

# Ministry of Community Development

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Consolidated Financial Statements

March 31, 2004

**Ministry of Community Development  
Consolidated Financial Statements  
March 31, 2004**

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## Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Community Development as at March 31, 2004 and the consolidated statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Ministry. 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.

As disclosed in Note 15, the Ministry operates some of its cultural facilities with the assistance of volunteer societies. These volunteer societies collect government revenues, incur expenses and retain the surpluses for operating and improving the facilities. These Ministry revenues and surpluses have not been reported in these financial statements. We estimate that the omission of the amounts has resulted in net revenues and net assets at March 31, 2004 being understated by approximately \$882,000 (2003 - \$768,000) and \$10,000,000 (2003 - \$8,963,000) respectively.

In my opinion, except for the effect of the matters discussed in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry 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.

I also report that, as described in Note 13, consolidated expenses include payments made by Persons with Developmental Disabilities Boards for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*.

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.

**Ministry of Community Development  
Consolidated Statement of Operations  
Year ended March 31, 2004  
(thousands of dollars)**

	2004		2003
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	\$ 76,160	\$ 72,144	\$ 56,298
Transfers from the Government of Canada	16,097	17,514	15,470
Investment Income	1,484	1,364	1,225
Premiums, Fees and Licences	9,797	8,792	8,271
Other Revenue	7,324	11,471	9,381
	<u>110,862</u>	<u>111,285</u>	<u>90,645</u>
Expenses – Directly Incurred (Note 2(c) and Schedules 2, 3 and 6)			
Support Individuals and Organizations through Community Development	96,671	92,697	74,775
Protect Human Rights, and Promote Fairness and Access	4,811	4,821	4,488
Support the Protection, Inclusion and Participation of All Albertans	451,699	445,936	408,447
Preserve, Protect and Present Alberta's History and Culture	36,322	37,979	38,169
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	46,025	40,325	37,474
Ministry Support Services	11,613	10,239	8,888
	<u>647,141</u>	<u>631,997</u>	<u>572,241</u>
Valuation Adjustments			
Provision for Doubtful Accounts	-	34	30
Provision for Vacation Pay	217	1,533	741
	<u>217</u>	<u>1,567</u>	<u>771</u>
Total Expenses	<u>647,358</u>	<u>633,564</u>	<u>573,012</u>
(Gain) Loss on Disposal of Tangible Capital Assets	(1,179)	(2)	9,165
Net Operating Results	<u>\$ (535,317)</u>	<u>\$ (522,277)</u>	<u>\$ (491,532)</u>

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

**Ministry of Community Development**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2004**  
**(thousands of dollars)**

	2004	2003
<b>Assets</b>		
Cash (Note 3)	\$ 46,422	\$ 39,695
Accounts Receivable, Prepaid Expenses and Inventories (Note 4)	2,815	2,488
Long Term Investments (Note 5)	11,635	11,346
Tangible Capital Assets (Note 6)	184,572	188,499
	\$ 245,444	\$ 242,028
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 50,371	\$ 45,795
Unearned Revenue	736	1,238
	51,107	47,033
<b>Net Assets</b>		
Net Assets, Beginning of Year	194,995	214,347
Net Operating Results	(522,277)	(491,532)
Net Transfer from General Revenues	521,619	472,180
Net Assets, End of Year (Note 8)	194,337	194,995
	\$ 245,444	\$ 242,028

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

**Ministry of Community Development**  
**Consolidated Statement of Cash Flow**  
**Year ended March 31, 2004**  
**(thousands of dollars)**

	2004	2003
Operating Transactions		
Net Operating Results	\$ (522,277)	\$ (491,532)
Non-cash Items included in Net Operating Results:		
Amortization of Tangible Capital Assets	9,727	9,890
Valuation Adjustments	1,567	771
(Gain) Loss on Disposal of Tangible Capital Assets	(2)	9,165
Grants in Kind	-	3,691
	(510,985)	(468,015)
(Increase) Decrease in Accounts Receivable, Prepaid Expenses and Inventories before Valuation Adjustments	(361)	981
Increase in Accounts Payable and Accrued Liabilities before Valuation Adjustments	3,043	360
Decrease in Unearned Revenue	(502)	(1,296)
Cash Applied to Operating Transactions	(508,805)	(467,970)
Capital Transactions		
Acquisition of Tangible Capital Assets	(6,009)	(2,142)
Disposal of Tangible Capital Assets	625	18
Transfers of Tangible Capital Assets	(120)	(552)
Donation of Tangible Capital Assets	(294)	-
Cash Applied to Capital Transactions	(5,798)	(2,676)
Investing Transactions:		
Acquisition of Investments	(289)	(176)
Cash Applied to Investing Transactions	(289)	(176)
Financing Transactions		
Net Transfer from General Revenues	521,619	472,180
Increase in Cash	6,727	1,358
Cash and Short Term Investments, Beginning of Year	39,695	38,337
Cash and Short Term Investments, End of Year	\$ 46,422	\$ 39,695

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

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 1 Authority and Purpose**

The Minister of Community Development (Minister) has, by the *Government Organization Act* and its regulations, been designated responsible for various *Acts*. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Community Development (Ministry).

The purpose of the Ministry is to enhance and preserve the quality of life for Albertans. This is done by:

- Supporting a high quality of life in Alberta by working in collaboration with individuals, organizations and communities to increase local capacity for self-reliance in the arts and culture, sport and recreation, library and voluntary sectors;
- Increasing understanding and awareness of diversity, fostering equality and reducing discrimination so all Albertans have the opportunity to participate in the social, economic and cultural life of the province;
- Ensuring that Albertans with disabilities have the opportunity to be fully included in the social, economic and cultural life of the province and that adult Albertans in care are protected from abuse;
- Preserving, protecting, presenting, researching and promoting appreciation for Alberta's historical resources and culture and providing opportunities for heritage tourism; and
- Maintaining Alberta's provincial parks and protected areas to preserve the province's natural heritage and providing opportunities for heritage appreciation, outdoor recreation and heritage tourism.

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

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

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

**(a) Reporting Entity**

The reporting entity is the Ministry of Community Development. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

These consolidated financial statements include the accounts of the following organizations:

<u>Organization</u>	<u>Authority</u>
Department of Community Development	<i>Government Organization Act</i>
Alberta Foundation for the Arts	<i>Alberta Foundation for the Arts Act</i>
The Alberta Historical Resources Foundation	<i>Historical Resources Act</i>
Alberta Sport, Recreation, Parks and Wildlife Foundation	<i>Alberta Sport, Recreation, Parks and Wildlife Foundation Act</i>
The Government House Foundation	<i>Government House Act</i>
The Historic Resources Fund	<i>Historical Resources Act</i>
Human Rights, Citizenship and Multiculturalism Education Fund	<i>Human Rights, Citizenship and Multiculturalism Act</i>
The Wild Rose Foundation	<i>Wild Rose Foundation Act</i>
Persons with Developmental Disabilities Provincial Board and Community Boards	<i>Persons with Developmental Disabilities Community Governance Act</i>

All departments of the Government of Alberta operate within the General Revenue Fund (Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by the departments are paid from the Fund. Net Transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

**(b) Basis of Consolidation**

The accounts of the organizations listed in Note 2(a) above have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.



**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

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

**(c) 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.

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.

**Dedicated Revenue**

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

**Expenses**

Directly Incurred

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

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which comprise the cost of employer contributions for current service of employees during the year; and

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

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

**(c) Basis of Financial Reporting (continued)**

**Expenses (continued)**

Directly Incurred (continued)

- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

**Assets**

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Investments are recorded at cost. Where there has been a loss in the value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

Inventories are valued at the lower of cost and net realizable value.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is between \$5,000 and \$15,000 in accordance with each organization's capitalization policy. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Collections of historic and scientific artifacts, archival holdings, and works of art held by the Ministry are not recorded as assets. Purchases of collection items 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.

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

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

**(c) Basis of Financial Reporting (continued)**

**Liabilities**

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

**Net Assets**

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Restricted funds, endowment funds, and general reserves (Note 8) are considered appropriations from net assets and are reported as net assets.

An externally restricted fund accounts for non-government contributions, which can only be used for the purpose specified by the donor.

An internally restricted fund accounts for funds restricted by the Ministry Foundations for either matching non-government contributions, which can only be used for an identified purpose, or for retaining an ongoing funding capability.

An endowment fund accounts for contributions received under various agreements with sponsors and matching funds may be provided by Ministry Foundations. In addition, the endowment fund can include internally restricted funds to be used for identified purposes, or for retaining an ongoing funding capability.

**Valuation of Financial Assets and Liabilities**

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, long-term investments, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 3 Cash (thousands of dollars)**

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 three years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates.

	2004	2003
Cash	\$ 54,589	\$ 47,862
Less Appropriated for Non-current Use (Note 5)	(8,167)	(8,167)
	\$ 46,422	\$ 39,695

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

Cash in the amount of \$1,818 has been externally restricted and \$336 has been internally restricted and is therefore not available to pay for operating expenses.

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 4 Accounts Receivable, Prepaid Expenses and Inventories (thousands of dollars)**

	2004		2003	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 1,762	\$ (57)	\$ 1,705	\$ 1,341
Refunds from Suppliers	327	-	327	307
Advances	-	-	-	55
Others Including Prepaids and Inventories	783	-	783	785
	<u>\$ 2,872</u>	<u>\$ (57)</u>	<u>\$ 2,815</u>	<u>\$ 2,488</u>

Accounts receivable are unsecured and non-interest bearing.

**Note 5 Long Term Investments (thousands of dollars)**

	Effective Interest Rate	2004		2003	
		Cost	Market	Cost	Market
Deposit with Life Insurance Companies Maturing in 2008 <sup>(a)</sup>	5.125%	\$ 300	\$ 300	\$ 300	\$ 300
Mutual Funds-Bond Fund		3,168	3,311	2,879	2,992
Cash and Short Term Investments Appropriated for Non-current Use <sup>(b)</sup>		8,167	8,167	8,167	8,167
		<u>\$ 11,635</u>	<u>\$ 11,778</u>	<u>\$ 11,346</u>	<u>\$ 11,459</u>

<sup>(a)</sup> The deposits with life insurance companies can be realized prior to maturity dates only with the payment of penalties.

<sup>(b)</sup> Cash and short-term investments have been appropriated for non-current use by several entities in the Ministry to segregate the amounts that are needed to meet their long-term needs for endowments, reserves and other restricted uses.

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 6 Tangible Capital Assets (thousands of dollars)**

	Estimated Useful Life	2004			2003
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>General Capital Assets</b>					
Land	N/A	\$ 39,934	\$ -	\$ 39,934	\$ 39,740
Buildings	20-40 years	107,781	(60,934)	46,847	49,029
Computer Hardware and Software	3-8 years	3,080	(2,175)	905	452
Equipment	3-15 years	24,940	(17,810)	7,130	3,687
Other	7-20 years	16,992	(14,568)	2,424	3,192
		<u>192,727</u>	<u>(95,487)</u>	<u>97,240</u>	<u>96,100</u>
<b>Infrastructure Assets</b>					
Land Improvements	40 years	138,259	(70,364)	67,895	71,650
Highways and Roads	40 years	47,428	(30,166)	17,262	18,522
Bridges	60 years	2,894	(719)	2,175	2,227
		<u>188,581</u>	<u>(101,249)</u>	<u>87,332</u>	<u>92,399</u>
		<u>\$ 381,308</u>	<u>\$ (196,736)</u>	<u>\$ 184,572</u>	<u>\$ 188,499</u>

**Note 7 Collections**

Collections consist of historical and scientific artifacts, archival holdings, and works of art of provincial, national and international significance located in the archives, museums and historical sites of the Province of Alberta. The Ministry has not recorded the value of these collections in the consolidated financial statements due to the practical difficulties of reflecting them at a meaningful value. The collections are insured for \$372 million. A description of the major collections is as follows:

- (a) The Province, through the Historic Sites and Cultural Facilities Branch, preserves and presents 9 historic sites that contain 48 restored historic buildings/structures and 3 stabilized ruins. The Branch also operates 3 interpretive centers, 2 museums and 2 cultural facilities. As well, it administers an additional 3 historic sites which contain 58 undeveloped historic buildings/structures. In addition, the Branch owns 1 developed historic resource (leased to a society), 13 cairns, 4 archaeological sites and 1 palaeontological site. In total, the Department owns 1,904 hectares of land deemed to be of historic significance.

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 7 Collections (continued)**

- (b) The Provincial Museum of Alberta maintains 13 Curatorial programs, with total collection holdings comprising approximately 10 million objects. This includes more than 1,220,000 objects on-site; over 12,000 warehoused objects off site and another estimated 8,660,000 archaeological artifacts collected as part of the Archaeological Survey of Alberta permit process. The collections represent a highly diverse complement of cultural and natural heritage. These include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic, and textile collections; and the permitted archaeological materials recovered in Alberta, all with associated images, audio and books.
- (c) The Royal Tyrrell Museum of Palaeontology collection has over 109,000 catalogued items including original and replica fossils. Annually, approximately 2,000 specimens are accessioned into the collection.
- (d) Reynolds-Alberta Museum exhibits approximately 150 major agricultural, industrial and transportation artifacts, and provides conservation, maintenance and restoration services for an additional collection of approximately 3,100 major and 3,400 smaller artifacts. Included in these numbers are 80 vintage aircraft, 8 of which are on permanent loan to the museum. The museum also houses a collection of documents, numbering over 50,000 pieces, related to the museum's mechanization themes.
- (e) The Remington Carriage Museum houses one of the largest collections of horse drawn vehicles in North America, with 265 carriages, buggies, wagons and sleighs, and approximately 690 associated small artifacts.
- (f) The Ukrainian Cultural Heritage Village is responsible for the management of Historic Sites and Cultural Facilities' collection of approximately 47,500 artifacts. Approximately 5,000 of these objects are used to furnish various smaller sites throughout the province, and 8,000 objects furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (g) The Provincial Archives of Alberta holds approximately 36,500 linear metres of government textual records; 4,590 linear metres of private textual records; 61,800 maps; 27,600 architectural drawings; 2,090,000 photographic images; 46,800 hours of sound recordings; 66,000 hours of film and video materials; and 12,300 volumes of library holdings.
- (h) The Collection Management Unit of the Arts Branch, manages 14 collections containing approximately 1,500 donated, purchased and/or commissioned artworks.

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 7 Collections (continued)**

- (i) The Glenbow-Alberta Institute, under contract to the Cultural Facilities and Historical Resources Division, manages the care of, and access to, a publicly owned collection of approximately 226,000 artifacts in cultural history, military history, ethnology, art and mineralogy; approximately 5 shelf kilometres of textual and archival records; over 2,100,000 historical photographs; about 350 hours of film footage; and 7,200 sound recordings. The collection is continually enhanced each year.
- (j) 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 \$948,342 (2003 – \$948,342). During the year, the Government House 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).

- (k) The Alberta Foundation for the Arts actively collects visual artworks, which document the Province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints. At year end, the collection consisted of approximately 7,148 (2003 – 6,939) artworks with an approximate value of \$7,844,000 (2003 – \$7,439,000). During the year, the Alberta Foundation for the Arts purchased 108 (2003 – 110) artworks by Alberta artists at a total cost of \$289,555 (2003 – \$249,955). Contributions to the collection included 114 (2003 – 47) artworks with an appraised value of \$117,188 (2003 – \$112,975). There were 13 artwork disposals during the year for \$2,237 (2003 – \$1,307).
- (l) The Alberta Historical Resources Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 401 (2003 – 410) artworks with an estimated value of \$16,950 (2003 – \$17,290), and 30 (2003 – 30) antique furnishings estimated at \$12,700 (2003 – \$12,700). During the year, the Alberta Historical Resources Foundation did not acquire any historical assets (2003 – Nil) and there were 9 (2003 – 6) dispositions.
- (m) The Alberta Sport, Recreation, Parks and Wildlife Foundation has a collection of artworks consisting of 22 (2003 – 23) prints of the Waterfowl of North America Collection # 1250 with an approximate value of \$6,290 (2003 – \$6,558). During the year, there was 1 (2003 – 2) disposition. The proceeds received of \$140 (2003 – \$275) were donated to the Alberta Sports Hall of Fame and Museum for charitable purposes.



**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 8 Net Assets (thousands of dollars)**

	<u>2004</u>	<u>2003</u>
Unrestricted Funds	\$ 179,067	\$ 179,885
Endowment Funds	9,416	9,415
Externally Restricted Funds	3,749	3,591
General Reserves	1,967	1,967
Internally Restricted Funds	<u>138</u>	<u>137</u>
	<u>\$ 194,337</u>	<u>\$ 194,995</u>

**Note 9 Commitments (thousands of dollars)**

As at March 31, 2004, the Ministry had commitments for leases, contracts and grants approved but not expended, pending fulfillment of eligibility conditions as follows:

	<u>2004</u>	<u>2003</u>
Service Contract and Grant Commitments	\$ 52,767	\$ 50,492
Lease Commitments <sup>(a)</sup>	<u>2,220</u>	<u>2,039</u>
	<u>\$ 54,987</u>	<u>\$ 52,531</u>

<sup>(a)</sup> The Ministry leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	<u>2004</u>
2004-2005	\$ 977
2005-2006	632
2006-2007	366
2007-2008	131
2008-2009	58
Thereafter	<u>56</u>
	<u>\$ 2,220</u>

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 10 Contingencies (thousands of dollars)**

The Ministry has a contingent liability in respect of fifteen claims (2003 – fourteen claims) aggregating \$1.7 million (2003 – \$2.7 million) relating to the decisions made by the Eugenics Board of Alberta pursuant to the Sexual Sterilization Act of 1928, which was repealed in 1972. The ultimate outcome of these claims cannot be determined.

At March 31, 2004, the Ministry is a defendant in ten other legal claims (2003 – nine legal claims). Nine of these claims have specified amounts totalling \$1,501 and the remaining one has no specified amount (2003 – eight claims with a specified amount of \$1,406 and one with no specified amount). Included in the total legal claims are three claims amounting to \$250 (2003 – one claims with no specified amount) in which the Department has been jointly named with other entities. Seven claims amounting to \$1,221 (2003 – four claims amounting to \$926) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Certain contingent liabilities may exist for site remediation and reclamation, which may be the responsibility of the Ministry. The potential costs relate to restoring buildings and other sites to acceptable contractual standards. The preliminary estimate of the amount of such potential contingent liabilities is \$2,456. Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken.

**Note 11 Trust Funds Under Administration (thousands of dollars)**

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2004, trust funds under administration were as follows:

	2004	2003
Parks General Trust and Performance Deposits	\$ 329	\$ 308
Gakken Dinosaur Exhibit Trust Fund	159	154
Persons with Developmental Disabilities Community Board's Client Trust Funds	355	377
Fort Dunvegan Historical Society Trust Fund	6	6
	<u>\$ 849</u>	<u>\$ 845</u>

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit in the amount of \$1,499 (2003 restated – \$1,602).

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 12 Defined Benefit Plans (thousands of dollars)**

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$6,967 for the year ended March 31, 2004 (2003 – \$5,463).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of \$290,014 (2002 – \$301,968) and the Public Service Pension Plan reported an actuarial deficiency of \$596,213 (2002 – \$175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$9,312 (2002 – \$6,472).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of \$9,766 (2003 – \$14,434) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of \$1,298 (2003 – actuarial deficiency of \$3,053). The expense for these two plans is limited to employer's annual contributions for the year.

**Note 13 Grandfathered Clients (thousands of dollars)**

When the *Persons with Developmental Disabilities Community Governance Act* (the *Act*) was passed by the Alberta Legislature in 1997, the new legislation narrowed the service mandate from the previous disability supports program and established eligibility criteria.

Certain individuals and agencies which were receiving services prior to the passing of the *Act* but which no longer met these new criteria for Persons with Developmental Disabilities (PDD) supports were grandfathered into the new PDD service system. In response to a recommendation from the *Building Better Bridges* Report, Government directed that PDD Boards continue providing services to grandfathered individuals and agencies until service responsibility is handed-off to a more appropriate provincial program.

Accordingly, expenses related to these grandfathered individuals and agencies do not comply with the *Act*. The total cost of these services for 117 (2003 – 129) individuals that have been included in the Consolidated Statement of Operations is estimated to be \$3,798 (2003 restated – \$3,856). The total cost for 7 (2003 – 11) agencies that have been included in the Statement of Operations is estimated to be \$1,657 (2003 – \$2,432).

**Ministry of Community Development**  
**Notes to the Consolidated Financial Statements**  
**Year ended March 31, 2004**

**Note 14 Services Provided by Regional Health Authorities (thousands of dollars)**

The Ministry incurred \$2,558 (2003 – \$2,484), \$2,125 (2003 – \$2,063), and \$353 (2003 – \$352) for contract services rendered by the Palliser Regional Health Authority, Chinook Regional Health Authority, and David Thompson Regional Health Authority, respectively. These transactions were recorded at the amount of consideration agreed upon between the parties.

**Note 15 Economic Interest**

The Ministry has entered into cooperating agreements and provided exclusive licences to two not-for-profit organizations to operate and provide front-of-house and related activities at the Northern Alberta Jubilee Auditorium and the Southern Alberta Jubilee Auditorium. These not-for-profit organizations are incorporated under the *Societies Act* (Alberta) and function independently of the Ministry. The cooperating agreements and licences expire on March 31, 2005.

Under the cooperating agreements, the societies are required to direct all revenues generated towards programs and services in support of the respective auditorium. Cash in excess of working capital requirements is placed by the societies into a capital reinvestment trust fund. As at March 31, 2004 the two societies had \$8,599,877 (2003 – \$8,332,256) held as restricted funds to be utilized specifically for capital upgrading and major renovations of the auditoriums. The Ministry is not responsible for any liabilities of either society.

The Ministry had also entered into cooperating agreements with other not-for-profit societies to operate admission services at various Ministry sites. These agreements were terminated on March 31, 2000. Upon termination, funds held by these societies for facility reinvestment were donated to the Ministry to be used for the same purpose. These funds have been placed in the Historical Resources Fund and held as deferred contributions until such time as the funds are used for the purposes intended. As at March 31, 2004 this portion of the deferred contributions amounted to \$215,671 (2003 – \$305,638). In addition to the deferred contributions, two not-for-profit societies have retained facility reinvestment funds. As at March 31, 2004 the funds retained amounted to \$109,264 (2003 – \$130,786).

**Note 16 Comparative Figures**

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

**Note 17 Approval of Consolidated Financial Statements**

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister of Community Development.

**Ministry of Community Development**  
**Revenues**  
**Year ended March 31, 2004**  
**(thousands of dollars)**

	2004		2003
	Budget	Actual	Actual
<b>Internal Government Transfers</b>			
Transfer from the Lottery Fund	\$ 76,105	\$ 72,105	\$ 56,256
Transfer from Alberta Heritage Scholarship Fund	55	39	42
	<u>76,160</u>	<u>72,144</u>	<u>56,298</u>
<b>Transfer from the Government of Canada</b>			
Canada Health and Social Transfers	14,642	16,054	14,896
Other	1,455	1,460	574
	<u>16,097</u>	<u>17,514</u>	<u>15,470</u>
<b>Investment Income</b>			
Interest	1,484	1,364	1,225
<b>Premiums, Fees and Licences</b>			
Admission Fees	4,341	3,783	3,820
Film Classification	500	805	493
Maintenance Fees	675	1,044	885
Lands and Grazing	415	515	472
Other	3,866	2,645	2,601
	<u>9,797</u>	<u>8,792</u>	<u>8,271</u>
<b>Other Revenue</b>			
Donations and Contributions in Kind	2,052	3,052	3,218
Refunds of Expenses	745	3,529	1,202
Sales	605	1,142	1,113
Rental Revenue	135	137	741
Miscellaneous	3,787	3,611	3,107
	<u>7,324</u>	<u>11,471</u>	<u>9,381</u>
<b>Total Revenues</b>	<u>\$ 110,862</u>	<u>\$ 111,285</u>	<u>\$ 90,645</u>

**Ministry of Community Development  
Dedicated Revenue Initiatives  
Year ended March 31, 2004  
(thousands of dollars)**

	2004		
	Authorized Dedicated Revenues	Actual Dedicated Revenues <sup>(a)</sup>	(Shortfall) / Excess <sup>(f)</sup>
Park Operations <sup>(b)</sup>	\$ 4,350	\$ 3,913	\$ (437)
Cultural Facilities and Historical Resources <sup>(c)</sup>	1,000	1,362	362
Heritage Resources Management <sup>(d)</sup>	755	735	(20)
Francophone Secretariat <sup>(e)</sup>	350	365	15
	<u>\$ 6,455</u>	<u>\$ 6,375</u>	<u>\$ (80)</u>

- (a) Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.
- (b) The Parks and Protected Areas division collects various fees and other revenues that are used to partially offset the cost of providing services. These include fees for the use of campgrounds, park facilities and lands, heritage appreciation services (e.g. interpretive bus tours), as well as contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others.
- (c) Cultural facilities and historical resources dedicated revenue is related to donations of artifacts and other items to various historic sites and cultural facilities.
- (d) The Government of Canada has provided funding to provinces and territories to further the goals of the Historic Places Initiative. The funds are intended to promote development of the Canadian Register of Historic Places, use of nation-wide standards and guidelines and, in particular, greater municipal involvement in the identification and protection of historic places.
- (e) Francophone Secretariat dedicated revenue is a Canada-Alberta Cooperation Agreement to promote the official languages.
- (f) Shortfall is deducted from current year's authorized budget, as disclosed in Schedule 4 to the financial statements.

**Ministry of Community Development**  
**Expenses – Directly Incurred Detailed By Object**  
**Year ended March 31, 2004**  
**(thousands of dollars)**

	2004		2003
	Budget	Actual	Actual
Grants	\$ 269,668	\$ 221,384	\$ 207,738
Supplies and Services	234,789	275,882	235,962
Salaries, Wages and Employee Benefits	132,195	125,851	116,953
Amortization of Tangible Capital Assets	9,791	9,727	9,890
Supplies and Services from Support Service Arrangements with Related Parties <sup>(a)</sup>	-	46	3,193
Financial Transactions and Other	698	142	137
	647,141	633,032	573,873
Less: Recovery from Support Service Arrangements with Related Parties <sup>(b)</sup>	-	(1,035)	(1,632)
Total Expenses	\$ 647,141	\$ 631,997	\$ 572,241
Valuation Adjustments			
Provision for Doubtful Accounts	\$ -	\$ 34	\$ 30
Provision for Vacation Pay	217	1,533	741
	\$ 217	\$ 1,567	\$ 771

<sup>(a)</sup> The Ministry received financial and administrative services from the Ministry of Human Resources and Employment.

<sup>(b)</sup> The Ministry provided specialized program supports to children who are the responsibility of the Calgary and Area Child and Family Services Authority. Costs incurred for these services are recovered from the Calgary and Area Child and Family Services Authority.

**Ministry of Community Development  
Budget  
Year ended March 31, 2004  
(thousands of dollars)**

	2003-2004				
	Estimates	Adjustment <sup>(a)</sup>	Budget	Authorized Supplementary <sup>(b)</sup>	Authorized Budget
<b>Revenues</b>					
Internal Government Transfers	\$ 76,160	\$ -	\$ 76,160	\$ -	\$ 76,160
Transfers from the Government of Canada	16,097	-	16,097	-	16,097
Investment Income	1,484	-	1,484	-	1,484
Premiums, Fees and Licences	9,797	-	9,797	-	9,797
Other Revenue	7,324	-	7,324	-	7,324
	<u>110,862</u>	<u>-</u>	<u>110,862</u>	<u>-</u>	<u>110,862</u>
<b>Expenses</b>					
Support Individuals and Organizations through Community Development Protect Human Rights, and Promote Fairness and Access	96,671	-	96,671	(1,342)	95,329
Support the Protection, Inclusion and Participation of All Albertans	4,811	-	4,811	-	4,811
Preserve, Protect and Present Alberta's History and Culture	451,699	-	451,699	-	451,699
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	36,322	-	36,322	900	37,222
Ministry Support Services	46,025	-	46,025	2,442	48,467
Dedicated Revenue Shortfall	11,613	-	11,613	-	11,613
	<u>-</u>	<u>(80)</u>	<u>(80)</u>	<u>-</u>	<u>(80)</u>
	<u>647,141</u>	<u>(80)</u>	<u>647,061</u>	<u>2,000</u>	<u>649,061</u>
<b>Valuation Adjustments</b>					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	217	-	217	-	217
	<u>217</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>217</u>
	<u>647,358</u>	<u>(80)</u>	<u>647,278</u>	<u>2,000</u>	<u>649,278</u>
Gain on Disposal of Tangible Capital Assets	(1,179)	-	(1,179)	-	(1,179)
Net Operating Results	<u>\$ (535,317)</u>	<u>\$ 80</u>	<u>\$ (535,237)</u>	<u>\$ (2,000)</u>	<u>\$ (537,237)</u>
Equipment/Inventory Purchases	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 510</u>
Capital Investment	<u>\$ 1,262</u>	<u>\$ -</u>	<u>\$ 1,262</u>	<u>\$ -</u>	<u>\$ 1,262</u>

<sup>(a)</sup> Adjustments include dedicated revenue shortfalls.

<sup>(b)</sup> Supplementary estimates of \$1,000 were approved on December 4, 2003. In addition, on November 14, 2003, Treasury Board approved a one-time increase of \$1,000 to access the fund balance of the Alberta Foundation for the Arts for the Alberta Film Development Program.



**Ministry of Community Development  
Related Party Transactions  
Year ended March 31, 2004  
(thousands of dollars)**

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

The Ministry and its employees 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 Ministry receives services under contracts managed by the Ministry of Government Services (ACSC). Any commitments under these contracts are reported by the Ministry of Government Services (ACSC).

The Ministry had the following transactions with related parties recorded on the consolidated Statement of Operations and the consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2004	2003
Revenues		
Lottery Fund	\$ 72,105	\$ 56,256
Alberta Heritage Scholarship Fund	39	42
	<u>\$ 72,144</u>	<u>\$ 56,298</u>
Expenses – Directly Incurred		
Other Services	<u>\$ 9,753</u>	<u>\$ 9,435</u>
Tangible Capital Assets Transferred From (To) Others	<u>\$ 120</u>	<u>\$ 552</u>
Accounts Receivable	<u>\$ 12</u>	<u>\$ 22</u>
Accounts Payable	<u>\$ 6</u>	<u>\$ 6</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Ministry 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 consolidated financial statements and are disclosed in Schedule 6.

	Other Entities	
	2004	2003
Expenses – Incurred by Others		
Accommodation	\$ 31,381	\$ 30,077
Parks Maintenance	1,587	1,500
Legal	341	390
	<u>\$ 33,309</u>	<u>\$ 31,967</u>

**Ministry of Community Development  
Allocated Costs  
Year ended March 31, 2004  
(thousands of dollars)**

Program	2004		2003			
	Expenses <sup>(a)</sup>	Expenses – Incurred by Others	Valuation Adjustments <sup>(e)</sup>	Total Expenses		
	Accommodation Costs <sup>(b)</sup>	Park Maintenance <sup>(c)</sup>	Legal Services <sup>(d)</sup>	Doubtful Accounts	Vacation Pay	Total Expenses
Support Individuals and Organizations through Community Development	\$ 92,697	\$ 1,808	\$ 80	\$ -	\$ 58	\$ 94,643
Protect Human Rights, and Promote Fairness and Access	4,821	125	1	-	18	4,965
Support the Protection, Inclusion and Participation of All Albertans	445,936	10,307	55	-	1,181	457,479
Preserve, Protect and Present Alberta's History and Culture	37,979	17,468	73	18	107	55,318
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	40,325	1,372	87	16	147	43,534
Ministry Support Services	10,239	301	45	-	22	10,607
	<u>\$ 631,997</u>	<u>\$ 31,381</u>	<u>\$ 341</u>	<u>\$ 34</u>	<u>\$ 1,533</u>	<u>\$ 666,873</u>
						<u>\$ 604,979</u>

(a) Expenses – Directly Incurred as per Consolidated Statement of Operations, excluding valuation adjustments.  
 (b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5, allocated by square footage.  
 (c) The Department of Transportation provides road and bridge maintenance to Parks and Protected Areas.  
 (d) Costs for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.  
 (e) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:  
 - Vacation Pay – allocated to the program by employee.  
 - Doubtful Accounts Provision – estimated allocation to program.