

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR



ANNUAL REPORT 2006-07

September 30th, 2007

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

I am very pleased to present the 2006-07 Annual Report of The Rooms Corporation of Newfoundland and Labrador. The Rooms Corporation is an innovative cultural institution that represents and showcases Newfoundland and Labrador to itself and to the world while bringing the wider world to its doorstep.

As stated in *The Rooms Act*, section 4, the objects of the corporation are to:

- a) collect, preserve and make available for research the historic artifacts, natural history specimens and archival records that represent and illustrate the significant history, culture and natural heritage of the province;
- b) conduct research with respect to the history, natural history, culture and heritage of the province for the purposes of paragraph (a)
- c) collect and present provincial, national and international contemporary and historic art;
- d) advance and promote the works of contemporary visual artists of the province;
- e) support the development of cultural industries in the province;
- f) strengthen the culture of the province; and
- g) provide and enhance client services and partnerships to promote the cultural collections of the province and to show other national and international collections.

I am delighted that through its many exhibits, workshops, outreach and educational programs, The Rooms is becoming central to the lives of thousands of residents and a destination of choice for tourists and visitors from around the world.

This Annual Report will be the last "activity-based" report of The Rooms Corporation, its Strategic Plan, with appropriate goals and indicators, having been completed during the 2006-07 fiscal year. The Rooms has identified five strategic priorities to guide its work over the next four years: **Management of Collections**, with the goal of increasing public access; **Meaning and Value for Communities**, through temporary exhibits that treat a wide variety of contemporary topics and issues; **Financial Planning**, to increase private-sector support of The Rooms; **Education**, to offer multi-disciplinary educational experiences to children throughout the province; and **Social Relevance**, to stimulate dialogue and deepen understanding of the changes that are occurring throughout the province, the country and the world around us. The activities outlined in this Annual Report set the stage for the realization of these important institutional priorities and are consistent with the overall strategic direction of The Rooms Corporation since its inception in the spring of 2005.

The Newfoundland and Labrador public is firmly behind The Rooms. This achievement has been the result of hundreds of management and board decisions, all of which continue to be grounded in our commitment to the public interest and to the people of Newfoundland and Labrador. Indeed, The Rooms has been successful in bolstering the pride and identity of Newfoundlanders and Labradorians in only two short years.

The 2006-07 annual report is submitted in accordance with government's commitment to accountability. It was prepared under my direction, and addresses The Rooms' activities and outcomes from April 1, 2006 to March 31, 2007.



Dr. Priscilla Renouf
Chair
The Rooms Corporation of Newfoundland and Labrador

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1. OVERVIEW

The Rooms Corporation of Newfoundland and Labrador developed its first Strategic Plan during the 2006/07 fiscal year. Subsequent Annual Reports will include progress against the identified measures and indicators under five Priorities and Goals.

Vision

The Rooms Corporation is an innovative cultural institution that represents and showcases Newfoundland and Labrador to itself and to the world while bringing the wider world to its doorstep.

Mission statement

By 2011, The Rooms Corporation will have improved its capacity to better meet the needs of the public, as an innovative cultural institution.

Measure: Improvement in capacity

Indicators:

- Improved management of collections, ie. cataloguing, conservation, accessibility of existing and new collections;
- Increase in number of collections-based temporary and travelling exhibits;
- Enhanced interdisciplinary programs and exhibits;
- Increase in access through virtual exhibits and new technology;
- Integration of business and operational processes;
- Increase visitation / use of all of The Rooms facilities and services;
- Implementation of a feedback process for visitors, donors, users;
- Development program in place (sponsorship, membership);
- Enhance educational programming for school-aged children, youth and life-long learners;
- Increase in The Rooms' activities throughout the province.

Lines of Business

The Rooms Corporation counts the Provincial Archives, Art Gallery and Museum among its divisions, all of which are responsible for collections development, collections management and programming in their respective disciplines. While these divisions develop their own programs from year to year, The Rooms also undertakes the development of multi-disciplinary public and education programs which draw their content from all three of these programming divisions.

The Rooms acquires, preserves, presents and makes available for research the historic artifacts, natural history specimens and archival records that represent and illustrate the significant history, culture and natural heritage of the province.

- 1) The Rooms collects and presents provincial, national and international contemporary and historic art; is the province's steward of archival records and a co-facilitator of Information Management initiatives, and serves to inform, present and interpret the province's history.

- 2) The Rooms is an important education and outreach vehicle, aiming to provide access to its collections through education programs, travelling exhibits, regional operations, virtual access, workshops, and residency programs.
- 3) The Rooms is responsible for collections security, research, maintenance and preservation to safeguard the provincial memory, history and culture.
- 4) The Rooms provides support to professional constituencies in the archival, visual arts and museum fields.

Number of Employees

The Rooms has a total of 60 full time employees, including three full-time employees who operate the three regional museums, the Mary March Museum, Seamen's Museum and the Labrador Interpretation Centre. There are also 20 part-time employees who perform various duties in general areas of The Rooms, the reference desk in the Archives and at the three regional museums.

Physical Location

The Rooms is located in St. John's, with regional facilities located in Grand Falls-Windsor, Grand Bank, and North West River.

Other Key Statistics

Visitation

The Rooms opened to the public on June 29, 2005 and had 35,000 visitors during its first week of operations. Visitation from July 1, 2005 - March 31, 2006 was 57,200. During the same period in 2006-07 (July 1, 2006 - March 31, 2007), The Rooms enjoyed 61,500 visitors, an increase of 7.5%. Visitation between January and March 2007 increased by 22% over 2006, from 8,600 to 10,500 visitors, in these traditionally slow months.

Beyond the many exhibits and programs offered by the Archives, Art Gallery, and Museum Divisions during the year, the programs of the General Programming Committee have continued to drive visitation at the Rooms. These inter-disciplinary programs are built around Newfoundland and Labrador themes and topics, as well as holidays such as Christmas and St. Patrick's Day. Consequently, they have an appeal and relevance for thousands of residents and visitors who may not have had a prior interest in contemporary and historic art, heritage, or archival research.

Outreach to all residents and visitors will continue to be a chief priority for The Rooms Corporation.

Organizational Merger

The merger of the provincial Archives, Art Gallery and Museum continued apace in 2006/07. The operating environment of The Rooms Corporation will continue to integrate those functions necessary to achieve the priorities and goals of the Corporation. These functions include finance, operations, human resources, marketing, development, technical services, educational programming, inter-disciplinary programs and exhibitions, and other functions as determined by the CEO and the Management Committee.

Conclusion

The decision to merge the Province's Archives, Art Gallery and Museum under the aegis of a provincial Crown Corporation, with appropriate legislation necessary to govern and manage its affairs, has been a successful model. While cultural institutions across North America struggle with issues of sustainability and accountability for use of the public funds with which they have been entrusted, The Rooms Corporation has succeeded in capturing the support of the broad public, and of the Government, in a very short time.

Such broad public support and engagement will continue to sustain The Rooms, while sound and centralized management and governance practices will build public trust in both the Corporation and in the stewardship of the Government of Newfoundland and Labrador.

2. SHARED COMMITMENTS

The Rooms carries out its mandate in association with other partners. These include:

Canada Council for the Arts. The Canada Council for the Arts, reporting to Parliament through the Minister of Canadian Heritage, is a national arm's-length agency which fosters the development of the arts in Canada through grants, services and awards to professional Canadian artists and arts organizations, as well as administering scholarly awards.

Department of Canadian Heritage. Canadian Heritage is responsible for national policies and programs that promote Canadian content, foster cultural participation, active citizenship and participation in Canada's civic life, and strengthen connections among Canadians.

3. PROGRESS BY DIVISION

a) Board of Directors and Administration

Board of Directors

The Board of Directors met quarterly in 2006/07: in April, June and November 2006 and in February 2007. The standing committees of the Board (Executive, Finance, Governance, and Strategic Planning) also met quarterly. On the basis of review and recommendation from appropriate committees, the Board of Directors approved a wide range of policies. Examples include:

- Terms of Reference for Level 0 and Site Development Advisory Committees;
- Strategic Plan 2007/08;
- Operating Budget 2007/2008 and quarterly financial reports;
- Terms of Reference and members for the Archives, Art Gallery and Museum Advisory Committees;
- Transfer of responsibility for the Labrador Interpretation Centre to The Rooms Corporation;
- Development of an Irish Room exhibit;
- Increase in CAMDO/CMA artist fee payments.

Administration

The CEO and the Directors of the five divisions of The Rooms Corporation – Finance and General Operations, Marketing and Development, Archives, Art Gallery and Museum comprise the Management Committee. The Management Committee meets weekly to make institution-wide decisions on all aspects of the day-to-day operations of The Rooms.

b) Finance and General Operations Division

Finance

Careful oversight of the Corporation's finances and operations was maintained throughout 2006-07.

General Operations

Capital improvements to the facility included the design and construction of the restaurant kitchen, the Giftshop, and the atrium display cases on Level 2 of The Rooms.

c) Marketing and Development Division

Marketing

The contracts for operation of the restaurant (The Rooms Cafe) and Giftshop were awarded and both opened on June 1st, 2006. Menus and product lines were developed and approved. All print materials, advertising, etc. are now produced "in-house", resulting in significant savings.

Development

The Rooms secured its first, major corporate sponsorship in support of its education programs from BMO Financial Group in 2005/06. Development of the BMO "Travelling Culture Kits" began in earnest in 2006/07, curriculum-linked kits that will be forwarded to all school boards in the province in the fall of 2007.

The Rooms received an individual donation in the amount of \$100,000 towards the development of a Site Development Plan in 2006/07. Capital plans for development of the site and of Level 0 under The Rooms will follow in the spring of 2007.

d) The Rooms Provincial Archives Division

The Archives continues to receive important donations of archival material on a weekly basis (for example, Christopher Pratt papers and images, Francophone Association records, Reid Newfoundland Co. papers, Bell Island Hockey images from the 1940s). Shelving installation in vaults was completed and the remaining off-site collections were moved to The Rooms.

The Association of Canadian Archivists Conference was hosted in late June 2006 and participants were overwhelmed by the quality of the infrastructure and services offered through the Archives Division of The Rooms. Our provincial archives may well be the best in the country. The Archives also hosted the Newfoundland and Labrador Family History Society and several school groups during 2006/07.

The Archives continues to mount "mini-exhibits" in the Reference Room including Battle Harbour 1910 and The NL Federation of Labour". By the end of March 2007, the Archives was approaching 20,000 registered researchers.

e) The Rooms Provincial Art Gallery Division

The Art Gallery presented a wide range of exhibitions including:

- Thaddeus Holownia: The Terra Nova Suite
- Masterworks of Nineteenth Century French Realism
- Simple Bliss: The Paintings and Prints of Mary Pratt
- A Project by Young Photographers
- Recent Acquisitions from the Permanent Collection
- Notes on Location: Sampled Sites in Books by Artists
- Peter Wilkins: 12 Kinetic Portraits
- The Peter Winkworth Collection of Canadiana: Rocky Shores and Stormy Seas
- In the Shadow of the Midnight Sun: Sami and Inuit Art.

This is very balanced programming offering a mixture of the historic and contemporary visual art of the Province, works by school-aged children, international contemporary art, national and regional (Atlantic) themes.

The 2006/07 Art Procurement Program purchased several works that were exhibited at The Rooms during the year. A total of 60 original works were purchased from among 446 submissions including paintings and drawings, prints, photo-based pieces, textile works, sculptural works and stained glass pieces.

f) The Rooms Provincial Museum

The Museum mounted several traveling and temporary exhibits, the latter drawing upon artifacts from the permanent collection. These exhibitions included:

- Wildflowers of Newfoundland and Labrador
- Our Feathered Friends
- Hummingbirds of the Americas
- Sila: Clue in to Climate Change
- Sable Chief - Mascot of the Royal Newfoundland Regiment
- Celebrating the Achievements of Johnny Rowe
- The Newfoundland Ranger Force
- Newfoundland and Labrador War Brides
- Cottage Hospitals: Celebrating 70 Years of Caring
- Contemporary Hooked Rugs of Newfoundland and Labrador.

The Museum moved its Natural History Collections from the previous building on Duckworth St. to The Rooms in preparation for their new home at 50 Parade St. The Parade St. building underwent significant capital upgrades in 2006/07.

The Rooms Corporation is also responsible for the Seamen's Museum in Grand Bank, the Mary March and Logger's Life Museums in Grand Falls and of this year, the Labrador Interpretation Centre in North West River.

4. KEY FINANCIAL RESULTS

Statement of Revenues, Expenses and Surplus

Revenue

The Rooms Corporation had a deficit of (\$255,959) on revenues of \$7,528,615 in 2006-07 as it expensed one-time Special Projects approved by the Board in 2005/06. These Special Projects, necessary to complete The Rooms' infrastructure and start-up requirements, included:

- Cube van and 2 mini-vans
- Atrium display cases
- Professional development
 - Project management and innovation seminars
 - Project management courses for directors
- Governance seminar consultants
- Strategic planning consultant
- 4th floor programming
- Archives colonial secretary records project
- Giftshop furnishings
- Overtime liability.

Admissions revenue increased from \$239,000 in 2005-06 to \$290,000 in 2006-07, while federal government support increased from \$225,000 to \$534,000. Donations also increased from \$81,000 in 2005-06 to \$105,000 in 2006-07.

Expenses

Expenses totaled \$7.785 million, including \$2.052 million in building operation expenses and \$3.018 million in salary costs, the latter increasing from \$2.686 million as The Rooms filled positions vacant in the previous year.

Balance Sheet

Assets include \$777,000 in restricted funds while Liabilities include \$909,000 in deferred revenue earmarked for various costs to be incurred in 2007-08 (eg. capital funds for the regional museums in Grand Bank and Grand Falls/Windsor).

5. OPPORTUNITIES AND CHALLENGES AHEAD

a) Education, Public Programming and Outreach

The BMO Financial Group "Travelling Culture Kits" will be distributed to schools in the fall of 2007. As this is a pilot year for the project, future kits will be based on feedback from teachers and the Department of Education during 2007/08.

The Rooms plans to create an Education and Public Programming Unit with a new Manager position to coordinate all aspects of this function. The goal is to maximize visitation to The Rooms in the years ahead.

b) Governance Policy

Terms of Reference for a governance consultant are under development and a comprehensive Governance Policy for The Rooms Corporation, consistent with all applicable legislation and government policy and procedure will be developed.

c) Strategic Planning

A major challenge will be the implementation of the first Strategic Plan, which calls for increased activity in most areas of the institution, from collections management to exhibit development, programming, and revenue generation. The implementation of The Rooms new organizational structure over the next year will facilitate this process considerably.

d) Giftshop

While The Rooms Giftshop has been open to the public since June 1, 2006, product-lines will be greatly expanded and based primarily on objects from the collections. The overall profitability of the Giftshop will be reviewed and enhanced.

e) Regional Museum Renewal / Traveling Exhibits

The move to The Rooms required the Museum to increase both the quantity and quality of temporary exhibits drawn from the over one million artifacts and specimens held in its permanent collections. While these collections must be carefully maintained for future generations, The Rooms Corporation will ensure that the greatest possible public benefit is derived from them. The process of moving these artifacts out of the vaults and into the galleries of The Rooms where the public may experience them will remain one of the Corporation's central challenges in the years ahead.

The Department of Tourism, Culture and Recreation has earmarked \$1.9 million for regional museum renewal over the next three years. The Rooms will renew these Museums by enhancing permanent exhibits, building appropriate space for traveling exhibits and school programs, and creating "Open Storage" areas for durable artifacts currently stored in various locations around St. John's.

f) Revenue Generation

Admission and rental fees at The Rooms were kept low during the first two years of operations in order to maximize public access to the new facility. However, with expenses increasing over the coming years, particularly in the salaries category as key positions are filled, additional revenues will be necessary. The Rooms Corporation, in consultation with the government, must determine the appropriate fee level to allow The Rooms to balance its budget in the years ahead, while meeting the expectations of the public who have become accustomed to the low fees at The Rooms.

APPENDIX A: FINANCIAL STATEMENTS



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

**THE ROOMS CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2007

To the Corporation and Members
The Rooms Corporation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the financial statements of The Rooms Corporation of Newfoundland and Labrador as at 31 March 2007 and the components of revenues and expenses, surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

A financial audit is conducted in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, supporting documents for the accuracy and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Auditor General

St. John's, Newfoundland and Labrador
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OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The Rooms Corporation of Newfoundland and Labrador as at 31 March 2007 and the statements of revenues and expenses, surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 June 2007

Chairperson

Member

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET

31 March

2007

2006

ASSETS

Current

Cash	\$ 1,364,325	\$ 1,664,396
Accounts receivable (Note 2)	277,572	242,314
Inventory	70,985	21,249
	<u>1,712,882</u>	<u>1,927,959</u>
Restricted cash (Note 3)	777,303	53,370
Capital assets (Note 4)	<u>447,606</u>	<u>77,333</u>
	<u>\$ 2,937,791</u>	<u>\$ 2,058,662</u>

LIABILITIES AND SURPLUS

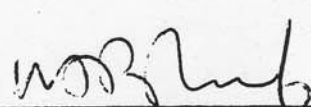
Current

Accounts payable and accrued liabilities	\$ 888,596	\$ 258,897
Deferred revenue (Note 6)	908,777	403,388
	<u>1,797,373</u>	<u>662,285</u>
Surplus	<u>1,140,418</u>	<u>1,396,377</u>
	<u>\$ 2,937,791</u>	<u>\$ 2,058,662</u>

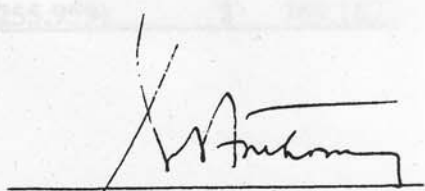
Commitments (Note 8)

See accompanying notes

Signed on behalf of the Board of Directors:



 Chairperson



 Member

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES AND EXPENSES

For the Year Ended 31 March

2007

2006

REVENUES

Province of Newfoundland and Labrador	\$ 6,368,349	\$ 6,051,446
Federal Government	533,584	225,167
Admissions revenue	290,465	239,033
Gift shop sales	140,863	-
Donations	105,310	81,114
Interest revenue	90,044	10,820
External funding	-	18,813
	7,528,615	6,626,393

EXPENSES

Advertising	489,194	389,649
Amortization expense	72,374	46,294
Appraisals and acquisitions	473,876	119,561
Building expenses	2,051,673	1,238,792
Building readiness and moving	20,417	39,363
Conference and registration fees	38,176	12,413
Core programming	555,954	519,258
Cost of gift shop sales	86,976	-
Meeting expenses	137,380	134,760
Office equipment and supplies	87,402	71,677
Professional services	511,621	350,950
Salaries and benefits	3,017,853	2,686,491
Telecommunications and courier	55,458	57,136
Travel	186,220	190,887
	7,784,574	5,857,231

**Excess of (expenses over revenues)
revenues over expenses**

\$ (255,959) \$ 769,162

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF SURPLUS

For the Year Ended 31 March

2007

2006

<u>Surplus, beginning of year</u>	<u>\$ 1,396,377</u>	<u>\$ 627,215</u>
Excess of (expenses over revenues) revenues over expenses	(255,959)	769,162
<u>Surplus, end of year</u>	<u>\$ 1,140,418</u>	<u>\$ 1,396,377</u>

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

2007

2006

Cash flows from operating activities

Excess of (expenses over revenues)

revenues over expenses

\$ (255,959)

\$ 769,162

Add non-cash items:

Amortization expense

72,374

46,294

(183,585)

815,456

Net change in non-cash working capital items

1,050,094

(139,814)

866,509

675,642

Cash flows from investing activities

Purchase of capital assets

(442,647)

(41,943)

Restricted cash

(723,933)

(2,370)

(1,166,580)

(44,313)

(Decrease) increase in cash

(300,071)

631,329

Cash, beginning of year

1,664,396

1,033,067

Cash, end of year

\$ 1,364,325

\$ 1,664,396

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Rooms Corporation of Newfoundland and Labrador (the Corporation) was established as a corporation under the *Rooms Act* on 19 May 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 18 November 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.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Amortization is calculated on a straight line basis as follows:

- Computer equipment and software - 3 years
- Furniture and equipment - 7 years
- Vehicles - 5 years

(b) Deferred revenue

The Corporation follows the deferred method with respect to externally restricted revenue.

2. Accounts receivable

	2007	2006
Province of Newfoundland and Labrador	\$ 58,600	\$ 136,000
Harmonized sales tax	186,626	98,069
Other	32,346	8,245
	\$ 277,572	\$ 242,314

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2007

3. Restricted cash

During 2006-07, the Corporation received the following:

- (a) \$515,000 from the Department of Tourism, Culture and Recreation to improve the regional museums in the Province. To date this project has not commenced.
- (b) \$100,000 from a private donor to sponsor a site development plan for the Corporation and its surrounding grounds. To date decisions relating to this project have not been finalized.
- (c) \$83,333 from a corporate donor to sponsor the Corporation's Education and Outreach Program. To date decisions relating to the use of these monies for the Education and Outreach Program have not been finalized.
- (d) \$50,000 from the Department of Education to sponsor a series of virtual mini-exhibits. To date decisions relating to these exhibits have not been finalized.

During 2005-06, the Corporation received \$2,370 from a private donor to purchase a series of photographs. To date these photographs have not been purchased.

During 2004-05, the Corporation received \$26,000 from a private donor to sponsor an exhibit of a B-17 Bomber. During 2006-07, the Corporation applied \$24,400 to this exhibit. The balance of \$1,600 is still included in restricted cash for further costs relating to this exhibit.

During 2003-04, the Corporation received \$25,000 from a private donor to be deposited in to endowment fund, when it is set up, for the future use of the Corporation. To date that endowment fund has not been set up.

These funds, totalling \$777,303 (2006 - \$53,370), have been deposited with the Corporation's general funds and are reported in these financial statements as restricted cash.

4. Capital assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	\$ 176,722	\$ 127,434	\$ 49,288	\$ 42,663
Furniture and equipment	366,896	42,804	324,092	34,670
Vehicles	82,473	8,247	74,226	-
Capital assets transferred to the Corporation (Note 5)	1	1	-	-
	\$ 626,092	\$ 178,486	\$ 447,606	\$ 77,333

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
 31 March 2007

4. Capital assets (cont.)

These financial statements do not include the value of "The Rooms" building which contains the Provincial Archives, the Provincial Museum and the Art Gallery. Ownership of the building, which cost \$49.3 million to construct, is held by the Minister of Transportation and Works on behalf of the Province.

5. 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 now 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.

6. Deferred revenue

	2007	2006
Deferred revenue - Provincial	\$ 670,177	\$ 219,979
Deferred revenue - Federal	-	128,142
Deferred revenue - Other	238,600	55,267
	\$ 908,777	\$ 403,388

7. Related party transactions

The Corporation is administered by employees of the Department of Tourism, Culture and Recreation. Salaries and other costs of operations are paid directly by the Department and are reimbursed by the Corporation.

8. Commitments

The Corporation has entered into facility maintenance contracts representing commitments of \$674,357 for work which was not performed as of 31 March 2007. Of these total commitments, \$215,760 relates to work that will be performed by 31 March 2008 and the remaining \$458,597 is for long-term commitments.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 March 2007

9. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

There is no credit risk associated with the Corporation's accounts receivable because the accounts are primarily due from government. Therefore, no allowance has been provided against these receivables.

10. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to ultimately finance its costs of operations, the Corporation's ability to continue operations is dependent upon the decisions of Government.

11. Income taxes

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.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

