

The Government House Foundation

Financial Statements

March 31, 2003

**The Government House Foundation
Financial Statements
March 31, 2003**

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AUDITOR'S REPORT

To the Members of Government House Foundation

I have audited the statement of financial position of the Government House Foundation as at March 31, 2003 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, 2003 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 J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 23, 2003

**The Government House Foundation
Statement of Operations
For the year ended March 31, 2003**

	2003		2002
	Budget (Schedule 2)	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Alberta Historical Resources Foundation	\$ 25,000	\$ 25,000	\$ 25,000
Investment Income	2,000	2,935	3,854
Other Revenue	-	8,131	-
Donations	-	800	100
Donations of Artworks and Collections	-	-	94,795
	<u>27,000</u>	<u>36,866</u>	<u>123,749</u>
Expenses – Directly Incurred (Note 2b and Schedules 1 and 4)			
Public Relations	1,000	10,891	4,209
Administration	5,000	10,390	8,815
Insurance	2,000	1,898	1,853
Board Expenses	2,000	1,141	1,934
Collection Acquisitions	35,000	-	118,795
Conservation	3,000	-	2,748
	<u>48,000</u>	<u>24,320</u>	<u>138,354</u>
Net Operating Results	<u>\$ (21,000)</u>	12,546	(14,605)
Fund Balance at Beginning of Year		<u>87,085</u>	<u>101,690</u>
Fund Balance at End of Year		<u>\$ 99,631</u>	<u>\$ 87,085</u>

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

The Government House Foundation
Statement of Financial Position
As at March 31, 2003

	2003	2002
Assets		
Cash (Note 3)	\$ 99,728	\$ 87,552
Accounts Receivable	48	63
	\$ 99,776	\$ 87,615
Liabilities and Equity		
Accounts Payable and Accrued Liabilities	\$ 145	\$ 530
Equity		
Fund Balance	99,631	87,085
	\$ 99,776	\$ 87,615

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

**The Government House Foundation
Statement of Changes in Financial Position
For the year ended March 31, 2003**

	2003	2002
Operating Transactions		
Net Operating Results	\$ 12,546	\$ (14,605)
Decrease in Accounts Receivable	15	32
(Decrease) in Accounts Payable and Accrued Liabilities	(385)	(101)
Cash Provided by (Used by) Operating Transactions	12,176	(14,674)
Cash at Beginning of Year	87,552	102,226
Cash at End of Year	\$ 99,728	\$ 87,552

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

The Government House Foundation
Notes to the Financial Statements
For the year ended March 31, 2003

Note 1 Authority and Purpose

The Government House Foundation (Foundation) operates under the authority of the Government House Act, Chapter G-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is:

- To advise the Minister on the preservation of Government House as an historic site and building;
- To inform and stimulate the interest of the public in the historical and architectural development of Government House; and
- To solicit and receive, by gift, bequest, devise, transfer or otherwise any personal property for use or display in Government House.

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

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. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Government House 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

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 of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation, when fair value can reasonably be determined.

**The Government House Foundation
Notes to the Financial Statements
For the year ended March 31, 2003**

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

(b) Basis of Financial Reporting (continued)

Revenue (continued)

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

Incurred by Others

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

Artworks

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Proceeds from the disposition of artworks can only be used to acquire other items to be added to the collection or for the direct care of existing artworks.

Assets

Financial assets of the Foundation are limited to receivables from other organizations.

Liabilities

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

The Government House Foundation
Notes to the Financial Statements
For the year ended March 31, 2003

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The 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 the CCITF earnings, which varies depending on prevailing market interest rates.

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

Note 4 Artworks and Collections

The Government House Foundation actively collects various significant items pertaining to the history of Government House. The collection is accessible to the public and consists of paintings, drawings, prints, sculptures, furnishings, books and silverware. The majority of the collection is used or displayed in Government House, while some items are on loan to other provincial institutions.

At March 31, 2003, the collection consisted of approximately 379 pieces of artworks and other items, (2002 – 379), with an approximate value of \$948,342, (2002 – \$948,192). During the year, the Foundation purchased artworks at a total cost of \$Nil, (2002 – \$24,000). There were no contributions to the collections during the year, (2002 – \$94,795), and there were no disposals during the year. The approximate value of the collection increased by \$150 to reflect the valuation of one item that previously was unassessed.

Note 5 Commitments

At March 31, 2003, the Foundation had commitments in the amount of approximately \$4,000 (2002 – \$3,325) relating to program contracts.

Note 6 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 7 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

**The Government House Foundation
Expenses – Directly Incurred Detailed by Object
For the year ended March 31, 2003**

	2003		2002
	Budget	Actual	Actual
Supplies and Services			
General Office	\$ 2,000	\$ 11,214	\$ 2,529
Contract Services	5,600	8,329	10,743
Hosting	3,000	3,201	4,583
Materials and Supplies	37,400	1,576	120,488
Travel	-	-	11
	\$ 48,000	\$ 24,320	\$ 138,354

**The Government House Foundation
Budget
For the year ended March 31, 2003**

	2002-2003 Estimates ^(a)	Treasury Board Approval	2002-2003 Authorized Budget
Revenues			
Internal Government Transfers	\$ 25,000	\$ -	\$ 25,000
Investment Income	2,000	-	2,000
Other Revenue	-	-	-
	<u>27,000</u>	<u>-</u>	<u>27,000</u>
Expenses – Directly Incurred			
Public Relations	1,000	-	1,000
Administration	5,000	-	5,000
Insurance	2,000	-	2,000
Board Expenses	2,000	-	2,000
Collection Acquisitions	35,000	-	35,000
Conservation	3,000	-	3,000
	<u>48,000</u>	<u>-</u>	<u>48,000</u>
Net Operating Results	<u>\$ (21,000)</u>	<u>\$ -</u>	<u>\$ (21,000)</u>

^(a) The budget was approved by the Minister of Community Development on February 27, 2002.

**The Government House Foundation
Related Party Transactions
For the year ended March 31, 2003**

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, licences 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	
	2003	2002	2003	2002
Revenues				
Transfers from the Alberta Historical Resources Foundation	\$ 25,000	\$ 25,000	\$ -	\$ -
Expenses – Directly Incurred				
Other Services	\$ -	\$ -	\$ 2,043	\$ 1,853
Accounts Payable	\$ 145	\$ -	\$ -	\$ -

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	
	2003	2002	2003	2002
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 745	\$ 553
Other Services	6,616	6,654	-	-
	\$ 6,616	\$ 6,654	\$ 745	\$ 553

**The Government House Foundation
Allocated Costs
For the year ended March 31, 2003**

Program	2003		2002		
	Expenses (a)	Expenses – Incurred by Others		Total Expenses	
		Accommodation	Other Services		Total Expenses
Public Relations	\$ 10,891	\$ 334	\$ 2,963	\$ 14,188	\$ 4,486
Administration	10,390	318	2,827	13,535	9,157
Insurance	1,898	58	516	2,472	1,949
Board Expenses	1,141	35	310	1,486	2,138
Collection Acquisitions	-	-	-	-	124,983
Conservation	-	-	-	-	2,848
	<u>\$ 24,320</u>	<u>\$ 745</u>	<u>\$ 6,616</u>	<u>\$ 31,681</u>	<u>\$ 145,561</u>

(a) Expenses – Directly Incurred as per Statement of Operations.

