

Heritage Foundation of Newfoundland and Labrador

Annual Report 2021-22



Heritage NL

Message from the Chair

This report outlines the work and accomplishments of the Heritage Foundation of Newfoundland and Labrador (Heritage NL) for the fiscal year 2021-22. In addition to reporting on specific objectives and indicators, it highlights a number of initiatives and accomplishments.

The 2021-22 fiscal year has brought a lot of positive outreach throughout the province, and has been a year of new beginnings for Heritage NL. Early in 2021, Dale Jarvis took over as the Executive Director, bringing new leadership and a wealth of knowledge to the Foundation. Heritage NL was approved, with funding from the Department of Immigration, Population Growth and Skills' Labour Market Program Support System (LaMPSS), to start the Heritage Skills Training program. This has allowed the Foundation to give people the opportunity to learn marketable skills that help to preserve the province's built and intangible cultural heritage.

This report is submitted in accordance with the obligation as a category three entity under the **Transparency and Accountability Act** and was prepared under the direction of the Board, which is accountable for the actual results reported.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa M. Daly", enclosed within a faint, light-colored circular stamp or seal.

Dr. Lisa M. Daly
Chairperson

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Entity Overview

Organizational Structure

Heritage NL is a non-profit organization established by the Government of Newfoundland and Labrador in 1984 to stimulate an understanding of, and an appreciation for, the architectural heritage of the province. Heritage NL is the sole organization mandated by the Provincial Government to preserve one of the most visible dimensions of Newfoundland and Labrador's culture - its architectural heritage.

Heritage NL is an invaluable source of information for historic restoration. It supports and contributes to the preservation and restoration of buildings of architectural or historical significance. Heritage NL designates buildings and other structures as Registered Heritage Structures and may provide grants for the purpose of preservation and/or restoration of such structures. Heritage NL also has an educational role and undertakes or sponsors events, publications, and other projects designed to promote the value of built heritage.

In 2008, Heritage NL was chosen to lead and implement the province's Intangible Cultural Heritage Strategy. This is achieved through initiatives that celebrate, record, disseminate, and promote our living heritage and help to build bridges between diverse cultural groups within and outside Newfoundland and Labrador.

Mandate

Heritage NL was established in 1984 to stimulate an understanding of and an appreciation for the historic places and intangible cultural heritage of the province.

Heritage NL has a mandate to:

a) Stimulate an understanding of and an appreciation of historic places in the

province;

- b) Support and contribute to the preservation, maintenance, and restoration of buildings and other structures of architectural significance in the province; and
- c) Support and promote the safeguarding of the province's Intangible Cultural Heritage.

Lines of Business

Heritage NL delivers the following programs and services to fulfill its mandate:

1. Designation of heritage structures and districts;
2. Funding programs for heritage conservation;
3. Technical advice on heritage conservation;
4. The maintenance of a provincial registry of provincially and municipally designated historic places;
5. Education and outreach;
6. The management of the Provincial Historic Commemorations Program; and,
7. The operation of the ICH Office.

Staff and Budget

As of 31 March, 2022, Heritage NL employed two full-time staff (one male, one female), two part-time staff (one male, one female), and one full-time contract employee (female). In the fiscal year 2021-22, Heritage NL's total budgeted revenue was approximately \$715,000, while total budgeted expenditures was \$769,301.

Board of Directors

Current members of the Board of Directors are:

Dr. Lisa Daly (Chair)

Jim Miller (Vice Chair)

Sarah Ryan (Vice Chair)

Philip Wood (Treasurer)

David Lough (Member)

Elizabeth Ann Murphy (Member)

Raymond Cusson (Member)

Gerry Osmond (Government Representative)

Physical Location

Newman Building, 1 Springdale Street

P.O. Box 5171

St. John's, NL A1C 5V5

info@heritagenl.ca

www.heritagenl.ca

www.ichblog.ca

1-888-739-1892

Highlights and Partnerships

Highlights

In the fiscal year 2021-22, Heritage NL disbursed \$147,251 in grants for the restoration, assessment, and maintenance of historic places.

The Provincial Historic Commemorations Program saw three new commemorations, including:

- [Outport Girls and Women in Domestic Service](#) as Exceptional People from the Past;
- [The Establishment of the Newfoundland Ranger Force](#) as an Outstanding Historic Event; and,
- [Ignatius “Nish” Rumboldt](#) as an Exceptional Person from the Past.

The Foundation launched the Heritage NL Mentor-Apprentice Program, a one-on-one immersion program that provides funding of up to \$10,000. This program supports the teaching of endangered crafts and skills, relevant to built and intangible heritage, from an established mentor to an apprentice craftsperson or tradesperson. The craft or skill funded must be listed as critically endangered or endangered on [Heritage NL Craft at Risk List 2021](#). Priority is given to living art forms with few remaining practitioners. A total of 24 Mentor-Apprentice partnerships were approved in 2021-2022.

Partnerships

Newfoundland and Labrador is known for its traditions, culture, heritage skills, arts, and crafts. Concerned about the loss of traditional know-how, Heritage NL worked to document crafts at risk and to develop ways to encourage the sharing of heritage skills through two new programs. The Heritage NL Craft at Risk List 2021 was a joint project of Heritage NL and the Craft Council of Newfoundland and Labrador, which aims to assess the current viability of traditional heritage crafts in Newfoundland and Labrador, and to identify those crafts that are most at risk of disappearing.

Heritage NL also partnered with the new GNP Community Place, a community centre located in Port au Choix, which was created to help build on community strengths and assets, and to compile an inventory of people with traditional skills and know-how in the TriTown (Hawkes Bay, Port Saunders, and Port au Choix) area.

Further information on partnerships can be found in the subsequent Report on Performance and Opportunities and Challenges sections of this report.

Report on Performance

Issue # 1: Support Cultural Heritage of the Province

Heritage resources, such as historic buildings and structures, across the province continued to be at risk from a variety of factors, including demolition in order to redevelop the land on which they are situated (e.g., historic houses on large properties), failure to appreciate or understand their historic value and potential for redevelopment (e.g., historic industrial buildings), and underutilization or impending redundancy, particularly with regard to historic church buildings and institutional structures.

Support for the cultural heritage of the province by Heritage NL has a number of different facets, all of which are intertwined and build on one another. The first being advocacy, including education and outreach in terms of the value of heritage. Secondly, strengthening the protection and safeguarding of the province's tangible and intangible heritage assets and finally, supporting and promoting heritage as a tool for Community Economic Development (CED).

2021-22 Objective

By March 31, 2022, Heritage NL will have supported and promoted heritage, safeguarded and developed the province's heritage assets, and advocated/educated the public on the subject of cultural heritage.

Indicator #1: Heritage NL will have funded initiatives to support the cultural heritage of the Province.

More than 30 workshops have been completed since the beginning of Heritage NL's Heritage Skills Training Program. The sessions ranged from an hour-long webinar, open to the public, titled 'How to Research Your Historic House (from Home)', to three days of drystone wall construction training for Carbonear's municipal workers under the guidance of a certified waller. Other workshop topics included traditional fencing, traditional foodways, knitting, wood windows, heritage masonry, and The Standards and Guidelines for the Conservation of Historic Places in Canada. Workshop partners have included Parks Canada, Torbay Folk Arts Council, Heritage New Perlican, Town of Carbonear, Town of Cape Broyle, Cape Broyle Cemetery Committee, Town of Ferryland, Admiralty House Museum, the Anglican Cathedral of St. John the Baptist, the Landfall Trust, and others.

The following amounts were disbursed in grants under these programs:

- Restoration Grants - \$108,230
- Assessment Grants - \$24,021
- Maintenance Grants - \$15,000
- Mentor/Apprentice Grants for Skills at Risk - \$144,100

Indicator #2: Heritage NL will have undertaken oral history projects on Registered Heritage Structures or Districts and shared these with the public.

Heritage NL completed detailed oral history and documentation projects on the following historic places, and made them freely accessible through its Fieldnotes publication series:

- [Fences and Walls](#) of the St. John's Ecclesiastical District
- [Her Majesty's Penitentiary and Waterford Hospital](#), St. John's
- [Our Lady of Angels Presentation Convent](#), Placentia
- [St. George's Anglican Church](#), Brigus
- [Parsons/Collis Building](#), Harbour Grace

- [Ashbourne Premises](#), Twillingate
- [Lane/Hearn House](#), Salvage
- [Traditional Skills in the Tri Town Area and Surrounding Communities](#), Great Northern Peninsula

Indicator #3: Heritage NL will have started to develop a database of heritage properties likely to be or become at risk to share with municipalities and other stakeholders.

Heritage NL began work on documenting heritage properties at risk or likely to become at risk. This included identifying criteria and guidelines for defining places at risk, developing an inventory of places at risk in spreadsheet form, and listing Registered Heritage Structures currently in abeyance of Heritage NL's grant conditions.

This inventory spreadsheet will be made available to municipalities and other stakeholders when populated.

2022-23 Objective and Indicators

By March 31, 2023, Heritage NL will have supported and promoted heritage, safeguarded and developed the province's heritage assets, and advocated/educated the public on the subject of cultural heritage.

Indicator #1: Heritage NL will have funded initiatives to support cultural heritage of the Province.

Indicator #2: Heritage NL will have undertaken oral history projects on local historic places and shared these with the public.

Indicator #3: Heritage NL will have further developed a database of heritage properties likely to be or become at risk to share with municipalities and other stakeholders.

Indicator #4: Heritage NL will have delivered workshops and training opportunities related to crafts and traditional skills at risk.

Opportunities and Challenges

Opportunities

Funding approved through the International Council on Monuments and Sites Youth in Heritage Partnerships allowed Heritage NL to co-sponsor eight internships for diverse, at-risk, and Indigenous youth working in the heritage sector. Partner organizations included Baccalieu Trail Heritage Corporation, MUN Botanical Garden, Them Days Archive, MUN Departments of Religious Studies and Geography, GNP Community Place Corporation, and Tuckaway Farm.

Additionally, funding through the Canada-Newfoundland and Labrador Workforce Development Agreement allowed Heritage NL to build local conservation knowledge and skills, reducing the need to bring in expensive expertise from outside the province. The expertise included critical aspects of heritage conservation, such as restoring historic masonry and plasterwork, lime-based mortars, and historic wooden windows and millwork.

Challenges

In 2021-22, COVID-19 continued to cause a number of challenges for Heritage NL. These challenges limited in-person workshops and travel and led to dramatic cost increases in materials and supplies for heritage conservation projects. Many restoration projects slowed over the past few years with skilled labour being in short supply. One workshop, Traditional Clapboard Installation, was postponed due to the lack of clapboard in the province. Other projects reported similar shortages or challenges, such as difficulty acquiring wood shingles for traditional roof repair.

Financial Information

HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

MARCH 31, 2022

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 Office of 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 Office of 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.



Dale Jarvis
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Heritage Foundation of Newfoundland and Labrador (the Foundation), which comprise the statement of financial position as at March 31, 2022 and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

Independent Auditor's Report (cont.)

In connection with our audit of the financial statements, our 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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.

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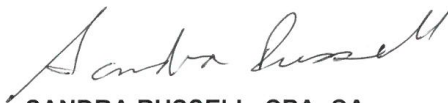
Independent Auditor's Report (cont.)

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

We 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 we identify during our audit.



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



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

August 17, 2022
St. John's, Newfoundland and Labrador

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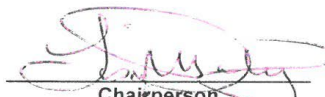
HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF FINANCIAL POSITION
As at March 31

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 59,950	\$ 151,170
Portfolio investments (Note 3)	700,122	750,110
Accounts receivable (Note 4)	29,841	16,308
	<u>789,913</u>	<u>917,588</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	311
Accrued employee benefits	22,793	26,221
Deferred revenue (Note 6)	693,597	821,242
	<u>716,390</u>	<u>847,774</u>
Net financial assets	<u>73,523</u>	<u>69,814</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	-	520
Prepaid expenses	1,411	1,268
	<u>1,411</u>	<u>1,788</u>
Accumulated surplus (Note 8)	<u>\$ 74,934</u>	<u>\$ 71,602</u>

Contractual obligations (Note 13)

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

Signed on behalf of the Foundation:


 Chairperson


 Member

Office of the Auditor General

ANNUAL REPORT 2021-22

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

	2022 Budget	2022 Actual	2021 Actual
	(Note 15)		
REVENUES			
Province of Newfoundland and Labrador (Note 16)	\$ 665,000	\$ 787,659	\$ 505,646
Government of Canada	28,000	62,373	50,199
Conference and event fees	10,000	9,551	6,200
Income from portfolio investments	12,000	6,024	16,088
Miscellaneous	-	471	250
	715,000	866,078	578,383
EXPENSES (Note 9)			
Heritage grants	215,900	150,095	164,539
Fisheries Heritage Preservation	-	500	-
Registered Heritage Districts	-	14,412	3,880
Other initiatives (Note 10)	-	6,325	321
Administration	365,051	322,501	349,246
Labour Market Partnerships Program (Note 11)	100,000	271,748	2,227
Intangible Cultural Heritage Strategy (Note 12)	88,350	97,165	91,133
	769,301	862,746	611,346
Annual surplus (deficit)	(54,301)	3,332	(32,963)
Accumulated surplus, beginning of year	71,602	71,602	104,565
Accumulated surplus, end of year	\$ 17,301	\$ 74,934	\$ 71,602

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

Office of the Auditor General

ANNUAL REPORT 2021-22

HERITAGE FOUNDATION 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)			
Annual surplus (deficit)	\$ (54,301)	\$ 3,332	\$ (32,963)
Tangible capital assets			
Acquisition of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	520	1,899
	-	520	1,899
Prepaid expenses			
Acquisition of prepaid expense	-	(2,030)	(2,887)
Use of prepaid expense	-	1,887	3,070
	-	(143)	183
(Decrease) increase in net financial assets	(54,301)	3,709	(30,881)
Net financial assets, beginning of year	69,814	69,814	100,695
Net financial assets, end of year	\$ 15,513	\$ 73,523	\$ 69,814

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

Office of the Auditor General

ANNUAL REPORT 2021-22

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

	2022	2021
Operating transactions		
Annual surplus (deficit)	\$ 3,332	\$ (32,963)
Adjustment for non-cash items		
Amortization of tangible capital assets	520	1,899
	3,852	(31,064)
Change in non-cash operating items		
Accounts receivable	(13,533)	13,908
Accounts payable and accrued liabilities	(311)	(8,716)
Accrued employee benefits	(3,428)	9,254
Deferred revenue	(127,645)	159,486
Prepaid expenses	(143)	183
Cash provided by (applied to) operating transactions	(141,208)	143,051
Investing transactions		
Purchase of portfolio investments	(900,000)	(500,000)
Redemption of portfolio investments	949,988	500,000
Cash provided by investing transactions	49,988	-
(Decrease) increase in cash	(91,220)	143,051
Cash, beginning of year	151,170	8,119
Cash, end of year	\$ 59,950	\$ 151,170

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

Office of the Auditor General

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS**

March 31, 2022

1. Nature of operations

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the Historic Resources Act. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

- (a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;
- (b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and
- (c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Foundation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Foundation does not prepare a statement of remeasurement gains and losses as the Foundation does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Foundation's financial instruments recognized on the statement of financial position consist of cash, portfolio investments, accounts receivable, accounts payable and accrued liabilities, and accrued employee benefits. The Foundation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition. The Foundation subsequently measures all of its financial assets and financial liabilities at cost.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

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

Interest attributable to financial instruments is reported on the statement of operations.

(c) Cash

Cash includes cash in the bank.

(d) Employee future benefits

The employees of the Foundation are covered by the Public Service Pensions Act, 2019, or a self-directed RRSP. For employees covered by the self-directed RRSP, the Foundation will contribute at the same rates as the Public Service Pension Plan based on the employee's salary to the self-directed RRSP but there is no requirement for the employee to match the contributions.

For employees covered by the Public Service Pensions Act, 2019, employee contributions are matched by the Foundation and then remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service.

The contributions of the Foundation to both the self-directed RRSPs and Provident¹⁰ are recorded as an expense for the year.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, including amounts that are directly related to the acquisition of the assets.

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

Systems development	5 years
Office and computer equipment	5 years

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(e) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Foundation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Minor tangible capital asset purchases are charged to operations in the year of acquisition.

(f) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

(g) Revenues

Revenues are recognized in the periods in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

The Foundation recognizes government transfers as revenues when the transfer is authorized, any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability for the Foundation. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenues are recognized in the statement of operations as the stipulations related to the liabilities are settled. Government transfers consist of funding from the Province of Newfoundland and Labrador and the Government of Canada.

Income from portfolio investments is recorded as earned.

(h) Expenses

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(h) Expenses (cont.)

Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Foundation's Registered Heritage Structures grant program and other projects as directed by the Province.

(i) Measurement uncertainty

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

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

3. Portfolio investments

	<u>2022</u>	<u>2021</u>
Portfolio investments, at cost	\$ 700,122	\$ 750,110
Portfolio investments, at market	\$ 700,122	\$ 750,110

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from April 26, 2022, to June 20, 2022, and an interest rate of 0.45%.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

4. Accounts receivable

	<u>2022</u>	<u>2021</u>
Investment income receivable	\$ 2,777	\$ 11,163
Harmonized sales tax receivable	14,448	5,145
Province of Newfoundland and Labrador (Note 16)	10,800	-
Other receivable	1,816	-
	<u>\$ 29,841</u>	<u>\$ 16,308</u>

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

5. Retirement benefits

The Foundation and certain of its employees are subject to the Public Service Pensions Act, 2019. The plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2021 – 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, 2022 was \$19,525 (2021 - \$24,198).

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, 2022, were \$2,912 (2021 - \$3,146).

6. Deferred revenue

Deferred revenue includes contributions received from the Province of Newfoundland and Labrador and Government of Canada. The contributions received from the Province of Newfoundland and Labrador are to be used for the payment of heritage grants and other heritage initiatives as directed by the Province. The contributions received from the Government of Canada are to be used for the New Horizons for Seniors Program and the Virtual Museum.

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6. Deferred revenue (cont.)

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
Registered Heritage Structures	\$ 436,805	\$ 150,000	\$ 151,137	\$ 435,668
Fisheries Heritage Preservation Program	51,667	-	500	51,167
Sub-total Heritage Grants	488,472	150,000	151,637	486,835
Ecclesiastical	90,364	-	4,062	86,302
Registered Heritage Districts	56,573	-	14,412	42,161
Labour Market Partnerships (Note 11)	175,273	127,200	271,748	30,725
Virtual Museum	3,000	12,000	5,791	9,209
New Horizons for Seniors Program	7,560	32,782	1,977	38,365
	\$ 821,242	\$ 321,982	\$ 449,627	\$ 693,597

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7. Tangible capital assets

	Systems development	Office and computer equipment	Total
Cost			
Balance, March 31, 2021	\$ 267,096	\$ 78,224	\$ 345,320
Acquisition of Tangible Capital Assets	-	-	-
Balance, March 31, 2022	\$ 267,096	\$ 78,224	\$ 345,320
Accumulated amortization			
Balance, March 31, 2021	\$ 267,096	\$ 77,704	\$ 344,800
Amortization expense	-	520	520
Balance, March 31, 2022	\$ 267,096	\$ 78,224	\$ 345,320
Net book value, March 31, 2022	\$ -	\$ -	\$ -
Net book value, March 31, 2021	\$ -	\$ 520	\$ 520

8. Accumulated surplus

Section 25 of the Historic Resources Act requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation. The Fund consists of the accumulated surplus of the Foundation. As at March 31, 2022, the Fund balance was \$74,934 (2021 - \$71,602).

9. Expenses by object

The following is a summary of expenses by object:

	<u>2022</u>	<u>2021</u>
Amortization	\$ 520	\$ 1,899
Communications	5,513	7,472
Grants	168,824	161,860
Professional services	87,006	3,637
Property, furnishings and equipment	586	2,653
Purchased services	159,898	10,753
Salaries and benefits	431,812	417,903
Travel	8,587	5,169
	\$ 862,746	\$ 611,346

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10. Other initiatives

The Foundation incurred expenses related to the following other initiatives.

	<u>2022</u>	<u>2021</u>
Ecclesiastical	\$ 4,062	\$ -
Other	<u>2,263</u>	<u>321</u>
	<u>\$ 6,325</u>	<u>\$ 321</u>

11. Labour Market Partnerships Program

On January 15, 2021, an Agreement (the Agreement) respecting a project called "Labour Market Partnerships" was signed between the Foundation and the Province. The Agreement provides funding for training to address critical gaps and loss of knowledge in Newfoundland and Labrador in the maximum amount of \$433,500.

Since the start of the Agreement to March 31, 2022, the Foundation has received funds totaling \$304,700 (2021 - \$177,500) and incurred expenses totaling \$273,975 (2021 - \$2,227) relating to the project. During the year ended March 31, 2022, expenses of \$271,748 (2021 - \$2,227) were incurred related to the project. The balance of funds recognized in deferred revenue as at March 31, 2022 was \$30,725 (2021 - \$175,273).

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 ended March 31, 2022, the Foundation recognized \$96,765 (2021 - \$87,000) in revenue and incurred expenses of \$97,165 (2021 - \$91,133) related to the Strategy.

13. Contractual obligations

As at March 31, 2022, the Foundation had committed \$329,311 (2021 - \$413,416) 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.

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14. Financial risk management

The Foundation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Foundation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the 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 Credit Union. The Foundation is not exposed to significant credit risk related to its accounts receivable as these amounts are due primarily from the Province of Newfoundland and Labrador, a Credit Union, or the Government of Canada. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible.

Liquidity risk

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Foundation is not exposed to significant foreign exchange or other price risk. The Foundation is not exposed to significant interest rate risk related to its portfolio investments because these investments have fixed interest rates and fixed values at maturity.

15. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Board of Directors of the Foundation.

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16. Related party transactions

- (a) The Foundation receives grant funding from the Province of Newfoundland and Labrador. During the year, the Foundation received grants totaling \$623,000 (2021 - \$662,500). The Foundation recognized \$787,659 (2021 - \$505,646) in revenue from the Province of Newfoundland and Labrador, including deferred revenue recognized in the fiscal year in which it is spent.
- (b) During the year, the Foundation also recognized \$2,100 (2021 - \$0) in revenue from Crown Corporations of the Province of Newfoundland and Labrador, received at the exchange amount through the normal course of business.
- (c) The Foundation leases office space from the Province of Newfoundland and Labrador at the exchange amount of \$1 annually.
- (d) Accounts receivable includes \$10,800 (2021 - \$0) due from the Province of Newfoundland and Labrador through the normal course of business.

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 figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

