

Heritage Foundation of Newfoundland and Labrador

Annual Report 2014-15



**Business, Tourism, Culture and
Rural Development**

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR.....	2
OVERVIEW	3
Background.....	3
Financial Information	3
Legislation and Mandate	3
Vision	3
Mission	4
Board of Directors	5
Lines of Business.....	5
REPORT ON PERFORMANCE.....	7
FINANCIAL STATEMENTS	14

MESSAGE FROM THE CHAIR

As Chair of the board for the Heritage Foundation of Newfoundland and Labrador (HFNL), I am pleased to present its annual report for the fiscal year 2014-15. The annual report is submitted in accordance with the obligation as a category three entity under the *Transparency and Accountability Act*, prepared under the direction of the board which is accountable for the actual results reported.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Frank Crews', with a stylized, cursive script.

Frank Crews
Chair

OVERVIEW

Background

The HFNL is composed of a Board of Directors appointed by the Lieutenant-Governor in Council. The Board of Directors is presently composed of 11 members: Chairperson, Vice-Chairperson, government representative and several Board members (full complement shall consist of not less than seven nor more than 12 members as per the Act).

The *Historic Resources Act* confers on the HFNL the authority to preserve the built heritage through: the designation of heritage buildings, structures and districts; the provision of grants to assist with the preservation of designated buildings, and the provision of professional advisory services to individuals and organizations. Through this, HFNL stimulates an understanding and appreciation of the architectural, cultural and historical values of the cultural landscape. Changes to the Act in 2001 allowed HFNL to designate whole areas, districts and communities as Registered Heritage Districts, which denotes the unique heritage values of structures and their association to the landscape.

There is a total of four permanent staff (two male/ two female) employed by HFNL. The permanent staff is composed of an Executive Director, Finance Manager, Provincial Registrar and an Intangible Cultural Heritage (ICH) Development Officer. A Provincial Cultural Outreach Position was developed for Labrador and is administered by the Newfoundland and Labrador Arts Council. This outreach person works from Happy Valley Goose Bay and encompasses both “arts” and “heritage”.

Financial Information

The annual budget of the HFNL is approximately \$589,000. A detailed breakdown of the 2014-15 audited financial information is found in the Financial Statements.

Legislation and Mandate

The Heritage Foundation of Newfoundland and Labrador was established in 1984 under Part IV, sections 19-29 of the *Historic Resources Act*. HFNL has a primary mandate to preserve one of the most visible dimensions of Newfoundland and Labrador culture - its architectural heritage. The mandate of HFNL is to preserve this built heritage through: the designation of heritage buildings, structures and districts; the provision of grants to assist with the preservation of designated buildings, and the provision of professional advisory services to individuals and

organizations; and through this, to stimulate an understanding and appreciation of the architectural, cultural and historical value of the cultural landscape.

Since 2008 HFNL has been entrusted with the implementation of the province's Intangible Cultural Heritage Strategy to safeguard and sustain the ICH of Newfoundland and Labrador for present and future generations.

Although the mandate of HFNL has not changed, the mandate statement has been revised to more concise wording while maintaining the same elements. The mandate statement of HFNL is "To support the preservation and recognition of the province's historic places and the safeguarding of its intangible cultural heritage."

Vision

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

Mission

The mission statement identifies the priority focus areas and represents the key long-term results that the HFNL and the Board will be working toward as they move forward on the Strategic Directions of Government to strengthen the cultural sector that preserves our tangible and intangible heritage, celebrates our creativity, and grows our cultural enterprises.

The HFNL is supporting the protection and strengthening of the province's tangible and intangible heritage by encouraging and celebrating the preservation of the architectural heritage of Newfoundland and Labrador through financial assistance and formal recognition and the sponsoring of intangible cultural heritage initiatives, for the greater understanding and appreciation by the province's people and visitors.

By March 31, 2017, HFNL will have conserved, protected and commemorated historic places and safeguarded intangible cultural heritage for the benefit of present and future generations.

Board of Directors

At the end of this reporting period, March 31, 2015 the board consisted of the following members:

Chairperson	Frank Crews, Grand Bank
Vice Chair	Lloyd Kane, Cupids
Members	Jo Shawyer, St. John's
	Joan Anderson, Makkovik, Labrador
	Joanie Cranston, Norris Point
	Andrew Shea, Fogo
	George Courage, St. John's
	Doug Wells, Harbour Breton
	Mike Paterson, Upper Amherst Cove
	Charlie Payne, Woody Point
	Jerry Dick, Director of Heritage, Department of BTCRD

Lines of Business

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

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

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

Education and sponsorship. The HFNL undertakes a number of “how to” publications to inform the public on the correct procedures dealing with the restoration of heritage buildings. Some of these include restoration practices dealing with wooden shingles, exterior wooden cladding, nails, eaves brackets, municipal designation and municipal designation of cemeteries and a publication on Modern Architecture.

The HFNL sponsors a number of initiatives such as the heritage award component of Tidy Towns of Newfoundland and Labrador, and the Southcott Awards and Doors Open NL administered by the Newfoundland Historic Trust. The HFNL also houses the Provincial Intangible Cultural Heritage Program (ICH). The ICH Program seeks to safeguard, strengthen and celebrate Newfoundland and Labrador’s distinctive intangible cultural heritage. ICH comprises information in the form of traditional knowledge, beliefs and skills. This is being achieved through support for initiatives that celebrate, record, disseminate and promote our living heritage and help to build bridges between diverse cultural groups within and outside Newfoundland and Labrador. HFNL-ICH regularly runs community training workshops, and works to identify, inventory, and safeguard traditions and bodies of knowledge that are under threat. Preserving intangible cultural heritage is vital to sustaining the province’s innate creativity and sense of identity.

HFNL is involved with an initiative pertaining to the youth of our province; the Provincial Historica Fairs. The Provincial Historica Fairs were introduced to Newfoundland and Labrador and in its initial years was administered by the HFNL. The Fairs now have their own co-ordinator and are housed with the Newfoundland Historic Sites Association. The HFNL continues as a provincial sponsor and provides a number of awards as well as other support. This program helps students develop a critical appreciation of the significant roles that tangible and intangible heritage plays in our society.

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

HFNL administers, promotes and delivers the Standards and Guidelines for the Conservation of Historic Places in Canada which is Canada's first nationwide benchmark of conservation principles and practices. Similar to the national Building Code which is a standard for new construction, the Standards and Guidelines have become the national equivalent for the restoration of historic

places. The emphasis is on solid, practical advice for heritage conservation for conserving everything from historic residential and industrial buildings to landscape gardens and archaeological sites. Emphasis has been placed on providing sound, practical advice for conserving our rich and irreplaceable built heritage.

The Municipal Outreach Program of the HFNL encourages municipalities to become aware of and protect their built heritage. The municipal outreach officer instructs municipalities on the designation process under the Municipalities Act and encourages communities to designate structures that are architecturally and historically important within their municipal boundaries. The municipal outreach officer will assist in the writing of a Statement of Significance for the designated structure and then places this designation on the PRHP which feeds to the CRHP.

REPORT ON PERFORMANCE

1. Modern Architecture Style Preservation

HFNL has, since its inception, concentrated on structures of the 19th and early 20th century. Since 2011, HFNL has been working to include the built heritage of the Modern Architectural style of the province in this protection and commemoration. This style of architecture transpired over a 60 year period and unlike formal architectural styles such as Queen Ann, Second Empire and Georgian, there are no definitive criteria for Modern Architecture. HFNL partnered with Robert Mellin to identify modern style structures of importance as noted in his publication "Newfoundland Modern". This supports Government's strategic direction of "Strengthening and Growing Our Culture" to ensure that Newfoundland and Labrador's distinctive tangible cultural heritage is preserved.

Goal

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

Objective

By March 31, 2015 modified designation criteria to include the Modern Architectural style.

Measure

Modified designation criteria to include the Modern Architectural style.

Indicator

- i. Modified the registered heritage designation applications to include criteria on the Modern Architectural style.

Activity

The Board of Directors for the HFNL has approved modifications to the registered heritage designation applications to include criteria on the Modern Architectural Style. The Modern Architecture Assessment Key and the Modern Architecture Assessment Form were also developed to assist in the selection of structures for this style of architecture.

Indicator

- ii. Promoted the importance of the Modern Architectural style.

Activity

The HFNL has advertised and promoted on www.heritagefoundation.ca, as well as informed potential applicants by phone that applications are now being accepted for the designation of Registered Heritage Structures under the Modern Architectural Style.

Indicator

- iii. Sought to designate a structure built in the Modern Architectural style.

Activity

Since its announcement that structures built in the Modern Architectural Style will be considered for designation and granting, the HFNL has received two applications for review and consideration for registered heritage structure status under the Modern Architectural Style.

Objective 1: By March 31, 2016, the HFNL will have promoted and encouraged applications for the designation of structures built in the Modern Architectural style.

Measure: Promoted and encouraged applications for designation of structures in the Modern Architectural style.

Indicators:

1. Placed advertisements in community newspapers in Newfoundland and Labrador.
2. Conducted telephone enquiries to owners of potential structures for designation in the Modern Architecture style.

2. Ecclesiastical Structure Preservation

Among the most vibrant and architectural important structures in any community in the province are the ecclesiastical structures. Many of these

buildings date from the mid-19th century and due to the decline in rural population and congregations, these structures are in considerable jeopardy. These ecclesiastical structures fall under the mandate of HFNL which is to ensure that the built architectural heritage of the province is conserved, protected and commemorated. HFNL has had interaction with church owners of the benefits of designation and of repurposing rather than demolishing an ecclesiastical structure. This supports Government's strategic direction of "Strengthening and Growing Our Culture" to ensure that Newfoundland and Labrador's distinctive tangible cultural heritage is preserved.

Goal

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

Objective

By March 31, 2015 the HFNL will have developed pilot strategies for the preservation of historic ecclesiastical structures.

Measure

Developed pilot strategies for the preservation of historic ecclesiastical structures.

Indicator

- i. Published and distributed the Ecclesiastical Heritage Guide to the church community, including the laity, clergy and congregations.

Activity

HFNL published the Ecclesiastical Heritage Guide which stresses the importance of churches as important physical symbols of values, beliefs and aspirations of previous generation of Newfoundlander and Labradorians. This Guide explains that the preservation of historic churches is an important component of the provinces built heritage and as such needs the protection that is offered by the Registered Heritage Structure/Grant program. HFNL distributed over eleven hundred of these guides to the Church community including the laity, clergy and congregations.

Indicator

- ii. Educated the church community about the designation and granting process of HFNL.

Activity

The Ecclesiastical Heritage Guide informed the church community that HFNL is responsible for the designation of churches as Registered Heritage Structures in

Newfoundland and Labrador. The Guide explains the designation and granting process and the benefits associated with the designation.

Indicator

- iii. Educated the church community on greening buildings and adaptive reuse.

Activity

HFNL's Ecclesiastical Heritage Guide was also used to educate the church community on greening and the adaptive reuse of church structures. The decline in congregations and the high maintenance costs have led to the closure of many churches in Newfoundland and Labrador. The Guide gives examples of the adaptive reuses of several churches throughout the province which have been given a new life both for public and commercial/private use.

The greening of churches can improve a building's energy efficiency and lower heating and maintenance costs and the Guide lists several website locations which offer valuable suggestions and solutions on greening.

Objective 2: By March 31, 2016 the HFNL will have promoted the preservation of ecclesiastical structures through the continuation of the pilot project.

Measure: promoted the preservation of ecclesiastical structures.

Indicators:

1. Continued pilot project with emphasis on education for the adaptive reuses of non-active churches and the greening process for active churches
2. Continued dialogue with church leaders in Newfoundland and Labrador to encourage applications for registered heritage status from the ecclesiastical community.
3. Promoted the choice (option) of entering into legal contracts over easement agreements as a more flexible means to preserve ecclesiastic structures.

3. Intangible Cultural Heritage Preservation

As lifestyles and the economy change, traditional knowledge is at risk of being lost. To ensure that intangible heritage is not lost to future generations, it is important to record and document it while those with knowledge are still active. Documenting the link between tangible and intangible will ensure that the stories related to structures, places, and objects will be maintained. This is in line with Government's strategic direction of "Strengthening and Growing Our

Culture” to ensure that Newfoundland and Labrador’s distinctive tangible and intangible heritage resources are preserved, safeguarded, and supported for the benefit of present and future generations, and to maximize their impact on sustainable tourism and community development.

Goal

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

Objective

By March 31, 2015 the HFNL will have addressed key challenges around best practices in ICH documentation.

Measure

Addressed key challenges around best practices in Intangible Cultural Heritage (ICH) documentation.

Indicator

- i. Identified key challenges around best practices in documentation of both traditional children’s games and oral histories of seniors, with collected information placed on the Digital Archive Initiative.

Activity

The HFNL identified key challenges around best practices in documentation of both traditional children’s games and oral histories of seniors. The key challenges included: the identification of potential participants to provide information on games and life histories; providing an atmosphere where seniors would be comfortable sharing stories and information; and training young people in the work of conducting oral history interviews

This work was undertaken by the HFNL in partnership program with Memorial University’s Department of Folklore and the MacMorran Community Centre, to teach students how to conduct oral history interviews with seniors. The collected oral history information, on the theme of children’s games and pastimes, was compiled into a booklet entitled “Looking Back: Games We Played.” HFNL has placed digital copies online, and has distributed print copies through the public library system.

Objective 3: By March 31, 2016 the HFNL will have documented key traditions at risk.

Measure: Key traditions at risk are documented.

Indicators:

1. Held a meeting late fall/early spring to document key ICH traditions at risk
2. Created a report on ICH traditions at risk based on discussions from that meeting and circulated that report to the Board of Directors.

4. Evaluation of HFNL Operations, Mandate & Programs

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

Goal 4

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

Objective

By March 31, 2015, the board will have issued a call for Request for Proposals to review, assess and evaluate the operations, mandate and programs of the HFNL, and will have hired a consultant to carry out the review.

Measure

Issued a call for Request for Proposals to review, assess and evaluate the operations, mandate and programs of the HFNL, and will have hired a consultant to carry out the review.

Indicator

- i. Issued a call for Request for Proposals to review, assess and evaluate the operations, mandate and programs of the HFNL.

Activity

The Request for Proposals to review, assess and evaluate the operations, mandate and programs of HFNL was issued jointly by the former Department of Tourism, Culture and Recreation and the Heritage Foundation of Newfoundland.

This Call for Proposals was to hire a consultant to provide program evaluation services to measure the effectiveness of HFNL.

Indicator

- ii. Hired a consultant to review, assess and evaluate the operations, mandate and programs of the HFNL.

Activity

HFNL hired Goss Gilroy Inc. to review, assess and evaluate the operations, mandate and programs of the Foundation. The evaluation was guided by Evaluation Plan for the Programs and Services of the HFNL and a steering committee comprised of Board members. The evaluation focused on design, delivery and management; performance (outcomes); and relevance of the HFNL programs and services. The evaluation covered HFNL activities related to architectural heritage since its formation in 1984 and up-to March 31, 2014.

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

Objective 4: By March 31, 2016 the HFNL will have completed the evaluation of the HFNL operations, mandate and programs and circulated the Evaluation Report to all Board Members.

Measure: Completed evaluation of HFNL and circulated to all Board Members.

Indicators:

1. Completed the evaluation of HFNL operations, mandate and programs and circulated it to all Board Members.
2. HFNL Directors will have held a facilitated Board meeting to review the evaluation report and determine the steps necessary to implement the recommendations from the report.
3. Board of Directors will have prioritized report recommendations.

**HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

MARCH 31, 2015

Management's Report

Management's Responsibility for the Heritage Foundation of Newfoundland and Labrador Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

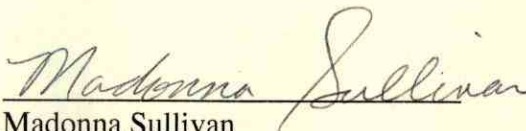
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a periodic basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Foundation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Heritage Foundation of Newfoundland and Labrador.

On behalf of the Heritage Foundation of Newfoundland and Labrador.



George Chalker
Executive Director



Madonna Sullivan
Financial Manager



**AUDITOR
GENERAL**
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Heritage Foundation of Newfoundland and Labrador which comprise the statement of financial position as at March 31, 2015, the statements of operations, change in net financial assets (debt), and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

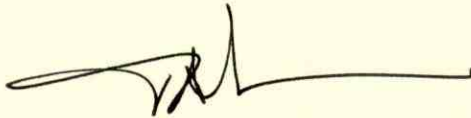
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

Independent Auditor's Report (cont.)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Heritage Foundation of Newfoundland and Labrador as at March 31, 2015, and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

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

TERRY PADDON, CPA, CA
Auditor General

September 28, 2015
St. John's, Newfoundland and Labrador

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

2015

2014

FINANCIAL ASSETS

Cash	\$ 28,418	\$ 120,580
Portfolio investments (Note 3)	1,567,394	1,511,913
Accounts receivable (Note 4)	58,172	80,356
	1,653,984	1,712,849

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	50,504	124,401
Employee future benefits (Note 6)	82,125	79,363
Deferred revenue (Note 7)	1,206,959	1,158,866
	1,339,588	1,362,630

Net financial assets	314,396	350,219
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NON-FINANCIAL ASSETS

Tangible capital assets, net (Note 8)	-	-
Prepaid expenses	889	1,129
	889	1,129

Accumulated surplus (Note 9)	\$ 315,285	\$ 351,348
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Contractual obligations (Note 13)

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

Signed on behalf of the Foundation:



Chairperson



Member

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

	2015 Budget	2015 Actual	2014 Actual
(Note 15)			
REVENUES			
Province of Newfoundland and Labrador (Note 16)	\$ 589,900	\$ 542,547	\$ 889,145
Government of Canada	-	-	6,300
Donation	-	90,000	50,000
Income from portfolio investments	-	32,134	33,396
Miscellaneous	-	6,859	28,344
	589,900	671,540	1,007,185
EXPENSES (Note 10)			
Heritage grants	194,000	53,846	151,186
Fisheries Heritage Preservation Initiative	-	26,768	14,685
Special projects (Note 11)	353,490	143,800	363,710
Administration	342,600	368,412	375,683
Intangible Cultural Heritage Strategy (Note 12)	133,300	114,777	146,031
	1,023,390	707,603	1,051,295
Annual deficit	(433,490)	(36,063)	(44,110)
Accumulated surplus, beginning of year	351,348	351,348	395,458
Accumulated surplus (deficit), end of year	\$ (82,142)	\$ 315,285	\$ 351,348

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
For the Year Ended March 31

	2015 Budget	2015 Actual	2014 Actual
(Note 15)			
<u>Annual deficit</u>	<u>\$ (433,490)</u>	<u>\$ (36,063)</u>	<u>\$ (44,110)</u>
Tangible capital assets			
<u>Amortization of tangible capital assets</u>	<u>-</u>	<u>-</u>	<u>598</u>
	<u>-</u>	<u>-</u>	<u>598</u>
Prepaid expenses			
<u>Acquisition of prepaid expense</u>	<u>-</u>	<u>(16,155)</u>	<u>(1,750)</u>
<u>Use of prepaid expense</u>	<u>-</u>	<u>16,395</u>	<u>1,004</u>
	<u>-</u>	<u>240</u>	<u>(746)</u>
Decrease in net financial assets	(433,490)	(35,823)	(44,258)
Net financial assets, beginning of year	350,219	350,219	394,477
Net financial assets (debt), end of year	\$ (83,271)	\$ 314,396	\$ 350,219

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

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

2015

2014

Operating transactions

Annual deficit	\$ (36,063)	\$ (44,110)
Adjustment for non-cash items		
Amortization of tangible capital assets	-	598
	(36,063)	(43,512)
Change in non-cash operating items		
Accounts receivable	22,184	312,907
Accounts payable and accrued liabilities	(73,897)	75,051
Employee future benefits	2,762	2,148
Deferred revenue	48,093	(304,075)
Prepaid expense	240	(746)
Cash (applied to) provided from operating transactions	(36,681)	41,773
Investing transactions		
Purchase of portfolio investments	(531,332)	(954,418)
Redemption of portfolio investments	475,851	930,000
Cash applied to investing transactions	(55,481)	(24,418)
Increase (decrease) in cash	(92,162)	17,355
Cash, beginning of year	120,580	103,225
Cash, end of year	\$ 28,418	\$ 120,580

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

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, and accounts payable and accrued liabilities. The Foundation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition. The Foundation subsequently measures all of its financial assets and financial liabilities at cost.

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

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in the bank.

(d) Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage initiatives as directed by the Province. These contributions are recognized as revenue in the fiscal year the related expenses are incurred.

(e) Employee future benefits

- i. Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service, and accordingly a liability has been recorded for these employees. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.
- ii. The employees of the Foundation are covered by the *Public Service Pensions Act, 1991*, or a self-directed RRSP. For employees covered by the self-directed RRSP, the Foundation will contribute at the same rates as the Public Service Pension Plan based on the employee's salary to the self-directed RRSP but there is no requirement for the employee to match the contributions.

For employees covered by the *Public Service Pension Act, 1991*, employee contributions are matched by the Commission and then remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service.

The contributions of the Foundation to both the self-directed RRSPs and the Public Service Pension Plan Corporation are recorded as an expense for the year.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(e) Employee future benefits (cont.)

During the year, there were significant changes made to the Public Service Pension Plan. The changes include: increases in contribution rates of between 2.15% and 3.25% of pensionable earnings; calculation of pension benefits, for service on or after January 1, 2015, using the average of the best six years of earnings rather than the average of the best five years of earnings; calculation of pension benefits, for service before January 1, 2015, using 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 rather than the average of the best five years of earnings; and increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit. Employees who are eligible, or become eligible, to retire on or before January 1, 2020, are exempt from increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit.

(f) 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

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

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

(g) Prepaid expenses

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(h) 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. 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.

(i) Expenses

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

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

(j) Measurement uncertainty

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

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

3. Portfolio investments

	<u>2015</u>	<u>2014</u>
Portfolio investments, at cost	\$ 1,567,394	\$ 1,511,913
Portfolio investments, at market	\$ 1,567,394	\$ 1,511,913

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from June 11, 2015 to November 6, 2017, and interest rates ranging from 1.20% to 2.45%.

4. Accounts receivable

	<u>2015</u>	<u>2014</u>
Investment income receivable	\$ 19,623	\$ 21,920
Harmonized sales tax receivable	28,953	49,040
Province of Newfoundland and Labrador	8,700	6,000
Trade accounts receivable	896	3,396
	\$ 58,172	\$ 80,356

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

5. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
Trade accounts payables and accruals	\$ 15,696	\$ 87,240
Accrued employee benefits	34,808	37,161
	\$ 50,504	\$ 124,401

6. Employee future benefits

(a) Severance pay

Employee future benefits consist of the liability for severance pay of \$82,125 (2014 - \$79,363).

(b) Retirement benefits

The Foundation and certain of its employees are subject to the *Public Service Pensions Act, 1991*. The plan will be administered by the Public Service Pension Plan Corporation, including payment of pension benefits to employees to whom the *Act* applies.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

6. Employee future benefits (cont.)

(b) Retirement benefits (cont.)

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% (2014 - 8.6%). The Foundation's contributions equal the employee contributions to the plan. The Foundation is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Foundation for the year ended March 31, 2015 was \$8,921 (2014 - \$8,225).

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, 2015, were \$13,459 (2014 - \$12,425).

7. Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage initiatives as directed by the Province.

	<u>2015</u>	<u>2014</u>
Registered Heritage Structures	\$ 936,434	\$ 810,844
Fisheries Heritage Preservation Program	60,133	86,901
Ecclesiastical Structures	113,824	115,000
Registered Heritage Districts	96,568	101,855
Helicopter Crash Memorial	-	44,266
	<u>\$ 1,206,959</u>	<u>\$ 1,158,866</u>

8. Tangible capital assets

	<u>Systems development</u>	<u>Office and computer equipment</u>	<u>Total</u>
Balance, March 31, 2014	\$ 267,096	\$ 65,558	\$ 332,654
Additions	-	-	-
Balance, March 31, 2015	267,096	65,558	332,654
Balance, March 31, 2014	267,096	65,558	332,654
Amortization expense	-	-	-
Balance, March 31, 2015	267,096	65,558	332,654
Net book value, March 31, 2015	\$ -	\$ -	\$ -
Net book value, March 31, 2014	\$ -	\$ -	\$ -

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

9. Accumulated surplus

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation. The Fund consists of the accumulated surplus of the Foundation. As at March 31, 2015, the Fund balance was \$315,285 (2014 - \$351,348).

10. Expenses by object

The following is a summary of expenses by object:

	<u>2015</u>	<u>2014</u>
Salaries and benefits	\$ 378,078	\$ 404,053
Grants	87,045	217,918
Professional services	157,161	314,443
Purchased services	49,317	81,746
Travel	29,378	24,508
Amortization	-	598
Communications	4,162	5,599
Property, furnishings and equipment	2,462	2,430
	<u>\$ 707,603</u>	<u>\$ 1,051,295</u>

11. Special projects

The Foundation incurred expenses related to the following special projects.

	<u>2015</u>	<u>2014</u>
O'Brien Farm Foundation	\$ -	\$ 50,000
Helicopter Memorial	136,340	300,124
UNESCO	2,907	2,863
Other	4,553	10,723
	<u>\$ 143,800</u>	<u>\$ 363,710</u>

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

12. Intangible Cultural Heritage Strategy

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year, the Foundation recognized \$97,009 (2014 - \$127,713) in revenue related to the Strategy. The Foundation also incurred expenses of \$114,777 (2014 - \$146,031) related to the Strategy.

13. Contractual obligations

(a) Grant commitments

As at March 31, 2015, the Foundation had committed \$510,823 (2014 - \$425,892) in the form of heritage grants approved but not yet disbursed or rescinded. Future disbursements related to these heritage grants will be recorded as reductions to deferred revenue. The Foundation adopted a policy with respect to heritage grant commitments requiring that all grants approved be available for a period of two years from the date of grant approval. Clients not utilizing the heritage grants within this timeframe will forfeit their right to these heritage grants, unless an extension is granted.

As at March 31, 2015, the Foundation had also committed \$0 (2014 - \$0) in the form of Fisheries Heritage Preservation Initiative grants approved but not yet disbursed or rescinded. Future disbursements related to these Fisheries Heritage Preservation Initiative grants will be recorded as reductions to deferred revenue. The Foundation's policy with respect to Fisheries Heritage Preservation Initiative grant commitments requires that all grants approved be available for a period of one year from the date of grant approval. Clients not utilizing the Fisheries Heritage Preservation Initiative grants within this timeframe will forfeit their right to these grants, unless an extension is granted.

(b) Operating lease obligation

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

2015	\$ 3,246
2016	<u>1,628</u>
	<u>\$ 4,874</u>

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

14. Financial risk management

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its financial liabilities and contractual obligations. The Foundation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities 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.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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 \$583,900 (2014 - \$585,070). The Foundation recognized \$542,547 (2014 - \$889,145) in revenue from the Province of Newfoundland and Labrador.
- (b) The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.
- (c) The Foundation received revenues of \$0 (2014 - \$1,843) from other related parties.
- (d) The Foundation incurred expenses of \$5,000 (2014 - \$5,000) with related parties.
- (e) Accounts receivable includes amounts due from related parties of \$8,700 (2014 - \$6,000)

17. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Foundation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Foundation's objectives.