

The Government House Foundation

Financial Statements

March 31, 2004

**The Government House Foundation
Financial Statements
March 31, 2004**

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Auditor's Report

To the Directors of Government House Foundation

I have audited the statement of financial position of the Government House Foundation as at March 31, 2004 and the statements of operations and cash flow 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, 2004 and the results of its operations and its cash flows 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 21, 2004

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

The Government House Foundation
Statement of Operations
Year ended March 31, 2004

	2004		2003
	Budget (Schedule 2)	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Alberta Historical Resources Foundation	\$ 25,000	\$ 25,000	\$ 25,000
Investment Income	4,000	3,441	2,935
Other Revenue	-	-	8,131
Donations	-	-	800
	<u>29,000</u>	<u>28,441</u>	<u>36,866</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 4)			
Administration	11,000	10,000	11,167
Public Relations	1,000	9,751	13,153
Conservation of Collections	3,000	2,791	-
Collection Acquisitions	35,000	-	-
	<u>50,000</u>	<u>22,542</u>	<u>24,320</u>
Net Operating Results	<u>\$ (21,000)</u>	5,899	12,546
Fund Balance, Beginning of Year		<u>99,631</u>	<u>87,085</u>
Fund Balance, End of Year		<u>\$ 105,530</u>	<u>\$ 99,631</u>

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

The Government House Foundation
Statement of Financial Position
As at March 31, 2004

	2004	2003
Assets		
Cash	\$ 108,612	\$ 99,728
Accounts Receivable	85	48
	\$ 108,697	\$ 99,776
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 3,167	\$ 145
Equity		
Fund Balance	105,530	99,631
	\$ 108,697	\$ 99,776

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

The Government House Foundation
Statement of Cash Flow
Year ended March 31, 2004

	2004	2003
Operating Transactions		
Net Operating Results	\$ 5,899	\$ 12,546
Decrease (Increase) in Accounts Receivable	(37)	15
Increase (Decrease) in Accounts Payable and Accrued Liabilities	3,022	(385)
Cash Provided by Operating Transactions	8,884	12,176
Cash, Beginning of Year	99,728	87,552
Cash, End of Year	\$ 108,612	\$ 99,728

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

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2004

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 a 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 (Ministry) and for which the Minister of Community Development (Minister) 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

Revenues

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
Year ended March 31, 2004

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

(b) Basis of Financial Reporting (continued)

Revenues (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 and Collections

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.

Fair Value

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

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2004

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

Fair Value (continued)

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying value.

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 three 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, 2004, the collection consisted of approximately 379 (2003 – 379) pieces of artworks and other items, with an approximate value of \$948,342, (2003 – \$948,342). During the year, the Foundation purchased artworks at a total cost of Nil, (2003 – Nil). There were no contributions to the collections during the year, (2003 – Nil), and there were no disposals during the year, (2003 – Nil).

Note 5 Commitments

At March 31, 2004, the Foundation had commitments in the amount of approximately \$4,700 (2003 – \$4,000) relating to program contracts.

Note 6 Comparative Figures

Certain 2003 figures have been reclassified to conform to the 2004 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
Year ended March 31, 2004

	2004		2003
	Budget	Actual	Actual
Supplies and Services			
Contract Services	\$ 8,500	\$ 14,409	\$ 8,329
General Office	2,000	4,961	11,214
Hosting	2,000	2,466	3,201
Materials and Supplies	37,500	706	1,576
	\$ 50,000	\$ 22,542	\$ 24,320

**The Government House Foundation
Budget
Year ended March 31, 2004**

	2003-2004 Estimates	Treasury Board Approval	2003-2004 Authorized Budget
Revenues			
Internal Government Transfers	\$ 25,000	\$ -	\$ 25,000
Investment Income	4,000	-	4,000
Other Revenue	-	-	-
	<u>29,000</u>	<u>-</u>	<u>29,000</u>
Expenses – Directly Incurred			
Administration	11,000	-	11,000
Public Relation	1,000	-	1,000
Conservation of Collections	3,000	-	3,000
Collection Acquisitions	35,000	-	35,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net Operating Results	<u>\$ (21,000)</u>	<u>\$ -</u>	<u>\$ (21,000)</u>
Capital Investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The Government House Foundation
Related Party Transactions
Year ended March 31, 2004**

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 Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Revenues				
Transfers from the Alberta Historical Resources Foundation	\$ 25,000	\$ 25,000	\$ -	\$ -
Expenses – Directly Incurred				
Other Services	\$ -	\$ -	\$ 1,705	\$ 2,043
Accounts Payable	\$ 76	\$ 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	
	2004	2003	2004	2003
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 650	\$ 745
Other Services	6,815	6,616	-	-
	\$ 6,815	\$ 6,616	\$ 650	\$ 745

**The Government House Foundation
Allocated Costs
Year ended March 31, 2004**

Program	Expenses – Incurred by Others				2004	2003
	Expenses ^(a)	Accommodation Costs ^(b)	Other Services ^(c)	Total Expenses	Total Expenses	Total Expenses
Administration	\$ 10,000	\$ 288	\$ 3,023	\$ 13,311	\$ 15,231	\$ 15,231
Public Relations	9,751	282	2,948	12,981	16,450	16,450
Conservation of Collections	2,791	80	844	3,715	-	-
Collection Acquisitions	-	-	-	-	-	-
	<u>\$ 22,542</u>	<u>\$ 650</u>	<u>\$ 6,815</u>	<u>\$ 30,007</u>	<u>\$ 31,681</u>	<u>\$ 31,681</u>

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

(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 3, allocated by square footage.

(c) Costs shown for Other Services on Schedule 3, allocated by estimated costs incurred by each program.

