6,650	6,650
Private Donor – Archives	1,000	-
Acquisitions Fund	11,200	-
The Rooms Foundation - FWW Exhibit Fund	165,733	165,733
	<b>\$ 1,125,843</b>	<b>\$ 861,654</b>

**5. Accounts payable and accrued liabilities**

	2022	2021
Trade accounts payable	\$ 843,954	\$ 580,586
Accrued salaries	31,230	17,304
Accrued overtime and leave	327,996	306,103
	<b>\$ 1,203,180</b>	<b>\$ 903,993</b>

**6. Employee future benefits**

**(a) Employee future benefits liability**

Employee future benefits consist of:

	2022	2021
Severance pay	\$ 30,737	\$ 30,737
Accumulating, non-vesting sick leave benefit liability	76,768	72,091
	<b>\$ 107,505</b>	<b>\$ 102,828</b>

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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**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 2021-22. The remaining severance liability payable to employees at March 31, 2022 is \$30,737 (2021 - \$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, 2022 for these employees.

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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**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 Provident<sup>10</sup>, including payment of pension benefits to employees to whom the Act applies.

The maximum contribution rate for eligible employees was 11.85% (2021 - 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, 2022 was \$332,509 (2021 - \$350,669).

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, 2022 was \$14,369 (2021 - \$11,045).

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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**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, 2022, 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	\$ 825,004	\$ 239,189	\$ (336,250)	\$ 727,943
Federal Government	561,199	658,250	(571,478)	647,971
Provincial Government	36,650	617,070	(26,000)	627,720
	<u>\$ 1,422,853</u>	<u>\$ 1,514,509</u>	<u>\$ (933,728)</u>	<u>\$ 2,003,634</u>

**8. Tangible capital assets**

**Original Cost**

	Balance March 31, 2021	Additions	Disposals/ Transfers	Balance March 31, 2022
Furniture	\$ 860,762	\$ -	\$ -	\$ 860,762
Equipment	1,240,811	112,157	-	1,352,968
Motor vehicles	37,430	-	-	37,430
Building improvements	15,453,445	338,319	10,970	15,802,734
Capital assets transferred (Note 9)	1	-	-	1
Work in progress	217,802	473,019	(10,970)	679,851
	<u>\$ 17,810,251</u>	<u>\$ 923,495</u>	<u>\$ -</u>	<u>\$ 18,733,746</u>



**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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

**Accumulated Amortization**

	Balance March 31, 2021	Amortization	Disposals	Balance March 31, 2022	Net book value March 31, 2022	Net book value March 31, 2021
Furniture	\$ 772,900	\$ 26,900	\$ -	\$ 799,800	\$ 60,962	\$ 87,862
Equipment	1,158,694	67,697	-	1,226,391	126,577	82,117
Motor vehicles	29,409	3,209	-	32,618	4,812	8,021
Building Improvements	4,324,899	683,753	-	5,008,652	10,794,082	11,128,546
Capital assets transferred (Note 9)	1	-	-	1	-	-
Work in progress	-	-	-	-	679,851	217,802
	<b>\$ 6,285,903</b>	<b>\$ 781,559</b>	<b>\$ -</b>	<b>\$ 7,067,462</b>	<b>\$ 11,666,284</b>	<b>\$ 11,524,348</b>

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, 2022**

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**10. Commercial operations**

	<b>2022</b>	<b>2021</b>
Admission revenue	<b>\$ 376,423</b>	\$ 96,002
Gift shop sales	<b>277,216</b>	119,181
Parking revenue	<b>38,583</b>	12,823
Other revenue	<b>169,851</b>	150,886
Interest income	<b>72,920</b>	71,006
	<b>\$ 934,993</b>	\$ 449,898

**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. During the year, the Corporation recognized \$7,123,488 (2021 - \$6,991,686) in grant revenue from the Province, including deferred revenue recognized in the fiscal year in which it is spent.

Expenses incurred by the Province related to salaries and contributions to employee benefits during the year totaled \$4,274,399 (2021 - \$4,226,288). Included in these totals are employer paid benefit costs of \$648,114 (2021 - \$653,086). These amounts are reflected in the financial statements as salary expense and are offset by the grant revenue received from the Province.

There were no amounts paid during the current or prior year related to the settlement of employee severance benefits.

The Rooms Corporation operates in four (4) provincially owned buildings located across the Province of Newfoundland and Labrador including: The Rooms, 9 Bonaventure Avenue, St. John's; Provincial Seamen's Museum, Grand Bank; Demasduit Regional Museum, Grand Falls-Windsor; and the Labrador Interpretation Centre, Northwest River, Labrador.

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. The value of these spaces and the services provided is not readily determinable and therefore are not reflected in these financial statements.

Accounts receivable includes \$2,495,585 (2021 - \$2,060,430) due from the Province of Newfoundland and Labrador through the normal course of business.

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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**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, 2022, the Corporation has received funds totaling \$22,465,112 (2021 - \$22,465,112) and incurred expenses totaling \$19,515,015 (2021 - \$17,403,461) related to the Project. During the year ended March 31, 2022, expenses of \$2,111,554 (2021 - \$320,445) were incurred related to the Project. The balance of funds held in trust by the Corporation as at March 31, 2022 was \$2,950,097 (2021 - \$5,061,651). During 2021-22, the Province of Newfoundland and Labrador committed an additional \$1,150,000 in funding to the Colonial building restoration project. The amount was receivable at March 31, 2022, and subsequently received by the Corporation in April 2022.

**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 \$132,000 per month through September 2023.

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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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:

2023	2,448
2024	2,448
	<u>\$ 4,896</u>

**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 \$486,937 (2021 - \$861,598).

**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

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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**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. Common market risks include currency (foreign exchange) risk, interest rate risk and commodity (price) risk. The Corporation is not exposed to significant market risk due to the nature of its operations.

**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 there were no closures of The Rooms to the public during 2021-22, normalized visitation and revenues have not yet returned. 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.



**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2022**

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**19. Unrecoverable HST**

The Rooms status as a registered charity limits the amount of HST rebate available to HST paid on operating expenses by the Corporation. As a result, a significant amount of unrecoverable HST is realized annually.

Effective March 31, 2020, the unrecoverable HST amount previously disclosed in the financial statements on Schedule 1 was reallocated to the various HST applicable expenses reflected on Schedule 1.

During 2021-22, unrecoverable HST totaling \$202,985 (2021 - \$179,460) was reallocated among the Corporate Services & Building Operations expenses. For fiscal years including, and prior to, March 31, 2020, unrecoverable HST was presented as a separate line item on Schedule 1.

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR**  
**REVENUES AND EXPENSES BY SECTOR**  
**For the Year Ended March 31, 2022**

**SCHEDULE 1**

	<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>2022 Total</u>	<u>2021 Total</u>
<b>REVENUES</b>							
Province of Newfoundland & Labrador							
Operating grants	\$ 4,146,118	\$ 652,118	\$ 427,225	\$ 1,077,491	\$ 172,422	\$ 6,475,374	\$ 6,338,600
Contribution to employee benefits (Note 11)	167,222	139,387	103,640	164,936	72,929	648,114	653,086
Commercial operations (Note 10)	814,536	8,844	83,545	13,286	14,782	934,993	449,898
Government of Canada	571,478	-	250,000	-	-	821,478	528,801
Corporate sponsorship	50,000	-	-	-	286,250	336,250	175,976
External funding	2,230	6,000	-	2,004	-	10,234	3,652
	<u>5,751,584</u>	<u>806,349</u>	<u>864,410</u>	<u>1,257,717</u>	<u>546,383</u>	<u>9,226,443</u>	<u>8,150,013</u>
<b>EXPENSES (Note 19)</b>							
Advertising and promotion	72,603	-	2,391	-	-	74,994	93,173
Amortization	781,559	-	-	-	-	781,559	830,333
Appraisals and acquisitions	-	10,999	90,359	262	-	101,620	105,288
Building expenses	2,396,538	-	50,818	46,300	6,297	2,499,953	2,055,686
Conference and registration fees	3,467	2,112	726	1,135	150	7,590	10,990
Core programming	42,122	10,012	218,909	24,907	24,008	319,958	293,621
Cost of gift shop	348,442	-	-	1,994	-	350,436	228,845
Employee future benefits	185,264	142,091	101,607	166,623	79,099	674,684	671,380
Meeting expenses	1,128	137	215	5	-	1,485	1,307
Office equipment and supplies	30,410	3,602	2,001	7,377	4,131	47,521	51,477
Professional services	102,405	45	23,006	8,060	23,176	156,692	91,318
Salaries	1,238,061	635,829	364,073	981,568	406,754	3,626,285	3,573,202
Telecommunications and courier	41,321	1,522	3,255	9,114	2,768	57,980	53,567
Travel	10,203	-	7,050	10,372	-	27,625	25,233
	<u>5,253,523</u>	<u>806,349</u>	<u>864,410</u>	<u>1,257,717</u>	<u>546,383</u>	<u>8,728,382</u>	<u>8,085,420</u>
Annual surplus	<u>\$ 498,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,061</u>	<u>\$ 64,593</u>