

The Alberta Historical Resources Foundation

Financial Statements

March 31, 2002

**THE ALBERTA HISTORICAL RESOURCES FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 2002**

Auditor's Report

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AUDITOR'S REPORT

To the Directors of the Alberta Historical Resources Foundation

I have audited the statement of financial position of the Alberta Historical Resources Foundation as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Foundation'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 Foundation as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed By Fred Dunn, CA
Auditor General

Edmonton, Alberta
May 24, 2002

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002

	2002			2001	
	Budget (Schedule 2)	Actual		Total	Total
		Operating Fund	Restricted Fund		
Revenues:					
Internal Government transfers					
Transfer from Department of Community Development	\$ 6,313,000	\$ 6,277,000	\$ -	\$ 6,277,000	\$ -
Transfers from the Lottery Fund	-	-	-	-	5,913,000
Investment income	248,000	136,101	995	137,096	202,965
Other revenue	6,000	32,441	-	32,441	26,528
	<u>6,567,000</u>	<u>6,445,542</u>	<u>995</u>	<u>6,446,537</u>	<u>6,142,493</u>
Expenses - Directly incurred (Note 2(b) and Schedule 1 and 4)					
Support to Provincial heritage organizations:					
Alberta Museums Association	1,200,000	1,200,000	-	1,200,000	1,200,000
Archives Society of Alberta	100,000	100,000	-	100,000	100,000
Other	78,000	78,450	-	78,450	78,450
	<u>1,378,000</u>	<u>1,378,450</u>	<u>-</u>	<u>1,378,450</u>	<u>1,378,450</u>
Glenbow-Alberta Institute	2,563,000	2,563,000	-	2,563,000	2,563,000
Heritage preservation projects	1,022,000	747,214	-	747,214	978,939
Main Street program	1,120,000	1,138,340	-	1,138,340	751,082
Heritage awareness projects	350,000	446,126	-	446,126	512,313
Roger Soderstrom Fellowship	5,000	-	3,343	3,343	4,282
Administration	129,000	161,573	-	161,573	129,623
	<u>6,567,000</u>	<u>6,434,703</u>	<u>3,343</u>	<u>6,438,046</u>	<u>6,317,689</u>
Net operating results	<u>\$ -</u>	10,839	(2,348)	8,491	(175,196)
Fund balances at beginning of year		<u>3,082,291</u>	<u>26,152</u>	<u>3,108,443</u>	<u>3,283,639</u>
Fund balances at end of year		<u>\$ 3,093,130</u>	<u>\$ 23,804</u>	<u>\$ 3,116,934</u>	<u>\$ 3,108,443</u>

The accompanying notes and schedules are part of these financial statements.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Current assets:		
Cash (Note 3)	\$ 3,127,204	\$ 3,098,981
Inventory	5,581	5,012
Accounts receivable	5,625	5,161
	3,138,410	3,109,154
Cash appropriated for non-current uses (Note 3 and Note 7)	50,000	50,000
Capital assets (Note 4)	-	316
	\$ 3,188,410	\$ 3,159,470
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,476	\$ 1,027
Equity:		
Fund balances:		
Unrestricted operating fund	3,093,130	3,082,291
Restricted funds (Note 6)	23,804	26,152
	3,116,934	3,108,443
Reserve (Note 7)	50,000	50,000
	3,166,934	3,158,443
	\$ 3,188,410	\$ 3,159,470

The accompanying notes and schedules are part of these financial statements.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Operating transactions:		
Net operating results	\$ 8,491	\$ (175,196)
Non-cash items:		
Amortization of capital assets	316	474
	8,807	(174,722)
Decrease (increase) in inventory	(569)	514
(Increase) in accounts receivable	(464)	(4,305)
Increase (decrease) in accounts payable and accrued liabilities	20,449	(59,609)
	28,223	(238,122)
Cash provided by (used for) operating transactions		
	28,223	(238,122)
Increase (decrease) in cash		
	3,098,981	3,337,103
Cash at beginning of year		
Cash at end of year	\$ 3,127,204	\$ 3,098,981

The accompanying notes and schedules are part of these financial statements.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 1 Authority and Purpose

The Alberta Historical Resources Foundation (Foundation) operates under the authority of the Historical Resources Act, Chapter H-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is to assist in the preservation and interpretation of Alberta's heritage primarily through the encouragement and sponsorship of community heritage initiatives.

The Foundation is a crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Foundation, which is part of the Ministry of Community Development and for which the Minister of Community Development is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Fund Accounting

Transactions are grouped, for reporting purposes, into funds in accordance with specified activities or objectives. These funds are described as follows:

- The operating fund accounts for the revenues and expenses associated with the primary activities of the Foundation.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Fund Accounting (continued)

- Restricted funds account for contributions received with imposed conditions on how the funds are to be used, interest earned and the expenses associated with the specified activities.

Revenue

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include amortization of capital assets.

Incurred by Others

Services contributed by other entities in support of the Foundation operations are disclosed in schedule 4.

Assets

Financial assets of the Foundation are limited to financial claims, such as receivables from other organizations as well as inventories held for resale.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets (continued)

Capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing capital assets is \$5,000.

Collections of historical assets held by the Foundation are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of collection items are reported as revenue and expenses at their fair value when fair value can be determined.

Liabilities

Liabilities represent all financial claims payable by the Foundation at fiscal year end.

Fair value

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the Foundation's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 4 Capital Assets

		<u>2002</u>		<u>2001</u>	
	<u>Estimated Useful Life</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	7 years	\$ 5,290	\$ (5,290)	\$ -	\$ 316

Note 5 Collections

The Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and books of historical interest to the Province of Alberta. During the year, the Foundation did not acquire or dispose of any historical assets.

Note 6 Restricted Funds

	<u>2002</u>	<u>2001</u>
Roger Soderstrom Fellowship fund ^(a)	\$ 23,804	\$ 26,152

(a) The Roger Soderstrom Fellowship fund is a scholarship designed to encourage professional development and advanced studies in the field of heritage conservation in Alberta.

Note 7 Reserve

The reserve has been established from the operating fund for the purpose of retaining an ongoing funding capability. Transfers from the reserve to the operating fund require board approval.

Interest earned on the cash appropriated for the reserve is reported as operating revenue.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 8 Honoraria

	2002			2001
	Benefits and			
	Honoraria ^(a)	Allowances ^(b)	Total	Total
Board ^(c) :				
Chair	\$ 4,345	\$ -	\$ 4,345	\$ 1,772
Other members (10)	23,629	-	23,629	15,756
	\$ 27,974	\$ -	\$27,974	\$ 17,528

^(a) The Foundation has no employees. Staff of the Department of Community Development administers the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Directive 12/98, is included in the financial statements of the Department of Community Development.

^(b) No benefits were provided to Board members.

^(c) Members appointed to the Foundation are paid for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, out-of-town meetings and for attending to other Foundation duties.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 9 Commitments

At the year-end, the Foundation had the following grant commitments:

	2002	2001
Heritage preservation ^(a)	\$ 1,399,979	\$ 1,391,200
Heritage awareness ^(a)		
2002 - 2003	521,528	705,423
Main Street program ^(b)		
2001 - 2002	-	580,000
2002 - 2003	485,000	280,000
2003 - 2004	170,000	75,000
2004 - 2005	40,000	-
Provincial Heritage Organizations		
2001 - 2002	-	3,863,000
	\$ 2,616,507	\$ 6,894,623

^(a) These commitments are for grants approved as at March 31, 2002 but not disbursed because certain conditions were still to be met by applicants. Under this program, grant payments to successful applicants are provided only after completion or partial completion of the project, submission of invoices or receipts, and approval of eligible expenditures.

^(b) These are contractual commitments to pay organizations in the periods indicated, subject to satisfactory progress of the projects.

Note 10 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
EXPENSES DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002

	2002		2001
	Budget	Actual	Actual
Grants	\$ 3,755,000	\$ 3,377,535	\$ 3,395,099
Supplies and services	2,619,000	2,854,221	2,736,588
Supplies and services from support services arrangements with related parties ^(a)	178,000	178,000	168,000
Honoraria (Note 8)	15,000	27,974	17,528
Amortization	-	316	474
	\$ 6,567,000	\$ 6,438,046	\$ 6,317,689

(a) The Foundation receives financial and program related administrative services from the Department of Community Development.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
BUDGET
FOR THE YEAR ENDED MARCH 31, 2002

	2001 - 2002 Estimates	Treasury Board Approval	2001 - 2002 Authorized Budget
Revenues:			
Internal Government transfers			
Transfer from Department of Community Development	\$ 6,313,000	\$ -	\$ 6,313,000
Investment income	248,000	-	248,000
Other revenue	6,000	-	6,000
	<u>6,567,000</u>	<u>-</u>	<u>6,567,000</u>
Expenses:			
Support to Provincial heritage organizations	1,378,000	-	1,378,000
Glenbow-Alberta Institute	2,563,000	-	2,563,000
Heritage preservation projects	1,022,000	-	1,022,000
Main Street program	1,120,000	-	1,120,000
Heritage awareness projects	350,000	-	350,000
Roger Soderstrom Fellowship	5,000	-	5,000
Administration	129,000	-	129,000
	<u>6,567,000</u>	<u>-</u>	<u>6,567,000</u>
Net operating results	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budget was approved by the Board of Directors on May 3, 2001.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Foundation had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenue:				
Transfer from Department of Community Development	\$ 6,277,000	\$ -	\$ -	\$ -
Transfers from the Lottery Fund	-	-	-	5,913,000
	<u>\$ 6,277,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,913,000</u>
Expenses - directly incurred:				
Grants	\$ 25,000	\$ 49,920	\$ -	\$ -
Other services	-	-	3,338	1,254
	<u>\$ 25,000</u>	<u>\$ 49,920</u>	<u>\$ 3,338</u>	<u>\$ 1,254</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - incurred by others:				
Accommodation	\$ -	\$ -	\$ 9,434	\$ 9,932
Other services	300,159	252,123	-	813
	<u>\$ 300,159</u>	<u>\$ 252,123</u>	<u>\$ 9,434</u>	<u>\$ 10,745</u>

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2002

Program	2002				2001
	Expenses ⁽¹⁾	Expenses - incurred by others			Total Expenses
		Accommodation Costs	Other Services	Total Expenses	
Support to Provincial heritage organizations	\$ 1,378,450	\$ -	\$ -	\$ 1,378,450	\$ 1,378,450
Glenbow-Alberta Institute	2,563,000	-	-	2,563,000	2,563,000
Heritage preservation projects	747,214	-	-	747,214	978,939
Main Street program	1,138,340	3,502	56,512	1,198,354	782,751
Heritage awareness projects	446,126	-	-	446,126	512,313
Roger Soderstrom Fellowship	3,343	-	-	3,343	4,282
Administration	161,573	5,932	243,647	411,152	360,822
	<u>\$ 6,438,046</u>	<u>\$ 9,434</u>	<u>\$ 300,159</u>	<u>\$ 6,747,639</u>	<u>\$ 6,580,557</u>

⁽¹⁾ Expenses - directly incurred is per Statement of Operations.