

**THE ROOMS CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

MARCH 31, 2024

Management's Report

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

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

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

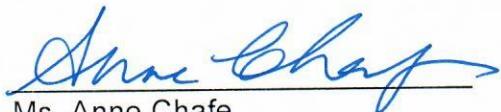
Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

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

The Rooms Act appoints the Auditor General to audit the annual financial statements of the corporation. Upon completion of the 2022-23 audit, the Auditor General approached The Rooms Board of Directors to assign an external auditor for a period of three (3) consecutive years beginning with fiscal period ending March 31, 2024.

BDO Canada LLP is the auditor for The Rooms Corporation of Newfoundland and Labrador beginning fiscal 2023-24, for a three (3) year term. BDO Canada LLP conducted an independent audit of the annual financial statements of The Rooms Corporation in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. BDO Canada LLP has full and free access to financial management of The Rooms Corporation of Newfoundland and Labrador.

On behalf of The Rooms Corporation of Newfoundland and Labrador.



Ms. Anne Chafe
Chief Executive Officer



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



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Independent Auditor's Report

To the board of directors

Opinion

We have audited the financial statements of The Rooms Corporation of Newfoundland and Labrador (the Corporation), which comprise the statements of financial position as at March 31, 2024, the statements of operations and retained earnings, changes 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 Corporation as at March 31, 2024, and its results of operations, its change in net financial assets and 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 Corporation 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 Matters

The financial statements for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 25, 2023.

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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



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.

BDO Canada LLP

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
September 26, 2024

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF FINANCIAL POSITION

As at March 31

2024

2023

FINANCIAL ASSETS

Cash	\$ 3,433,686	3,090,984
Accounts receivable (Note 3)	2,526,612	1,999,372
Inventory held for resale	241,250	205,727
Restricted cash (Note 4)	1,380,662	1,795,535
	7,582,210	7,091,618

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	1,265,247	1,124,923
Employee future benefits (Note 6)	111,240	110,774
Deferred revenue (Note 7)	1,380,662	1,795,535
	2,757,149	3,031,232

Net financial assets	4,825,061	4,060,386
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NON-FINANCIAL ASSETS

Prepaid expenses	8,801	1,239
Tangible capital assets (Note 8)	11,482,597	11,890,560
	11,491,398	11,891,799
Accumulated surplus	16,316,459	\$15,952,185

Trusts (Note 12)

Contractual obligations (Note 13)

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

Signed on behalf of the Board:

Margaret E. Allie
 Chairperson

John D. Morris
 Member

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

	2024 Budget	2024 Actual	2023 Actual
Unaudited (Note 15)			
<u>Annual surplus</u>	\$ -	\$ 364,273	\$ 52,625
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(561,371)	(1,027,389)
Amortization – Asset retirement obligation	-	2,933	2,933
<u>Amortization of tangible capital assets</u>	-	<u>966,402</u>	<u>855,337</u>
	-	407,964	(169,119)
Changes in other non-financial assets			
Net use (acquisition) of prepaid expenses	-	(7,562)	42,970
	-	(7,562)	42,970
(Decrease) increase in net financial assets	-	764,675	(73,524)
Net financial assets, beginning of year	4,060,386	4,060,386	4,133,910
Net financial assets, end of year	\$ 4,060,386	\$ 4,825,061	\$ 4,060,386

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

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

	2024 Budget	2024 Actual	2023 Actual
Unaudited (Note 15)			
REVENUES (Schedule 1)			
Province of Newfoundland and Labrador (Note 11)			
Operating grants	\$ 6,451,500	\$ 6,808,991	\$ 6,586,838
Contributions to employee benefits	-	753,304	754,006
Commercial operations (Note 10)	1,243,400	2,006,158	1,849,394
Government of Canada	250,000	891,436	495,275
Corporate sponsorship	285,000	368,835	335,000
External funding	-	22,887	66,978
	8,229,900	10,851,611	10,087,491
EXPENSES (Schedule 1)			
Archives division	1,637,797	1,630,959	984,608
Art gallery division	880,737	1,274,791	1,120,661
Corporate services and building operations	4,228,121	5,903,441	5,788,121
Education programs	649,400	788,390	732,137
Museum division and regional museums	833,845	889,757	1,409,339
	8,229,900	10,487,338	10,034,866
Annual surplus	-	364,273	52,625
Accumulated surplus, beginning of year	15,952,185	15,952,185	15,899,560
Accumulated surplus, end of year	\$ 15,952,185	\$ 16,316,458	\$ 15,952,185

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

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

2024

2023

Operating transactions

Annual surplus	\$ 364,273	\$ 52,625
Adjustment for non-cash items		
Amortization	966,402	855,337
Amortization – Asset retirement obligation	2,933	2,933
	1,333,608	910,895
Change in non-cash operating items		
Accounts receivable	(527,240)	1,380,144
Inventory held for resale	(35,523)	(6,227)
Restricted cash	414,873	(669,692)
Accounts payable and accrued liabilities	140,324	(136,907)
Employee future benefits	466	3,269
Deferred revenue	(414,873)	(208,099)
Prepaid expenses	(7,562)	42,970
Cash provided from operating transactions	904,073	1,316,353

Capital transactions

Purchase of tangible capital assets	(561,371)	(1,027,389)
Cash applied to capital transactions	(561,371)	(1,027,389)
Increase in cash	342,702	288,964
Cash, beginning of year	3,090,984	2,802,020
Cash, end of year	\$ 3,433,686	\$ 3,090,984

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of accounting

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

(b) Financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

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

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

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

(c) Cash

Cash includes operational floats and balances with banks.

(d) Inventory held for resale

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

(e) Collections

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

(f) Tangible capital assets

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

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

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

2. Summary of significant accounting policies (cont.)

(f) Tangible capital assets (cont.)

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

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

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

(g) Employee future benefits

- (i) The cost of accumulating, non-vesting sick leave benefits is calculated based upon management's best estimate of its employees' sick leave utilization rates, sick leave balances, annual sick leave entitlements and current salary levels.
- (ii) Under the Rooms Act, Corporation employees are considered to be employed in the public service for the purposes of the Public Service Pensions Act, 2019. Employee contributions are matched by the Province and remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This pension plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service.

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. Summary of significant accounting policies (cont.)

(h) Revenues

Revenue from transactions with a performance obligation is recognized when the organization satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

The organization recognizes revenue from admission revenue, gift shop sales and parking at the transaction price at the time of sale

(i) Contributions

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

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

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

(j) Interest Income

Unrestricted net investment income is recognized as revenue when earned.

(k) Expenses

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

(l) Volunteers

During normal operations, volunteers contribute significant hours in support of the Corporation. Their activities include guided gallery and museum tours and a variety of programs that enrich the visitor's experience. Due to the complexity involved in valuing these services under normal operating circumstances, they are not reflected in the financial statements.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

2. Summary of significant accounting policies (cont.)

(m) Measurement uncertainty

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

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

3. Accounts receivable

	2024	2023
Province of Newfoundland and Labrador (Note 11)	\$ 2,439,742	\$ 1,766,324
Harmonized Sales Tax	75,165	85,867
<u>Other</u>	<u>11,705</u>	<u>147,181</u>
	\$ 2,526,612	\$ 1,999,372

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

4. Restricted cash

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

	2024	2023
Donations – Public Programming	\$ 182,415	\$ 171,250
Federal & Provincial CCSF Funding	168,533	678,701
Federal MAP Funding	29,074	9,393
Art Bank – Indigenous Artwork Acquisitions	100,000	100,000
Art Bank – Indigenous Programs	16,608	-
Art Gallery – Private Donor Art Acquisition	10,763	7,763
Art Gallery – Permanent Collections Donations	25,625	25,625
Art Gallery – Year of the Arts	39,241	-
Private Donors – First World War Exhibition	416,772	416,772
Provincial Government – Public Programming	162,188	190,923
Private Donor – Archives	33,085	-
Acquisitions Fund	13,525	12,275
The Rooms Foundation - FWW Exhibit Fund	165,833	165,833
<u>Donations – Internally Restricted</u>	<u>17,000</u>	<u>17,000</u>
	\$ 1,380,662	\$ 1,795,535

5. Accounts payable and accrued liabilities

	2024	2023
Trade accounts payable	\$ 744,645	\$ 675,211
Asset retirement obligations	58,650	58,650
Unearned revenue	26,662	18,393
Accrued salaries	57,791	51,397
Accrued overtime and leave	377,499	321,272
	\$ 1,265,247	\$ 1,124,923

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

6. Employee future benefits

(a) Employee future benefits liability

Employee future benefits consist of:

	2024	2023
Severance pay	\$ 30,737	\$ 30,737
<u>Accumulating, non-vesting sick leave benefit liability</u>	<u>80,503</u>	<u>80,037</u>
	\$ 111,240	\$ 110,774

(b) Employee future benefits

(i) Severance pay

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

During the 2017-18 fiscal year, the Province of Newfoundland and Labrador signed a new collective agreement with the union representing the Corporation's unionized employees. The Corporation's unionized employees with at least one year of service were entitled to one week of salary for each complete year of service to March 31, 2018, to a maximum of 20 weeks. Unionized employees stopped accruing severance after March 31, 2018.

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

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

There were no severance payments to employees in 2023-24. The remaining severance liability payable to employees at March 31, 2024 is \$30,737 (2023 - \$30,737), representing severance owing to employees who deferred receiving their severance entitlement.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

6. Employee future benefits (cont.)

(b) Employee future benefits (cont.)

(ii) Accumulating, non-vesting sick leave benefits

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

(iii) Pension contributions

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

The maximum contribution rate for eligible employees was 11.85% (2023 - 11.85%). The Corporation's contributions equal the employee contributions to the plan. The pension expense for the Corporation for the year ended March 31, 2024 was \$375,374 (2023 - \$376,927).

Employees who do not qualify to participate in the Public Service Pension Plan (for example, part-time employees) participate in the Government Money Purchase Pension Plan (GMPP). The GMPP is a defined contribution plan which was established under the Government Money Purchase Pension Plan Act.

Employees are required to contribute 5% of regular earnings which is matched by the Corporation. Employees may make additional voluntary contributions, however, the maximum amount for all contributions may not exceed the lesser of 18% of an employee's earnings and the maximum amount allowed as specified under the Income Tax Act. Total GMPP expense for the Corporation for the year ended March 31, 2024 was \$17,217 (2023 - \$19,368).

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

7. Deferred contributions

Deferred contributions are set aside for specific purposes as required either by legislation, regulation or agreement. Since the conditions relating to their use have not been met, recognition of the revenues has been deferred and the funds received are recorded as restricted cash as disclosed in Note 4. As at March 31, 2024, funds received or receivable are reported as follows:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Donations	\$ 809,867	\$ 414,493	\$ (382,470)	\$ 841,890
Federal Government	461,233	119,523	(578,543)	2,213
Provincial Government	524,435	144,056	(131,932)	536,559
	\$ 1,795,535	\$ 678,072	\$(1,092,945)	\$ 1,380,662

8. Tangible capital assets

Original Cost

	Balance March 31, 2023	Additions	Disposals/ Transfers	Balance March 31, 2024
Furniture	\$ 941,741	\$ 84,790	\$ -	\$ 1,026,531
Equipment	1,712,203	156,784	70,718	1,939,705
Motor vehicles	37,430	-	-	37,430
Building				
improvements	16,250,960	84,296	651,837	16,987,093
Asset retirement				
obligations	58,650	-	-	58,650
Capital assets				
transferred (Note 9)	1	-	-	1
Work in progress	818,800	235,502	(722,555)	331,747
	\$ 19,819,785	\$ 561,372	\$ -	\$20,381,157

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

8. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2023	Amortization	Disposals	Balance March 31, 2024	Net book value March 31, 2024	Net book value March 31, 2023
Furniture	\$ 827,827	\$32,747	\$ -	\$860,574	\$ 165,957	\$ 113,914
Equipment	1,347,002	204,287	\$ -	1,551,289	388,416	365,201
Motor vehicles	35,827	1,604	\$ -	37,431	-	1,603
Building improvements	5,703,416	727,765	\$ -	6,431,181	10,555,912	10,547,544
Asset retirement obligations	15,152	2,933	\$ -	18,085	40,565	43,498
Capital assets transferred (Note 9)	1	-	\$ -	1	-	-
Work in progress	-	-	\$ -	-	331,747	818,800
	\$ 7,929,225	\$ 969,336	\$ -	\$ 8,898,561	\$ 11,482,597	\$ 11,890,560

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

9. Capital assets transferred to the Corporation

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

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

10. Commercial operations

	2024	2023
Admission revenue	\$ 886,202	\$ 728,114
Gift shop sales	556,668	522,075
Parking revenue	57,945	70,226
Other revenue	186,404	276,810
<u>Interest income</u>	<u>318,939</u>	<u>252,169</u>
	<hr/> \$ 2,006,158	<hr/> \$ 1,849,394

11. Related party transactions

Province of Newfoundland and Labrador

The Corporation is a Crown Corporation of the Province of Newfoundland and Labrador reporting through the Minister of the Department of Tourism, Culture, Arts and Recreation. During the year, the Corporation recognized \$7,562,295 (2023 - \$7,340,844) in grant revenue from the Province, including deferred revenue recognized in the fiscal year in which it is spent.

Expenses incurred by the Province related to salaries and contributions to employee benefits during the year totaled \$4,922,015 (2023 - \$4,882,293). Included in these totals are employer paid benefit costs of \$753,303 (2023 - \$754,006). These amounts are reflected in the financial statements as salary expense and are offset by the grant revenue received from the Province.

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

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

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

Accounts receivable includes \$2,439,742 (2023 - \$1,766,324) due from the Province of Newfoundland and Labrador through the normal course of business.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

12. Colonial Building Political History Interpretation Project

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

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

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

Since the start of the Agreement to March 31, 2024, the Corporation has received funds totaling \$23,615,112 (2023 - \$23,615,112) and incurred expenses totaling \$23,450,752 (2023 - \$23,245,909) related to the Project. During the year ended March 31, 2024, expenses of \$204,843 (2023 - \$3,730,894) were incurred related to the Project. The balance of funds held in trust by the Corporation at March 31, 2024 was \$164,360 (2023 - \$369,203).

13. Contractual obligations

(a) Facility Management Contract

In October 2018, the Corporation awarded the facility management contract to Brookfield Global Integrated Solutions Canada for a 5 year term with an option to renew. This contract was renewed for an additional 5 year term in June 2023 and represents commitments of approximately \$142,000 per month through October 2028.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

14. Donated acquisitions

Donated acquisitions, or non-cash gifts, are gifts of art work, archival documents and historical and cultural artifacts that the Corporation has received, and for which a tax receipt has been issued to the donor based on an appraised value, and are included in the Corporation's permanent collections. Donated acquisitions are not reflected in the Corporation's financial statements. During the year, the Corporation issued receipts for non-cash donations of \$501,430 (2023 - \$417,952).

15. Budget

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Corporation's Board. Budgeted figures included in the financial statements are not audited.

16. Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to cash, restricted cash and accounts receivable. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments.

The Corporation is not exposed to significant credit risk with its cash and restricted cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk related to its accounts receivable as 97% of it is due from the Government of Newfoundland and Labrador (2023 – 89%) and it has policies and procedures for the monitoring and collection of its other accounts receivable so as to mitigate potential credit losses.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

16. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, and its contractual obligations. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities. The future minimum payments required from the Corporation in relation to its contractual obligations are outlined in Note 13. The maturity dates of liabilities related to trade accounts payable are classified as current, as it is expected to be settled within the next year. With respect to accrued severance and deferred revenue, these are expected to be settled at a later date, over a year into the future.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Common market risks include currency (foreign exchange) risk, interest rate risk and commodity (price) risk. The Corporation is not exposed to significant market risk due to the nature of its operations.

17. Non-financial assets

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

18. Unrecoverable HST

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

Effective March 31, 2020, the unrecoverable HST amount was reallocated to the various HST applicable expenses on a prorated basis and reflected in the Schedule 1 amounts.

During 2023-24, unrecoverable HST totaling \$206,551 (2023 - \$205,113) was reallocated among the Corporate Services & Building Operations expenses. For fiscal years including, and prior to, March 31, 2020, unrecoverable HST was presented as a separate line item on Schedule 1.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

19. Subsequent Events

Subsequent to March 31, 2024, the Corporation received new capital grant funding of \$1 million from the provincial government for building and property improvements. This funding is the first installment of a new \$5 million, 5 year commitment of \$1 million per year through 2028-29.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
REVENUES AND EXPENSES BY SECTOR
For the Year Ended March 31, 2024

SCHEDULE 1

	Corporate Services and Building Operations	Archives Division	Art Gallery Division	Museum Division and Regional Museums	Education Programs	2024 Total	2023 Total
REVENUES							
Province of Newfoundland & Labrador							
Operating grants	\$3,650,453	\$1,336,396	\$ 811,438	\$699,803	\$ 310,901	\$6,808,991	\$6,586,838
Contribution to employee benefits (Note 11)	198,313	263,748	105,525	97,030	88,688	753,304	754,006
Commercial operations (Note 10)	1,832,345	12,797	99,961	7,146	53,909	2,006,158	1,849,394
Government of Canada	530,366	4,383	257,867	82,763	16,057	891,436	495,275
Corporate sponsorship	50,000	-	-	-	318,835	368,835	335,000
External funding	6,237	13,635	-	3,015	-	22,887	66,978
	6,267,714	1,630,959	1,274,791	889,757	788,390	10,851,611	10,087,491
EXPENSES							
Advertising and promotion	92,723	71	1,920	10	-	94,724	110,743
Amortization	969,336	-	-	-	-	969,336	858,270
Appraisals and acquisitions	-	23,829	101,092	-	-	124,921	167,139
Bad debt	348	-	-	-	-	348	
Building	2,570,411	-	118,336	9,948	25,736	2,724,431	2,547,710
Conference and registration fees	9,734	3,186	3,472	2,161	205	18,758	19,170
Core programming	76,320	33,286	304,551	35,868	73,187	523,212	502,957
Cost of gift shop sales	494,904	-	-	2,429	-	497,333	497,801
Employee future benefits	237,113	281,688	109,121	95,874	86,201	809,997	750,551
Meeting expenses	8,925	264	-	-	-	9,189	6,484
Office equipment and supplies	89,247	5,154	3,814	4,912	3,336	106,463	78,588
Professional services	114,606	12,665	40,161	35,398	51,836	254,666	249,740
Salaries	1,151,552	1,245,288	562,058	670,622	539,191	4,168,711	4,128,287
Telecommunications and courier	48,078	9,035	1,458	7,391	2,701	68,663	58,671
Travel	40,144	16,493	28,808	25,144	5,997	116,586	58,755
	5,903,441	1,630,959	1,274,791	889,757	788,390	10,487,338	10,034,866
Annual surplus	\$ 364,273	\$ -	\$ -	\$ -	\$ -	\$ 364,273	\$ 52,625