

**HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

MARCH 31, 2023

Management's Report

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

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

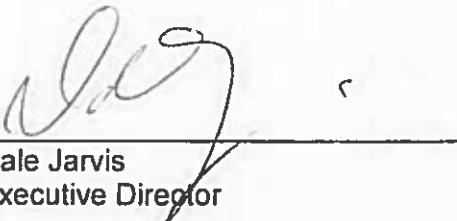
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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

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

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

On behalf of the Heritage Foundation of Newfoundland and Labrador.


Dale Jarvis
Executive Director



INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of the Heritage Foundation of Newfoundland and Labrador (the Foundation), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the

Independent Auditor's Report (cont.)

other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

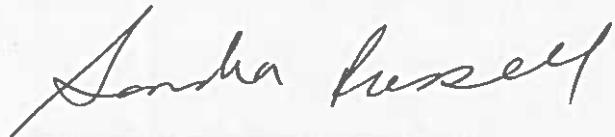
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (cont.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

June 30, 2023
St. John's, Newfoundland and Labrador

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

2023

2022

(Note 18)

FINANCIAL ASSETS

Cash	\$ 113,885	\$ 59,950
Portfolio investments (Note 3)	600,122	700,122
<u>Accounts receivable (Note 4)</u>	<u>36,039</u>	<u>29,841</u>
	750,046	789,913

LIABILITIES

Accrued employee benefits	18,236	22,793
<u>Deferred revenue (Note 6)</u>	<u>650,417</u>	<u>678,044</u>
	668,653	700,837
Net financial assets	81,393	89,076

NON-FINANCIAL ASSETS

Tangible capital assets (Note 7)	-	-
<u>Prepaid expenses</u>	<u>1,500</u>	<u>1,411</u>
	1,500	1,411
Accumulated surplus (Note 8)	\$ 82,893	\$ 90,487

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

	2023 Budget	2023 Actual	2022 Actual
	(Note 15)		(Note 18)
REVENUES			
Province of Newfoundland and Labrador (Note 16)	\$ 585,000	\$ 642,364	\$ 803,212
Government of Canada	30,000	64,505	62,373
Income from portfolio investments	6,000	10,028	6,024
Interest revenue	-	1,584	-
Conference and event fees	6,000	1,193	9,551
<u>Miscellaneous</u>	-	-	471
	627,000	719,674	881,631
EXPENSES (Note 9)			
Heritage grants	150,000	140,503	150,095
Fisheries Heritage Preservation	-	1,108	500
Registered Heritage Districts	-	5,553	14,412
Other initiatives (Note 10)	-	15,868	6,325
Administration	289,501	291,140	306,948
Labour Market Partnership Program (Note 11)	100,000	143,972	287,301
<u>Intangible Cultural Heritage Strategy (Note 12)</u>	<u>87,000</u>	<u>129,124</u>	<u>97,165</u>
	626,501	727,268	862,746
Annual (deficit) surplus	499	(7,594)	18,885
Accumulated surplus, beginning of year	90,487	90,487	71,602
Accumulated surplus, end of year	\$ 90,986	\$ 82,893	\$ 90,487

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

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

	2023 Budget	2023 Actual	2022 Actual
(Note 15)			(Note 18)
Annual (deficit) surplus	\$ 499	\$ (7,594)	\$ 18,885
Tangible capital assets			
Amortization of tangible capital assets	-	-	520
	-	-	520
Prepaid expenses			
Acquisition of prepaid expense	-	(2,118)	(2,030)
Use of prepaid expense	-	2,029	1,887
	-	(89)	(143)
(Decrease) increase in net financial assets	499	(7,683)	19,262
Net financial assets, beginning of year	89,076	89,076	69,814
Net financial assets, end of year	\$ 89,575	\$ 81,393	\$ 89,076

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

2023 **2022**

(Note 18)

Operating transactions

Annual (deficit) surplus	\$ (7,594)	\$ 18,885
Adjustment for non-cash items		
Amortization of tangible capital assets	-	520
	(7,594)	19,405
Change in non-cash operating items		
Accounts receivable	(6,198)	(13,533)
Accounts payable and accrued liabilities	-	(311)
Accrued employee benefits	(4,557)	(3,428)
Deferred revenue	(27,627)	(143,198)
Prepaid expenses	(89)	(143)
Cash (applied to) operating transactions	(46,065)	(141,208)

Investing transactions

Purchase of portfolio investments	(600,000)	(900,000)
Redemption of portfolio investments	700,000	949,988
Cash provided from investing transactions	100,000	49,988
Increase (decrease) in cash	53,935	(91,220)
Cash, beginning of year	59,950	151,170
Cash, end of year	\$ 113,885	\$ 59,950

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

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

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

(c) Cash

Cash includes cash in the bank.

(d) Employee future benefits

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

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

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

(e) Tangible capital assets

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

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

Systems development	5 years
Office and computer equipment	5 years

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

2. Summary of significant accounting policies (cont.)

(e) Tangible capital assets (cont.)

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

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

(f) Prepaid expenses

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

(g) Revenues

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

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

Income from portfolio investments is recorded as earned.

(h) Expenses

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

2. Summary of significant accounting policies (cont.)

(h) Expenses (cont.)

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

(i) Measurement uncertainty

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

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

3. Portfolio investments

	<u>2023</u>	<u>2022</u>
<u>Portfolio investments, at cost</u>	<u>\$ 600,122</u>	<u>\$ 700,122</u>
<u>Portfolio investments, at market</u>	<u>\$ 600,122</u>	<u>\$ 700,122</u>

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from May 18, 2023, to August 19, 2023, and interest rates ranging from 1.70% to 3.50%.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

4. Accounts receivable

	<u>2023</u>	<u>2022</u>
Investment income receivable	\$ 10,099	\$ 2,777
Harmonized sales tax receivable	12,540	14,448
Province of Newfoundland and Labrador (Note 16)	13,400	10,800
<u>Other Receivable</u>	<u>-</u>	<u>1,816</u>
	\$ 36,039	\$ 29,841

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

5. Retirement benefits

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

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2022 - 11.85%). The Foundation's contributions equal the employee contributions to the plan. Total pension expense for the Foundation for the year ended March 31, 2023 was \$19,951 (2022 - \$19,525).

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, 2023 were \$3,955 (2022 - \$2,912).

6. Deferred revenue

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

6. Deferred revenue (cont.)

	Balance, beginning of year (Note 18)	Receipts during year	Transferred to revenue	Balance, end of year
Registered Heritage Structures	\$ 435,668	\$ 150,000	\$ 142,231	\$ 443,437
Fisheries Heritage Preservation Program	51,167	-	1,108	50,059
Sub-total Heritage Grants	486,835	150,000	143,339	493,496
Ecclesiastical	86,302	-	-	86,302
Registered Heritage Districts	42,161	-	5,553	36,608
New Horizons for Seniors Program	38,365	24,649	29,003	34,011
Virtual Museum	9,209	3,000	12,209	-
Labour Market Partnership Program (Note 11)	15,172	128,800	143,972	-
	\$ 678,044	\$ 306,449	\$ 334,076	\$ 650,417

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

7. Tangible capital assets

	Systems development	Office and computer equipment	Total
Cost			
Balance, March 31, 2022	\$ 267,096	\$ 78,224	\$ 345,320
Acquisition of Tangible Capital Assets	-	-	-
Balance, March 31, 2023	267,096	78,224	345,320
Accumulated amortization			
Balance, March 31, 2022	267,096	78,224	345,320
Amortization expense	-	-	-
Balance, March 31, 2023	267,096	78,224	345,320
Net book value, March 31, 2023	-	-	-
Net book value, March 31, 2022	\$ -	\$ -	\$ -

8. Accumulated surplus

Section 25 of the Historic Resources Act requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation. The Fund consists of the accumulated surplus of the Foundation. As at March 31, 2023, the Fund balance was \$82,893 (2022 - \$90,487, Note 18).

9. Expenses by object

The following is a summary of expenses by object:

	2023	2022 (Note 18)
Amortization	\$ -	\$ 520
Communications	5,268	5,513
Grants	148,892	168,824
Professional services	36,368	102,559
Property, furnishings, and equipment	651	586
Purchased services	142,027	159,898
Salaries and benefits	388,122	416,259
Travel	5,940	8,587
	\$ 727,268	\$ 862,746

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

10. Other initiatives

The Foundation incurred expenses related to the following other initiatives.

	<u>2023</u>	<u>2022</u>
Ecclesiastical	\$ -	\$ 4,062
Other	<u>15,868</u>	<u>2,263</u>
	<u>\$ 15,868</u>	<u>\$ 6,325</u>

11. Labour Market Partnership Program

On January 11, 2021, an Agreement (the Agreement) respecting a project called "Labour Market Partnerships" was signed between the Foundation and the Province. The Agreement provides funding for training to address critical gaps and loss of knowledge in Newfoundland and Labrador in the maximum amount of \$433,500.

Since the start of the Agreement to March 31, 2023, the Foundation has received funds totaling \$433,500 (2022 - \$304,700) and incurred expenses totaling \$433,500 (2022 - \$289,528, Note 18) relating to the project. During the year ended March 31, 2023, expenses of \$143,972 (2022 - \$287,301, Note 18) were incurred related to the project. There was no remaining deferred revenue related to Labour Market Partnership Program funding as at March 31, 2023 (2022 - \$15,172, Note 18).

12. Intangible Cultural Heritage Strategy

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year ended March 31, 2023, the Foundation recognized \$128,212 (2022 - \$96,765) in revenue and incurred expenses of \$129,124 (2022 - \$97,165) related to the Strategy.

13. Contractual obligations

As at March 31, 2023, the Foundation had committed \$289,836 (2022 - \$329,311) 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.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

14. Financial risk management

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

Credit risk

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

Liquidity risk

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

Market risk

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

15. Budgeted figures

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

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 \$628,300 (2022 - \$623,000). The Foundation recognized \$642,364 (2022 - \$803,212, Note 18) in revenue from the Province of Newfoundland and Labrador, including deferred revenue recognized in the fiscal year in which it is spent.
- (b) During the year, the Foundation did not recognize any revenue from Crown Corporations of the Province of Newfoundland and Labrador (2022 - \$2,100).
- (c) The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.
- (d) Accounts receivable includes \$13,400 (2022 - \$10,800) due from the Province of Newfoundland and Labrador through the normal course of business.

17. Non-financial assets

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

18. Prior period reclassifications and restatements

During the year, it was determined that expenses incurred relating to the Labour Market Partnership Program were incorrectly allocated to administration rather than to the Labour Market Partnership Program in 2022. As a result, certain amounts presented in 2022 have been revised to correct these misstatements.

As a result of the incorrect allocation of Labour Market Partnership Program expenses for the year ended March 31, 2022, the following items were misstated:

- On the statement of financial position, deferred revenue was overstated by \$15,553 and net financial assets and accumulated surplus were understated by \$15,553.
- On the statement of operations, administration expenses were overstated by \$15,553 and Province of Newfoundland and Labrador revenue, Labour Market Partnership Program expenses, annual surplus and ending accumulated surplus were understated by \$15,553.
- On the statement of change in net financial assets, annual surplus and ending net financial assets were understated by \$15,553.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

18. Prior period reclassifications and restatements (cont.)

- On the statement of cash flows, annual surplus and the change in deferred revenue were understated by \$15,553.
- In Note 6, Labour Market Partnership Program deferred revenue was overstated by \$15,553.
- In Note 8, the Fund balance was understated by \$15,553.
- In Note 9, salaries and benefits was overstated by \$15,553 and professional services was understated by \$15,553.
- In Note 11, deferred revenue was overstated by \$15,553 and total incurred expenses and annual incurred expenses were understated by \$15,553.
- In Note 16, grant funding recognized in revenue from the Province of Newfoundland and Labrador was understated by \$15,553.