

Financial Information

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Ministry of Community Development

Consolidated Financial Statements

March 31, 2005

**Ministry of Community Development
Consolidated Financial Statements
March 31, 2005**

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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 (the Ministry) as at March 31, 2005 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry'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 consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2005 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 19, 2005, except as to
Note 11 which is as of June 15, 2005

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, 2005
(thousands of dollars)**

	2005		2004
	Budget (Schedule 4)	Actual	Actual Restated (Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	\$ 85,861	\$ 85,866	\$ 72,144
Transfers from the Government of Canada	2,079	1,486	1,460
Investment Income	1,494	861	1,075
Premiums, Fees and Licences	8,790	7,850	7,576
Other Revenue	6,254	8,068	10,176
	<u>104,478</u>	<u>104,131</u>	<u>92,431</u>
Expenses – Directly Incurred (Note 2(c) and Schedules 3 and 6)			
Support Individuals and Organizations through Community Development	95,388	91,090	92,697
Protect Human Rights, and Promote Fairness and Access	5,276	5,281	4,821
Preserve, Protect and Present Alberta’s History and Culture	53,638	53,971	37,979
Preserve, Protect and Present Alberta’s Provincial Parks and Protected Areas	47,895	40,735	40,325
Ministry Support Services	11,491	10,390	10,233
	<u>213,688</u>	<u>201,467</u>	<u>186,055</u>
Valuation Adjustments			
Provision for Doubtful Accounts	-	(2)	34
Provision for Vacation Pay	217	228	347
	<u>217</u>	<u>226</u>	<u>381</u>
Total Expenses	<u>213,905</u>	<u>201,693</u>	<u>186,436</u>
Gain on Disposal of Tangible Capital Assets	<u>6,279</u>	<u>18</u>	<u>2</u>
Net Operating Results	<u>\$ (103,148)</u>	<u>\$ (97,544)</u>	<u>\$ (94,003)</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, 2005
(thousands of dollars)

	2005	2004
		Restated (Note 3)
Assets		
Cash and Short-term Investments (Note 4)	\$ 16,290	\$ 18,404
Accounts Receivable, Prepaid Expenses and Inventories (Note 5)	1,627	1,571
Long-term Investments (Note 6)	8,467	8,467
Tangible Capital Assets (Note 7)	182,072	183,107
	\$ 208,456	\$ 211,549
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 20,031	\$ 23,801
Unearned Revenue	907	736
	20,938	24,537
Net Assets		
Net Assets, Beginning of Year	187,012	193,628
Net Operating Results	(97,544)	(94,003)
Net Transfer from General Revenues	98,050	87,387
Net Assets, End of Year (Note 9)	187,518	187,012
	\$ 208,456	\$ 211,549

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

**Ministry of Community Development
Consolidated Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)**

	2005	2004
		Restated (Note 3)
Operating Transactions		
Net Operating Results	\$ (97,544)	\$ (94,003)
Non-cash Items included in Net Operating Results:		
Amortization of Tangible Capital Assets	9,494	9,323
Valuation Adjustments	226	392
Gain on Disposal of Tangible Capital Assets	(18)	(2)
	(87,842)	(84,290)
Increase in Accounts Receivable, Prepaid Expenses and Inventories before Valuation Adjustments	(54)	(141)
Increase (Decrease) in Accounts Payable and Accrued Liabilities before Valuation Adjustments	(3,998)	4,440
Increase (Decrease) in Unearned Revenue	171	(502)
	(91,723)	(80,493)
Capital Transactions		
Acquisition of Tangible Capital Assets	(9,282)	(5,571)
Disposal of Tangible Capital Assets	54	625
Transfers of Tangible Capital Assets	787	(120)
Donation of Tangible Capital Assets	-	(294)
	(8,441)	(5,360)
Financing Transactions		
Net Transfer from General Revenues	98,050	87,387
Increase in Cash	(2,114)	1,534
Cash and Short-term Investments, Beginning of Year	18,404	16,870
Cash and Short-term Investments, End of Year	\$ 16,290	\$ 18,404

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, 2005

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;
- 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. 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, 2005**

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>

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, 2005

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, 2005

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 tangible capital assets is \$5,000 (2004 – \$15,000). 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, 2005

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 9) 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, 2005

Note 3 Government Restructuring (thousands of dollars)

As a result of government restructuring announced on November 25, 2004, the responsibility for Community Support Systems and Persons with Developmental Disabilities boards was transferred to the Ministry of Seniors and Community Supports.

Comparatives for 2004 have been restated as if the Ministry had always been assigned its current responsibilities.

Net assets as previously reported at March 31, 2003	\$ 194,995
Transfer to the Ministry of Seniors and Community Supports	<u>(1,367)</u>
Net assets as restated at April 1, 2003	<u>\$ 193,628</u>

Note 4 Cash and Short-term Investments (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 appropriate 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.

	2005	2004
		Restated (Note 3)
Cash	\$ 24,457	\$ 26,571
Less Appropriated for Non-current Use (Note 6)	<u>(8,167)</u>	<u>(8,167)</u>
	<u>\$ 16,290</u>	<u>\$ 18,404</u>

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

Cash in the amount of \$1,879 has been externally restricted and \$339 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, 2005

Note 5 Accounts Receivable, Prepaid Expenses and Inventories (thousands of dollars)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Restated (Note 3) Net Realizable Value
Accounts Receivable	\$ 1,246	\$ (40)	\$ 1,206	\$ 1,193
Refunds from Suppliers	26	-	26	18
Advances	1	-	1	-
Others Including Prepaids and Inventories	394	-	394	360
	\$ 1,667	\$ (40)	\$ 1,627	\$ 1,571

Accounts receivable are unsecured and non-interest bearing.

Note 6 Long-term Investments (thousands of dollars)

	Effective Interest Rate	2005		2004	
		Cost	Market	Restated (Note 3) Cost	Market
Deposit with Life Insurance Companies Maturing in 2008 ^(a)	5.125%	\$ 300	\$ 300	\$ 300	\$ 300
Cash and Short-term Investments Appropriated for Non-current Use ^(b)		8,167	8,167	8,167	8,167
		\$ 8,467	\$ 8,467	\$ 8,467	\$ 8,467

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

^(b) 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, 2005

Note 7 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value Restated (Note 3)
General Capital Assets					
Land	N/A	\$ 40,096	\$ -	\$ 40,096	\$ 39,934
Buildings	20-40 years	111,633	(63,669)	47,964	46,831
Computer Hardware and Software	3-8 years	1,819	(908)	911	807
Equipment	3-15 years	22,328	(15,298)	7,030	5,779
Other	7-20 years	16,385	(15,419)	966	2,424
		<u>192,261</u>	<u>(95,294)</u>	<u>96,967</u>	<u>95,775</u>
Infrastructure Assets					
Land Improvements	40 years	140,814	(73,834)	66,980	67,895
Highways and Roads	40 years	47,427	(31,427)	16,000	17,262
Bridges	60 years	2,894	(769)	2,125	2,175
		<u>191,135</u>	<u>(106,030)</u>	<u>85,105</u>	<u>87,332</u>
		<u>\$ 383,396</u>	<u>\$ (201,324)</u>	<u>\$ 182,072</u>	<u>\$ 183,107</u>

Note 8 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, 2005

Note 8 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 1,270,000 objects on-site; over 16,000 warehoused objects off site and another estimated 8,720,000 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 3,140 major and 3,440 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 49,700 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 39,000 linear metres of government textual records; 4,680 linear metres of private textual records; 61,800 maps; 27,600 architectural drawings; 2,092,000 photographic images; 46,800 hours of sound recordings; 66,000 hours of film and video materials; and 12,500 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, 2005

Note 8 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, 2005, the collection consisted of approximately 379 (2004 – 379) pieces of artworks and other items, with an approximate value of \$948,342 (2004 – \$948,342). During the year, the Foundation made no artworks purchases (2004 – Nil). There were no contributions to the collections during the year (2004 – Nil) and there were no dispositions during the year (2004 – 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 7,381 (2004 – 7,148) artworks with an approximate value of \$8,329,000 (2004 – \$7,844,000). During the year, the Foundation purchased 147 (2004 – 108) artworks by Alberta artists at a total cost of \$295,150 (2004 – \$289,555); contributions to the collection included 81 (2004 – 114) artworks with an appraised value of \$189,940 (2004 – \$117,188). There were no artwork dispositions during the year (2004 – 13 artwork disposals for \$2,237).
- (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 380 (2004 – 401) artworks with an estimated value of \$16,250 (2004 – \$16,950), and 30 (2004 – 30) antique furnishings estimated at \$12,700 (2004 – \$12,700). During the year, the Alberta Historical Resources Foundation did not acquire any historical assets (2004 – Nil) and there were 21 (2004 – 9) dispositions.
- (m) The Alberta Sport, Recreation, Parks and Wildlife Foundation has a collection of artworks consisting of 20 (2004 – 22) prints of the Waterfowl of North America Collection # 1250 with an approximate value of \$5,652 (2004 – \$6,290). During the year, there were 2 (2004 – 1) dispositions.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 9 Net Assets (thousands of dollars)

	<u>2005</u>	<u>2004</u> Restated (Note 3)
Unrestricted Funds	\$ 174,692	\$ 174,244
Endowment Funds	6,914	6,914
Externally Restricted Funds	3,804	3,749
General Reserves	1,967	1,967
Internally Restricted Funds	<u>141</u>	<u>138</u>
	<u>\$ 187,518</u>	<u>\$ 187,012</u>

Note 10 Contractual Obligations (thousands of dollars)

	<u>2005</u>	<u>2004</u> Restated (Note 3)
Grant Agreements	\$ 29,632	\$ 24,395
Long-term Leases	2,225	1,736
Service Contracts	<u>4,882</u>	<u>6,479</u>
	<u>\$ 36,739</u>	<u>\$ 32,610</u>

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	<u>Grant</u> <u>Agreements</u>	<u>Long-term</u> <u>Leases</u>	<u>Service</u> <u>Contracts</u>	<u>Total</u>
2006	\$ 28,547	\$ 910	\$ 4,257	\$ 33,714
2007	875	708	625	2,208
2008	160	436	-	596
2009	50	163	-	213
2010	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>
	<u>\$ 29,632</u>	<u>\$ 2,225</u>	<u>\$ 4,882</u>	<u>\$ 36,739</u>

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 11 Contingent Liabilities (thousands of dollars)

At March 31, 2005, the Ministry is a defendant in ten legal claims (2004 restated – seven legal claims). Nine of these claims have specified amounts totalling \$2,736 and the remaining one has no specified amount (2004 restated – six claims with a specified amount of \$1,101 and one with no specified amount). Included in the total legal claims are two claims amounting to \$150 (2004 restated – two claims amounting to \$150) in which the Department has been jointly named with other entities. Seven claims amounting to \$2,456 (2004 restated – four claims amounting to \$821) 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 \$1,863 (2004 – \$2,456). Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken.

The Ministry is obligated to construct a containment system at the Turner Valley Gas Plant historic site. The containment system will prevent hydrocarbons from contaminating adjacent lands and river streams. The estimated cost of the containment system is \$3 million. During the past six years, the Ministry has worked closely with Alberta Environment and Alberta Infrastructure and Transportation to reclaim and clean-up the site and closely monitor for any contamination entering the Sheep River. To date, there has been no evidence of any contamination entering the river from the site. On June 15, 2005, the Government of Alberta announced that Alberta Infrastructure and Transportation will construct a permanent \$3 million containment system on behalf of the Ministry. Construction is expected to be completed by the fall of 2006.

Note 12 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.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 12 Trust Funds Under Administration (thousands of dollars) (continued)

As at March 31, 2005, trust funds under administration were as follows:

	2005	2004
		Restated (Note 3)
Parks General Trust and Performance Deposits	\$ 401	\$ 329
Gakken Dinosaur Exhibit Trust Fund	163	159
Fort Dunvegan Historical Society Trust Fund	7	6
	\$ 571	\$ 494

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 \$1,392 (2004 – \$1,499).

Note 13 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 \$3,462 for the year ended March 31, 2005 (2004 restated – \$2,989).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of \$268,101 (2003 – \$290,014) and the Public Service Pension Plan reported a deficiency of \$450,068 (2003 – \$584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$9,404 (2003 – \$9,312).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of \$11,817 (2004 – \$9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$3,208 (2004 – \$1,298). The expense for these two plans is limited to employer's annual contributions for the year.

Note 14 Economic Interest (thousands of dollars)

The Ministry 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 organizations are incorporated under the *Societies Act* (Alberta) and function independently of the Ministry. The cooperating agreements and licences expired on March 31, 2005.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 14 Economic Interest (thousands of dollars) (continued)

Under the cooperating agreements, the societies were required to direct all revenues generated towards programs and services in support of the respective auditorium. Cash in excess of working capital requirements was placed by the societies into a capital reinvestment trust fund. During the year, the societies had transferred \$9,985 to the Government of Alberta, to be utilized for capital upgrading and major renovations of the auditoriums. In prior years, these funds were held as restricted funds of the societies (2004 – \$8,600). The Ministry is not responsible for any liabilities of either society. Effective April 1, 2005, the Ministry will start recording the revenues, expenses and surpluses of the operations of the auditoriums.

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 Historic Resources Fund and held as deferred contributions until such time as the funds are used for the purposes intended. As at March 31, 2005 this portion of the deferred contributions amounted to \$197 (2004 – \$216). In addition to the deferred contributions, two not-for-profit societies have retained facility reinvestment funds. As at March 31, 2005 the funds retained amounted to \$90 (2004 – \$124 restated).

Note 15 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 16 Approval of Consolidated Financial Statements

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

**Ministry of Community Development
Revenues
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual Restated (Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 85,806	\$ 85,806	\$ 72,105
Transfer from Alberta Heritage Scholarship Fund	55	60	39
	<u>85,861</u>	<u>85,866</u>	<u>72,144</u>
Transfers from the Government of Canada			
Other	<u>2,079</u>	<u>1,486</u>	<u>1,460</u>
Investment Income			
Interest	<u>1,494</u>	<u>861</u>	<u>1,075</u>
Premiums, Fees and Licences			
Admission Fees	4,341	3,595	3,783
Camping Fees	2,500	2,398	1,934
Film Classification	520	601	633
Lands and Grazing	479	521	515
Other	<u>950</u>	<u>735</u>	<u>711</u>
	<u>8,790</u>	<u>7,850</u>	<u>7,576</u>
Other Revenue			
Recoveries	2,499	2,418	2,218
Donations and Contributions in Kind	2,012	2,228	3,052
Refunds of Expenses	245	953	2,804
Sales	505	553	572
Rental Revenue	145	153	137
Other	<u>848</u>	<u>1,763</u>	<u>1,393</u>
	<u>6,254</u>	<u>8,068</u>	<u>10,176</u>
Total Revenues	<u>\$ 104,478</u>	<u>\$ 104,131</u>	<u>\$ 92,431</u>

**Ministry of Community Development
Dedicated Revenue Initiatives
Year ended March 31, 2005
(thousands of dollars)**

	2005		
	Authorized Dedicated Revenues	Actual Dedicated Revenues ^(a)	(Shortfall) / Excess ^(f)
Park Operations ^(b)	\$ 5,136	\$ 5,191	\$ 55
Cultural Facilities and Historical Resources ^(c)	1,526	1,112	(414)
Heritage Resources Management ^(d)	814	621	(193)
Francophone Secretariat ^(e)	490	479	(11)
	<u>\$ 7,966</u>	<u>\$ 7,403</u>	<u>\$ (563)</u>

- (a) Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations and Schedule 1.
- (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 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) The Government of Canada provided funding to the Francophone Secretariat for the 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, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual Restated (Note 3)
Grants	\$ 105,757	\$ 94,344	\$ 84,358
Supplies and Services	41,418	41,492	41,321
Salaries, Wages and Employee Benefits	56,924	56,041	50,943
Amortization of Tangible Capital Assets	9,488	9,494	9,323
Financial Transactions and Other	101	96	110
Total Expenses	\$ 213,688	\$ 201,467	\$ 186,055
Valuation Adjustments			
Provision for Doubtful Accounts	\$ -	\$ (2)	\$ 34
Provision for Vacation Pay	217	228	347
	\$ 217	\$ 226	\$ 381

**Ministry of Community Development
Budget
Year ended March 31, 2005
(thousands of dollars)**

	2004-2005				
	Estimates	Adjustment ^(a)	Budget	Authorized Supplementary ^(b)	Authorized Budget
Revenues					
Internal Government Transfers	\$ 85,861	\$ -	\$ 85,861	\$ -	\$ 85,861
Transfers from the Government of Canada	2,079	-	2,079	90	2,169
Investment Income	1,494	-	1,494	-	1,494
Premiums, Fees and Licences	8,790	-	8,790	(79)	8,711
Other Revenue	6,254	-	6,254	1,141	7,395
	<u>104,478</u>	<u>-</u>	<u>104,478</u>	<u>1,152</u>	<u>105,630</u>
Expenses					
Support Individuals and Organizations through Community Development	95,388	-	95,388	-	95,388
Protect Human Rights, and Promote Fairness and Access	5,276	-	5,276	-	5,276
Preserve, Protect and Present Alberta's History and Culture	53,638	-	53,638	330	53,968
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	47,895	-	47,895	551	48,446
Ministry Support Services	11,491	-	11,491	128	11,619
Dedicated Revenue Shortfall	-	(563)	(563)	-	(563)
	<u>213,688</u>	<u>(563)</u>	<u>213,125</u>	<u>1,009</u>	<u>214,134</u>
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	217	-	217	-	217
	<u>217</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>217</u>
Gain on Disposal of Tangible Capital Assets	6,279	-	6,279	-	6,279
Net Operating Results	<u>\$ (103,148)</u>	<u>\$ 563</u>	<u>\$ (102,585)</u>	<u>\$ 143</u>	<u>\$ (102,442)</u>
Equipment/Inventory Purchases	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 271</u>	<u>\$ 421</u>
Capital Investment	<u>\$ 6,562</u>	<u>\$ -</u>	<u>\$ 6,562</u>	<u>\$ 2,801</u>	<u>\$ 9,363</u>

^(a) Adjustments include dedicated revenue shortfalls (Schedule 2).

^(b) Supplementary estimates were approved on March 24, 2005. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

Ministry of Community Development
Related Party Transactions
Year ended March 31, 2005
(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	
	2005	2004 Restated (Note 3)
Revenues		
Lottery Fund	\$ 85,806	\$ 72,105
Alberta Heritage Scholarship Fund	60	39
	<u>\$ 85,866</u>	<u>\$ 72,144</u>
Expenses – Directly Incurred		
Other Services	<u>\$ 5,053</u>	<u>\$ 5,148</u>
Tangible Capital Assets Transferred From (To) Others	<u>\$ (787)</u>	<u>\$ 120</u>
Accounts Payable	<u>\$ 43</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	
	2005	2004 Restated (Note 3)
Expenses – Incurred by Others		
Accommodation	\$ 19,655	\$ 21,074
Parks Maintenance	2,672	1,587
Legal	348	286
	<u>\$ 22,675</u>	<u>\$ 22,947</u>

**Ministry of Community Development
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)**

Program	2005							2004
	Expenses ^(a)	Accommodation Costs ^(b)	Park Maintenance ^(c)	Legal Services ^(d)	Doubtful Accounts	Vacation Pay	Total Expenses	Restated (Note 3)
	Expenses – Incurred by Others							
	Valuation Adjustments ^(e)							
Support Individuals and Organizations through Community Development	\$ 91,090	\$ 1,865	\$ -	\$ 34	\$ -	\$ 37	\$ 93,026	\$ 94,643
Protect Human Rights, and Promote Fairness and Access	5,281	146	-	-	-	12	5,439	4,965
Preserve, Protect and Present Alberta's History and Culture	53,971	15,830	-	110	(4)	69	69,976	55,645
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	40,735	1,467	2,672	141	2	95	45,112	43,534
Ministry Support Services	10,390	347	-	63	-	15	10,815	10,596
	<u>\$ 201,467</u>	<u>\$ 19,655</u>	<u>\$ 2,672</u>	<u>\$ 348</u>	<u>\$ (2)</u>	<u>\$ 228</u>	<u>\$ 224,368</u>	<u>\$ 209,383</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 Infrastructure and 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.

Department of Community Development

Financial Statements

March 31, 2005

**Department of Community Development
Financial Statements
March 31, 2005**

Auditor's Report

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Schedule 2 – Dedicated Revenue Initiatives

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Schedule 4 – Budget

Schedule 5 – Comparison of Expenses, Directly Incurred, Equipment/Inventory Purchases and Capital Investment and Statutory Expenses by Element to Authorized Budget

Schedule 6 – Salary and Benefits Disclosure

Schedule 7 – Related Party Transactions

Schedule 8 – Allocated Costs

Auditor's Report

To the Minister of Community Development

I have audited the statement of financial position of the Department of Community Development (the Department) as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department'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 Department as at March 31, 2005 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 19, 2005, except as to
Note 8 which is as of June 15, 2005

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

Department of Community Development
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Schedule 4)	Actual	Actual Restated (Note 3)
Revenues (Schedules 1 and 2)			
Internal Government Transfers	\$ 85,816	\$ 85,816	\$ 72,115
Transfers from the Government of Canada	1,229	1,123	1,190
Premiums, Fees and Licences	4,218	4,028	3,490
Other Revenue	1,937	3,349	2,497
	<u>93,200</u>	<u>94,316</u>	<u>79,292</u>
Expenses – Directly Incurred (Note 2(b) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	11,491	10,390	10,233
Community Services	91,762	88,664	89,456
Human Rights and Citizenship	5,056	5,077	4,685
Cultural Facilities and Historical Resources	46,107	47,542	31,359
Parks and Protected Areas	47,895	40,735	40,325
	<u>202,311</u>	<u>192,408</u>	<u>176,058</u>
Statutory (Schedules 3 and 5)			
Queen’s Golden Jubilee Scholarships	10	10	10
Valuation Adjustments			
Provision for Doubtful Accounts	-	2	16
Provision for Vacation Pay	217	228	346
	<u>227</u>	<u>240</u>	<u>372</u>
	<u>202,538</u>	<u>192,648</u>	<u>176,430</u>
Gain on Disposal of Tangible Capital Assets	<u>6,279</u>	<u>18</u>	<u>2</u>
Net Operating Results	<u>\$ (103,059)</u>	<u>\$ (98,314)</u>	<u>\$ (97,136)</u>

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

Department of Community Development
Statement of Financial Position
As at March 31, 2005
(thousands of dollars)

	2005	2004
		Restated (Note 3)
Assets		
Cash	\$ 72	\$ 1,177
Accounts Receivable (Note 4)	1,119	1,295
Tangible Capital Assets (Note 5)	175,812	176,825
	\$ 177,003	\$ 179,297
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 16,479	\$ 18,520
Unearned Revenue	207	196
	16,686	18,716
Net Assets		
Net Assets at Beginning of Year	160,581	170,330
Net Operating Results	(98,314)	(97,136)
Net Transfer from General Revenues	98,050	87,387
Net Assets at End of Year	160,317	160,581
	\$ 177,003	\$ 179,297

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

Department of Community Development
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)

	2005	2004
		Restated (Note 3)
Operating Transactions		
Net Operating Results	\$ (98,314)	\$ (97,136)
Non-cash Items included in Net Operating Results:		
Amortization of Tangible Capital Assets	8,986	8,976
Valuation Adjustments	230	362
Gain on Disposal of Tangible Capital Assets	(18)	(2)
	(89,116)	(87,800)
Decrease (Increase) in Accounts Receivable before Valuation Adjustments	174	(571)
Increase (Decrease) in Accounts Payable and Accrued Liabilities before Valuation Adjustments	(2,269)	3,314
Increase in Unearned Revenue	11	9
	(91,200)	(85,048)
Capital Transactions		
Acquisition of Tangible Capital Assets (Schedule 5)	(8,796)	(1,696)
Disposal of Tangible Capital Assets	54	625
Transfers of Tangible Capital Assets	787	(120)
	(7,955)	(1,191)
Cash Applied to Capital Transactions		
Financing Transactions		
Net Transfer from General Revenues	98,050	87,387
	(1,105)	1,148
Increase (Decrease) in Cash		
Cash, Beginning of Year	1,177	29
Cash, End of Year	\$ 72	\$ 1,177

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

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

Note 1 Authority and Purpose

The Department of Community Development (Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department 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;
- 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. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

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

(a) Reporting Entity

The reporting entity is the Department of Community Development, which is part of the Ministry of Community Development (Ministry) and for which the Minister of Community Development (Minister) is accountable. Other entities reporting to the Minister are:

- Alberta Foundation for the Arts
- The Alberta Historical Resources Foundation
- Alberta Sport, Recreation, Parks and Wildlife Foundation
- The Government House Foundation
- Historic Resources Fund
- Human Rights, Citizenship and Multiculturalism Education Fund
- The Wild Rose Foundation

The activities of these organizations are not included in these financial statements. 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.

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 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 Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for goods or services which 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.

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

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 Department 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 Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department 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
- 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 Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

Assets (continued)

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and are 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 tangible capital assets is \$5,000 (2004 – \$15,000). 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 Department 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.

Liabilities

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

Net Assets

Net assets represents the difference between the carrying value of assets held by the Department and its liabilities.

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

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

Note 3 Government Restructuring (thousands of dollars)

As a result of government restructuring announced on November 25, 2004, the responsibility for Community Support Systems was transferred to the Department of Seniors and Community Supports.

Comparatives for 2004 have been restated as if the Department had always been assigned its current responsibilities.

Net assets as previously reported at March 31, 2003	\$ 165,605
Transfer to the Department of Seniors and Community Supports	<u>4,725</u>
Net assets as restated at April 1, 2003	<u><u>\$ 170,330</u></u>

Note 4 Accounts Receivable (thousands of dollars)

	2005		2004	
Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	
Accounts Receivable	\$ 1,131	\$ (32)	\$ 1,099	\$ 1,278
Refunds from Suppliers	<u>20</u>	<u>-</u>	<u>20</u>	<u>17</u>
	<u><u>\$ 1,151</u></u>	<u><u>\$ (32)</u></u>	<u><u>\$ 1,119</u></u>	<u><u>\$ 1,295</u></u>

Accounts receivable are unsecured and non-interest bearing.

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

Note 5 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets					
Buildings	20-40 years	\$ 111,378	\$ (63,621)	\$ 47,757	\$ 46,618
Land		37,982	-	37,982	37,820
Computer Hardware and Software	5-8 years	1,635	(817)	818	732
Equipment	3-10 years	17,838	(14,395)	3,443	1,899
Other	20 years	16,004	(15,297)	707	2,424
Infrastructure Assets					
Land Improvements	40 years	140,814	(73,834)	66,980	67,895
Highways and Roads	40 years	47,427	(31,427)	16,000	17,262
Bridges	60 years	2,894	(769)	2,125	2,175
		<u>\$ 375,972</u>	<u>\$ (200,160)</u>	<u>\$ 175,812</u>	<u>\$ 176,825</u>

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

Note 6 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 Department has not recorded the value of these collections in the financial statements due to the practical difficulties of reflecting them at a meaningful value. The collections are insured for \$360 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.
- (b) The Provincial Museum of Alberta maintains 13 curatorial programs, with total collection holdings comprising approximately 10 million objects. This includes more than 1,270,000 objects on-site; over 16,000 warehoused objects off site and another estimated 8,720,000 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 3,140 major and 3,440 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 49,700 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.

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

Note 6 Collections (continued)

- (g) The Provincial Archives of Alberta holds approximately 39,000 linear metres of government textual records; 4,680 linear metres of private textual records; 61,800 maps; 27,600 architectural drawings; 2,092,000 photographic images; 46,800 hours of sound recordings; 66,000 hours of film and video materials; and 12,500 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.
- (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.

Note 7 Contractual Obligations (thousands of dollars)

	2005	2004
Grant Agreements	\$ 2,734	\$ 4,000
Long-term Leases	1,905	1,285
Service Contracts	73	244
	\$ 4,712	\$ 5,529

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Long-term Leases	Service Contracts	Total
2006	\$ 2,234	\$ 814	\$ 73	\$ 3,121
2007	500	624	-	1,124
2008	-	369	-	369
2009	-	98	-	98
	\$ 2,734	\$ 1,905	\$ 73	\$ 4,712

Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005

Note 8 Contingent Liabilities (thousands of dollars)

At March 31, 2005, the Department is a defendant in ten legal claims (2004 restated– seven legal claims). Nine of these claims have specified amounts totalling \$2,736 and the remaining one has no specified amount (2004 restated – six claims with a specified amount of \$1,101 and one with no specified amount). Included in the total legal claims are two claims amounting to \$150 (2004 restated – two claims amounting to \$150) in which the Department has been jointly named with other entities. Seven claims amounting to \$2,456 (2004 restated– four claims amounting to \$821) 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 Department. 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 \$1,863 (2004 \$2,456). Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken.

The Department is obligated to construct a containment system at the Turner Valley Gas Plant historic site. The containment system will prevent hydrocarbons from contaminating adjacent lands and river streams. The estimated cost of the containment system is \$3 million. During the past six years, the Department has worked closely with Alberta Environment and Alberta Infrastructure and Transportation to reclaim and clean-up the site and closely monitor for any contamination entering the Sheep River. To date, there has been no evidence of any contamination entering the river from the site. On June 15, 2005, the Government of Alberta announced that Alberta Infrastructure and Transportation will construct a permanent \$3 million containment system on behalf of the Department. Construction is expected to be completed by the fall of 2006.

Note 9 Trust Funds Under Administration (thousands of dollars)

The Department 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 Department's financial statements.

**Department of Community Development
Notes to the Financial Statements
Year ended March 31, 2005**

Note 9 Trust Funds Under Administration (thousands of dollars) (continued)

As at March 31, 2005, trust funds under administration were as follows:

	2005	2004
Parks General Trust and Performance Deposits	\$ 401	\$ 329
Gakken Dinosaur Exhibit Trust Fund	163	159
Fort Dunvegan Historical Society Trust Fund	7	6
	\$ 571	\$ 494

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit in the amount of \$1,392 (2004 – \$1,499).

Note 10 Defined Benefit Plans (thousands of dollars)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department 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 \$3,462 for the year ended March 31, 2005 (2004 restated – \$2,989).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of \$268,101 (2003 – \$290,014) and the Public Service Pension Plan reported a deficiency of \$450,068 (2003 – \$584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$9,404 (2003– \$9,312).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of \$11,817 (2004 – \$9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$3,208 (2004 – \$1,298). The expense for these two plans is limited to employer’s annual contributions for the year.

Note 11 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

**Department of Community Development
Revenues
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual Restated (Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 85,806	\$ 85,806	\$ 72,105
Transfer from Alberta Heritage Scholarship Fund	10	10	10
	<u>85,816</u>	<u>85,816</u>	<u>72,115</u>
Transfer from the Government of Canada			
Other	1,229	1,123	1,190
	<u>1,229</u>	<u>1,123</u>	<u>1,190</u>
Premiums, Fees and Licences			
Camping	2,500	2,398	1,934
Land and Grazing	479	521	515
Film Classification	520	601	506
Other	719	508	535
	<u>4,218</u>	<u>4,028</u>	<u>3,490</u>
Other Revenue			
Contribution in Kind	1,000	1,111	1,362
Refunds of Expenses	50	486	140
Other	887	1,752	995
	<u>1,937</u>	<u>3,349</u>	<u>2,497</u>
	<u>\$ 93,200</u>	<u>\$ 94,316</u>	<u>\$ 79,292</u>

Department of Community Development
Dedicated Revenue Initiatives
Year ended March 31, 2005
(thousands of dollars)

	2005		
	Authorized Dedicated Revenues	Actual Dedicated Revenues ^(a)	(Shortfall) / Excess ^(f)
Park Operations ^(b)	\$ 5,136	\$ 5,191	\$ 55
Cultural Facilities and Historical Resources ^(c)	1,526	1,112	(414)
Heritage Resources Management ^(d)	814	621	(193)
Francophone Secretariat ^(e)	490	479	(11)
	<u>\$ 7,966</u>	<u>\$ 7,403</u>	<u>\$ (563)</u>

- (a) Revenues from dedicated revenue initiatives are included in the Department's revenues in the Statement of Operations and Schedule 1.
- (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 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) The Government of Canada provided funding to the Francophone Secretariat for the Canada-Alberta Cooperation Agreement to promote the official languages.
- (f) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

Department of Community Development
Expenses – Directly Incurred Detailed By Object
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual Restated (Note 3)
Voted			
Salaries, Wages and Employee Benefits	\$ 56,924	\$ 56,032	\$ 50,934
Supplies and Services	26,918	28,057	27,563
Grants	113,374	103,658	92,438
Financial Transactions and Other	101	96	110
Amortization of Tangible Capital Assets	9,420	8,986	8,976
Total Voted Expenses before Recoveries	206,737	196,829	180,021
Less: Recovery from Support Service Arrangements with Related Parties^(a)	(4,426)	(4,421)	(3,963)
	<u><u>\$ 202,311</u></u>	<u><u>\$ 192,408</u></u>	<u><u>\$ 176,058</u></u>
Statutory			
Grants	\$ 10	\$ 10	\$ 10
Valuation Adjustments			
Provision for Doubtful Accounts	-	2	16
Provision for Vacation Pay	217	228	346
	<u><u>\$ 227</u></u>	<u><u>\$ 240</u></u>	<u><u>\$ 372</u></u>

^(a) The Department provided financial and administrative services to the funds and agencies of the Ministry of Community Development. Costs incurred by the Department for these services were recovered from the funds and agencies of the Ministry of Community Development.

Department of Community Development
Budget
Year ended March 31, 2005
(thousands of dollars)

	2004-2005				
	Estimates	Adjustment ^(a)	Budget	Authorized Supplementary ^(b)	Authorized Budget
Revenues					
Internal Government Transfers	\$ 85,816	\$ -	\$ 85,816	\$ -	\$ 85,816
Transfers from the Government of Canada	1,229	-	1,229	90	1,319
Premiums, Fees and Licences	4,218	-	4,218	(79)	4,139
Other Revenue	1,937	-	1,937	1,141	3,078
	<u>93,200</u>	<u>-</u>	<u>93,200</u>	<u>1,152</u>	<u>94,352</u>
Expenses – Directly Incurred					
Voted Expenses					
Ministry Support Services	11,491	-	11,491	128	11,619
Community Services	91,762	-	91,762	-	91,762
Human Rights and Citizenship	5,056	-	5,056	-	5,056
Cultural Facilities and Historical Resources	46,107	-	46,107	330	46,437
Parks and Protected Areas	47,895	-	47,895	551	48,446
Dedicated Revenue Shortfall	-	(563)	(563)	-	(563)
	<u>202,311</u>	<u>(563)</u>	<u>201,748</u>	<u>1,009</u>	<u>202,757</u>
Statutory Expenses					
Queen's Golden Jubilee Scholarships	10	-	10	-	10
Valuation adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	217	-	217	-	217
	<u>227</u>	<u>-</u>	<u>227</u>	<u>-</u>	<u>227</u>
Gain on Disposal of Tangible Capital Assets					
	<u>6,279</u>	<u>-</u>	<u>6,279</u>	<u>-</u>	<u>6,279</u>
Net Operating Results	<u>\$ (103,059)</u>	<u>\$ 563</u>	<u>\$ (102,496)</u>	<u>\$ 143</u>	<u>\$ (102,353)</u>
Equipment/Inventory Purchases	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 271</u>	<u>\$ 421</u>
Capital Investment	<u>\$ 6,562</u>	<u>\$ -</u>	<u>\$ 6,562</u>	<u>\$ 2,801</u>	<u>\$ 9,363</u>

^(a) Adjustments include dedicated revenue shortfalls (Schedule 2).

^(b) Supplementary estimates were approved on March 24, 2005. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

Department of Community Development
Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Capital Investment and
Statutory Expenses by Element to Authorized Budget
Year ended March 31, 2005
(thousands of dollars)

	2004-2005 Estimates	Adjustments ^(a)	2004-2005 Budget	2004-2005 Authorized Supplementary ^(b)	2004-2005 Authorized Budget	2004-2005 Actual ^(c)	Unexpended (Over Expended)
Voted Operating Expense and Equipment/Inventory Purchases and Capital Investment							
1 Ministry Support Services							
1.0.1 Minister's Office	\$ 421	\$ -	\$ 421	\$ -	\$ 421	\$ 384	\$ 37
1.0.2 Deputy Minister's Office	327	-	327	-	327	317	10
1.0.3 Strategic Corporate Services							
- Operating Expense	4,618	-	4,618	-	4,618	4,249	369
- Equipment/Inventory Purchases	50	-	50	-	50	48	2
1.0.4 Corporate Costs	5,706	-	5,706	128	5,834	5,023	811
1.0.5 Communications	419	-	419	-	419	417	2
	11,541	-	11,541	128	11,669	10,438	1,231
2 Community Services							
2.1 Management and Operations							
2.1.1 Program Support	976	-	976	-	976	840	136
2.1.2 Arts Development							
- Operating Expense funded by Lotteries	1,503	-	1,503	-	1,503	1,502	1
2.1.3 Volunteer Services							
- Operating Expense	-	-	-	-	-	122	(122)
- Operating Expense funded by Lotteries	3,580	-	3,580	-	3,580	3,580	-
2.1.4 Sport and Recreation							
- Operating Expense funded by Lotteries	1,212	-	1,212	-	1,212	1,185	27
2.1.5 Library Services	546	-	546	-	546	463	83
2.1.6 Francophone Secretariat	808	-	808	-	808	774	34
	8,625	-	8,625	-	8,625	8,466	159
2.2 Financial Assistance							
2.2.1 Community Services Grants	100	-	100	-	100	1,134	(1,034)
2.2.2 Library Operating Grants	18,734	-	18,734	-	18,734	18,769	(35)

Department of Community Development
Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Capital Investment and
Statutory Expenses by Element to Authorized Budget
Year ended March 31, 2005
(thousands of dollars)

	2004-2005 Estimates	Adjustments ^(a)	2004-2005 Budget	2004-2005 Authorized Supplementary ^(b)	2004-2005 Authorized Budget	2004-2005 Actual ^(c)	Unexpended (Over Expended)
2.2.3 Hosting Major Athletic Events	-	-	-	-	-	400	(400)
- Operating Expense	1,800	-	1,800	-	1,800	1,800	-
- Operating Expense funded by Lotteries	7,033	-	7,033	-	7,033	-	7,033
2.2.4 Alberta NHL Teams Initiative	-	-	-	-	-	-	-
2.2.5 Assistance to the Alberta Foundation for the Arts	-	-	-	-	-	2,500	(2,500)
- Operating Expense	30,034	-	30,034	-	30,034	30,034	-
- Operating Expense funded by Lotteries	17,670	-	17,670	-	17,670	17,670	-
2.2.6 Assistance to the Alberta Sport, Recreation, Parks, and Wildlife Foundation	-	-	-	-	-	125	(125)
- Operating Expense funded by Lotteries	7,766	-	7,766	-	7,766	7,766	-
2.2.7 Assistance to the Wild Rose Foundation	83,137	-	83,137	-	83,137	80,198	2,939
- Operating Expense	-	-	-	-	-	-	-
- Operating Expense funded by Lotteries	91,762	-	91,762	-	91,762	88,664	3,098
3 Human Rights and Citizenship	3,791	-	3,791	-	3,791	3,812	(21)
3.0.1 Human Rights and Citizenship	-	-	-	-	-	-	-
3.0.2 Financial Assistance to the Human Rights, Citizenship and Multiculturalism Education Fund	1,265	-	1,265	-	1,265	1,265	-
- Operating Expense funded by Lotteries	5,056	-	5,056	-	5,056	5,077	(21)

Department of Community Development
Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Capital Investment and
Statutory Expenses by Element to Authorized Budget
Year ended March 31, 2005
(thousands of dollars)

	2004-2005 Estimates	Adjustments ^(a)	2004-2005 Budget	2004-2005 Authorized Supplementary ^(b)	2004-2005 Authorized Budget	2004-2005 Actual ^(c)	Unexpended (Over Expended)
4 Cultural Facilities and Historical Resources							
4.1 Management and Operations							
4.1.1 Program Support	1,081	-	1,081	-	1,081	866	215
4.1.2 Provincial Museum	4,472	-	4,472	-	4,472	4,481	(9)
4.1.3 Royal Tyrrell Museum of Paleontology							
- Operating Expense	1,987	-	1,987	-	1,987	2,124	(137)
- Equipment/Inventory Purchases	-	-	-	-	-	46	(46)
4.1.4 Historic Sites and Cultural Facilities							
- Operating Expense	9,029	-	9,029	255	9,284	9,081	203
- Equipment/Inventory Purchases	-	-	-	271	271	280	(9)
4.1.5 Provincial Archives of Alberta	1,896	-	1,896	-	1,896	1,734	162
4.1.6 Heritage Resource Management							
- Operating Expense	3,768	-	3,768	75	3,843	3,475	368
- Equipment/Inventory Purchases	-	-	-	-	-	146	(146)
4.1.7 Centennial Operations							
- Operating Expense	2,898	-	2,898	-	2,898	3,948	(1,050)
- Equipment/Inventory Purchases	-	-	-	-	-	8	(8)
	25,131	-	25,131	601	25,732	26,189	(457)
4.2 Financial Assistance							
4.2.1 Cultural Facilities and Historical Resources							
Grants							
- Operating Expense funded by Lotteries	1,030	-	1,030	-	1,030	1,030	-
4.2.2 Assistance to the Alberta Historical Resources							
Foundation							
- Operating Expense funded by Lotteries	6,946	-	6,946	-	6,946	6,946	-
4.2.3 Centennial Legacy Grants							
- Operating Expense	-	-	-	-	-	857	(857)
- Operating Expense funded by Lotteries	13,000	-	13,000	-	13,000	13,000	-
	20,976	-	20,976	-	20,976	21,833	(857)
	46,107	-	46,107	601	46,708	48,022	(1,314)

Department of Community Development
Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Capital Investment and
Statutory Expenses by Element to Authorized Budget
Year ended March 31, 2005
(thousands of dollars)

	2004-2005 Estimates	Adjustments ^(a)	2004-2005 Budget	2004-2005 Authorized Supplementary ^(b)	2004-2005 Authorized Budget	2004-2005 Actual ^(c)	Unexpended (Over Expended)
5 Parks and Protected Areas							
5.0.1 Program Support	254	-	254	-	254	254	-
5.0.2 Parks Policy and Planning	3,669	-	3,669	-	3,669	3,681	(12)
5.0.3 Parks Operations							
- Operating Expense	26,801	-	26,801	551	27,352	28,064	(712)
- Equipment/Inventory Purchases	100	-	100	-	100	798	(698)
- Capital Investment	6,562	-	6,562	2,801	9,363	7,470	1,893
5.0.4 Nominal Sum Disposals	7,986	-	7,986	-	7,986	-	7,986
5.0.5 Amortization of Tangible Capital Assets	9,185	-	9,185	-	9,185	8,736	449
	54,557	-	54,557	3,352	57,909	49,003	8,906
Dedicated Revenue Shortfall (Schedule 2)	-	(563)	(563)	-	(563)	-	(563)
Total Voted Expenses	\$ 209,023	\$ (563)	\$ 208,460	\$ 4,081	\$ 212,541	\$ 201,204	\$ 11,337
Operating Expense	\$ 116,505	\$ (563)	\$ 115,942	\$ 1,009	\$ 116,951	\$ 106,629	\$ 10,322
Operating Expense funded by Lotteries	85,806	-	85,806	-	85,806	85,779	27
Equipment/Inventory Purchases	150	-	150	271	421	1,326	(905)
	\$ 202,461	\$ (563)	\$ 201,898	\$ 1,280	\$ 203,178	\$ 193,734	\$ 9,444
Capital Investment	6,562	-	6,562	2,801	9,363	7,470	1,893
Total Voted Expenses	\$ 209,023	\$ (563)	\$ 208,460	\$ 4,081	\$ 212,541	\$ 201,204	\$ 11,337
Statutory Expenses							
Queen's Golden Jubilee Scholarships	\$ 10	\$ -	\$ 10	\$ -	\$ 10	\$ 10	\$ -
Valuation Adjustments	217	-	217	-	217	230	(13)
	\$ 227	\$ -	\$ 227	\$ -	\$ 227	\$ 240	\$ (13)

(a) Adjustments include dedicated revenue shortfalls (Schedule 2).

(b) Supplementary estimates were approved on March 24, 2005. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

(c) Includes achievement bonus amounting to \$753.

**Department of Community Development
Salary and Benefits Disclosure
Year ended March 31, 2005**

	2005			2004	
	Base Salary ^(a)	Other Cash Benefits ^(b)	Other Non-cash Benefits ^(c)	Total	Total
Senior Officials					
Deputy Minister ^{(d) (f)} Chief Commissioner, Alberta Human Rights and Citizenship Commission	\$ 157,392	\$ 30,849	\$ 30,335	\$ 218,576	\$ 218,799
	116,751	17,003	16,703	150,457	154,485
Executives					
Assistant Deputy Minister, Community and Citizenship Services ^(e)	126,828	30,438	25,244	182,510	168,776
Assistant Deputy Minister, Cultural Facilities and Historical Resources	121,644	17,882	24,095	163,621	156,737
Assistant Deputy Minister, Parks and Protected Areas	122,280	17,974	24,129	164,383	168,237
Assistant Deputy Minister, Strategic Corporate Services	132,204	19,434	24,423	176,061	175,732
Executive Director, Alberta 2005 Centennial Initiative ^{(g)(e)}	36,011	11,589	8,736	56,336	-

Prepared in accordance with Treasury Board Directive 03/2004.

Total salary and benefits relating to a position are disclosed.

- (a) Base salary includes regular base pay.
- (b) Other cash benefits include bonuses, vacation payments, overtime and lump sum payments.
- (c) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
- (d) Automobile provided, no dollar amount included in other non-cash benefits.
- (e) Other cash benefits include vacation payments for the Assistant Deputy Minister, Community and Citizenship Services \$11,794 (2004 Nil), and for the Executive Director, Alberta 2005 Centennial Initiatives \$7,833 (2004 Nil).
- (f) The position was occupied by two individuals through the year.
- (g) The position became part of the Executive Committee on December 1, 2004.

Department of Community Development
Related Party Transactions
Year ended March 31, 2005
(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 Department.

The Department 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 Department had the following transactions with related parties recorded on 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	
	2005	2004	2005	2004
		Restated (Note 3)		
Revenues				
Grants	\$ -	\$ -	\$ 85,816	\$ 72,115
Expenses – Directly Incurred				
Grants	\$ 66,306	\$ 62,681	\$ -	\$ -
Other services	-	-	4,729	4,833
	<u>\$ 66,306</u>	<u>\$ 62,681</u>	<u>\$ 4,729</u>	<u>\$ 4,833</u>
Tangible Capital Assets Transferred from (to)				
Others	\$ -	\$ -	\$ (787)	\$ 120
Accounts Payable	\$ 3	\$ -	\$ 35	\$ -
Accounts Receivable	\$ 283	\$ 339	\$ -	\$ -

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

The Department 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 8.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Recoveries				
Services Provided	\$ 1,426	\$ 1,578	\$ -	\$ -
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 18,617	\$ 20,242
Legal Services	-	-	343	271
Parks Maintenance	-	-	2,672	1,587
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,632</u>	<u>\$ 22,100</u>

Department of Community Development
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)

Program	Expenses – Incurred by Others						Valuation Adjustments (f)			Total Expenses Restated (Note 3)
	Expenses (a)	Services Provided (b)	Accommodation Costs (c)	Legal Services (d)	Parks Maintenance (e)	Provision for Vacation Pay	Provision for Doubtful Accounts	Total Expenses		
Ministry Support Services	\$ 10,390	\$ -	\$ 347	\$ 63	\$ -	\$ 15	\$ -	\$ 10,815	\$ 10,601	
Community Services	88,664	716	905	30	-	37	-	90,352	89,584	
Human Rights and Citizenship Cultural Facilities and Historical Resources	5,077	154	128	-	-	12	-	5,371	4,663	
Parks and Protected Areas	47,542	556	15,770	109	-	69	-	64,046	48,348	
Queen's Golden Jubilee Scholarships	40,735	-	1,467	141	2,672	95	2	45,112	43,534	
	10	-	-	-	-	-	-	10	10	
	<u>\$ 192,418</u>	<u>\$ 1,426</u>	<u>\$ 18,617</u>	<u>\$ 343</u>	<u>\$ 2,672</u>	<u>\$ 228</u>	<u>\$ 2</u>	<u>\$ 215,706</u>	<u>\$ 196,740</u>	

(a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(b) Financial and administrative services are provided to the funds and agencies of the Ministry of Community Development.

(c) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by square footage.

(d) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(e) The Department of Infrastructure and Transportation provides road and bridge maintenance to Parks and Protected Areas.

(f) 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.

Alberta Foundation for the Arts

Financial Statements

March 31, 2005

**Alberta Foundation for the Arts
Financial Statements
March 31, 2005**

Auditor's Report

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Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Budget

Schedule 3 – Related Party Transactions

Schedule 4 – Allocated Costs

Auditor's Report

To the Members of the Alberta Foundation for the Arts

I have audited the statement of financial position of the Alberta Foundation for the Arts (the Foundation) as at March 31, 2005 and the statements of operations and cash flows 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, 2005 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 19, 2005

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

Alberta Foundation for the Arts
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Schedule 2)	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Department of Community Development			
- Operating	\$ 19,034	\$ 19,034	\$ 19,034
- Film Development Program	11,000	13,500	10,000
Investment Income	345	187	208
Other Revenue			
Miscellaneous	60	47	55
Donations of Artworks	145	191	119
	<u>30,584</u>	<u>32,959</u>	<u>29,416</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 4)			
Arts Promotion	12,734	12,633	12,518
Arts Support	2,867	2,872	2,828
Artist Development	1,860	1,952	2,134
Arts Participation	1,540	1,492	1,387
Administration	344	280	307
Collection, Preservation and Display of Provincial Artworks	250	241	226
	<u>19,595</u>	<u>19,470</u>	<u>19,400</u>
Film Development	<u>11,000</u>	<u>13,423</u>	<u>10,959</u>
	<u>30,595</u>	<u>32,893</u>	<u>30,359</u>
Net Operating Results	<u>\$ (11)</u>	66	(943)
Fund Balance, Beginning of Year		<u>1,106</u>	<u>2,049</u>
Fund Balance, End of Year		<u>\$ 1,172</u>	<u>\$ 1,106</u>

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

**Alberta Foundation for the Arts
Statement of Financial Position
As at March 31, 2005
(thousands of dollars)**

	2005	2004
Assets		
Cash (Note 3)	\$ 1,825	\$ 2,937
Accrued Interest	15	15
Accounts Receivable (Note 4)	3	3
	1,843	2,955
Long Term Investments (Note 5)	467	467
Tangible Capital Assets (Note 6)	44	55
	\$ 2,354	\$ 3,477
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 715	\$ 1,904
Equity		
Fund Balance	1,172	1,106
General Reserve (Note 8)	467	467
	1,639	1,573
	\$ 2,354	\$ 3,477

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

Alberta Foundation for the Arts
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)

	2005	2004
Operating Transactions		
Net Operating Results	\$ 66	\$ (943)
Non-cash Items		
Amortization of Tangible Capital Assets	11	9
	77	(934)
Decrease (Increase) in Accounts Receivable	-	248
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,189)	779
Cash Provided by (Applied to) Operating Transactions	(1,112)	93
Capital Transactions		
Acquisition of Tangible Capital Assets	-	(25)
Cash Applied to Capital Transactions	-	(25)
Increase (Decrease) in Cash	(1,112)	68
Cash, Beginning of Year	2,937	2,869
Cash, End of Year	\$ 1,825	\$ 2,937

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

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005**

Note 1 Authority and Purpose

The Alberta Foundation for the Arts (Foundation) operates under the authority of the *Alberta Foundation for the Arts Act*, Chapter A-19, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To support and contribute to the development of literary, performing, visual and media arts in Alberta;
- To provide both individuals and organizations with opportunities to participate in the arts in Alberta;
- To promote the enjoyment of works of art by Alberta artists;
- To oversee the collection, preservation and display of works of art by Alberta artists; and
- To encourage artists living in Alberta in their work.

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

(a) Reporting Entity

The reporting entity is the Alberta Foundation for the Arts, 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.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005**

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 goods or services directly in return.

Unrestricted donations are recognized as revenue when they are received.

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.

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 tangible capital assets.

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

Incurred by Others

Services contributed by other entities in support of the Foundation 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.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005**

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

Basis of Financial Reporting (continued)

Assets

Financial assets of the Foundation are limited to financial claims, such as receivables from other organizations.

Tangible 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 new systems development is \$100,000 and the threshold for all other capital assets is \$5,000.

Investments

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

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 accrued interest, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005

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 appropriate 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 daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates.

	2005	2004
Cash	\$ 1,992	\$ 3,104
Less Cash Appropriated for Non-Current Use	(167)	(167)
	\$ 1,825	\$ 2,937

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

Note 4 Accounts Receivable (thousands of dollars)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 3	\$ -	\$ 3	\$ 3

Accounts receivable are unsecured and non-interest bearing.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005

Note 5 Long Term Investments (thousands of dollars)

	2005			2004	
	Effective Annual Interest Rate	Cost	Market	Cost	Market
Deposits with Life Insurance Companies, Maturing in 2008 ^(a)	5.125%	\$ 300	<u>\$ 300</u>	\$ 300	<u>\$ 300</u>
Cash Appropriated for Non-current Use		<u>167</u>		<u>167</u>	
		<u>\$ 467</u>		<u>\$ 467</u>	

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

Note 6 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005		2004	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment and Software	4 years	\$ 33	\$ (33)	\$ -	\$ 5
Equipment	10 years	61	(17)	44	50
Office Furnishings	7 years	6	(6)	-	-
		<u>\$ 100</u>	<u>\$ (56)</u>	<u>\$ 44</u>	<u>\$ 55</u>

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005**

Note 7 Artworks

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 7,381 (2004 – 7,148) artworks with an approximate value of \$8,329,000 (2004 – \$7,844,000). During the year, the Foundation purchased 147 (2004 – 108) artworks by Alberta artists at a total cost of \$295,150 (2004 – \$289,555); contributions to the collection included 81 (2004 – 114) artworks with an appraised value of \$189,940 (2004 – \$117,188). There were no artwork dispositions during the year (2004 – \$2,237).

Note 8 General Reserve

The general reserve has been established by appropriation from the fund balance. The reserve was established 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.

Note 9 Contractual Obligations (thousands of dollars)

	2005	2004
Grant Agreements	\$ 25,643	\$ 17,084
Service Contracts	569	846
	\$ 26,212	\$ 17,930

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Service Contracts	Total
2006	\$ 25,613	\$ 287	\$ 25,900
2007	-	282	282
	\$ 25,613	\$ 569	\$ 26,182

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2005**

Note 10 Honoraria (thousands of dollars)

	2005			2004	
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total	
Board ^(c)					
Chair	\$ 4	\$ -	\$ 4	\$ 6	
Other Members	28	-	28	39	
	\$ 32	\$ -	\$ 32	\$ 45	

^(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 03/2004, 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 honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

Note 11 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

Alberta Foundation for the Arts
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Grants	\$ 28,652	\$ 30,671	\$ 28,307
Supplies and Services	655	956	969
Supplies and Services from Support Service			
Arrangements with Related Parties ^(a)	737	737	622
Acquisition of Artworks	325	295	290
Donations of Artworks	145	191	117
Honoraria (Note 10)	70	32	45
Amortization of Tangible Capital Assets	11	11	9
	\$ 30,595	\$ 32,893	\$ 30,359

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

**Alberta Foundation for the Arts
Budget
Year ended March 31, 2005
(thousands of dollars)**

	2004-2005 Estimates	Treasury Board Approval ^(a)	2004-2005 Authorized Budget
Revenues			
Internal Government Transfers			
Transfers from the Department of Community			
Development	\$ 30,034	\$ 2,500	\$ 32,534
Investment Income	345	-	345
Other Revenue			
Miscellaneous	60	-	60
Donations of Artworks	145	-	145
	<u>30,584</u>	<u>2,500</u>	<u>33,084</u>
Expenses – Directly Incurred			
Arts Promotion	12,734	-	12,734
Arts Support	2,867	-	2,867
Artist Development	1,860	-	1,860
Arts Participation	1,540	-	1,540
Administration	344	-	344
Collection, Preservation and Display of Provincial Artworks	250	-	250
	<u>19,595</u>	<u>-</u>	<u>19,595</u>
Film Development	11,000	2,500	13,500
	<u>30,595</u>	<u>2,500</u>	<u>33,095</u>
Net Operating Results	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ (11)</u>
Capital Investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

^(a) On August 4, 2004 Treasury Board approved a transfer of \$2.5 million from the Department of Community Development for the Alberta Film Development Program.

Alberta Foundation for the Arts
Related Party Transactions
Year ended March 31, 2005
(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.

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	
	2005	2004	2005	2004
Revenues				
Transfers from the Department of Community Development				
-Operating	\$ 19,034	\$ 19,034	\$ -	\$ -
-Film Development	13,500	10,000	-	-
	<u>\$ 32,534</u>	<u>\$ 29,034</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses – Directly Incurred				
Grants	\$ 125	\$ 106	\$ -	\$ -
Other Services	-	-	48	52
	<u>\$ 125</u>	<u>\$ 106</u>	<u>\$ 48</u>	<u>\$ 52</u>
Accounts Receivable	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts Payable	<u>\$ 27</u>	<u>\$ 128</u>	<u>\$ 8</u>	<u>\$ 6</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	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 192	\$ 172
Legal Services	-	-	2	7
Other Services	475	526	-	-
	<u>\$ 475</u>	<u>\$ 526</u>	<u>\$ 194</u>	<u>\$ 179</u>

Alberta Foundation for the Arts
Allocated Costs
Year ended March 31, 2005
 (thousands of dollars)

Program	Expenses – Incurred by Others				2005		2004	
	Expenses ^(a)	Accommodation Costs ^(b)	Legal Services ^(c)	Other Services ^(d)	Total Expenses	Total Expenses	Total Expenses	
Arts Promotion	\$ 12,633	\$ 7	\$ -	122	\$ 12,762	\$ 12,762	\$ 12,692	
Arts Support	2,872	4	-	78	2,954	2,954	2,914	
Artist Development	1,952	7	-	154	2,113	2,113	2,265	
Arts Participation	1,492	3	-	53	1,548	1,548	1,500	
Administration	280	3	-	35	318	318	323	
Collection, Preservation and Display of Provincial Artworks	241	167	-	20	428	428	389	
Film Development	13,423	1	2	13	13,439	13,439	10,981	
	\$ 32,893	\$ 192	\$ 2	475	\$ 33,562	\$ 33,562	\$ 31,064	

(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 Legal Services on Schedule 3, allocated by estimated costs incurred by each program.

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

The Alberta Historical Resources Foundation

Financial Statements

March 31, 2005

**The Alberta Historical Resources Foundation
Financial Statements
March 31, 2005**

Auditor's Report

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Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

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 (the Foundation) as at March 31, 2005 and the statements of operations and cash flows 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, 2005 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 19, 2005

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

The Alberta Historical Resources Foundation
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)

	2005				2004
	Budget	Actual			Actual
		Operating Fund	Restricted Fund	Total	Total (Restated Note 3)
Revenues					
Internal Government Transfers					
Transfer from Department of Community Development	\$ 6,946	\$ 6,946	\$ -	\$ 6,946	\$ 6,946
Investment Income	180	121	1	122	146
Other Revenue	6	16	-	16	9
	<u>7,132</u>	<u>7,083</u>	<u>1</u>	<u>7,084</u>	<u>7,101</u>
Expenses – Directly Incurred (Schedules 1 and 3)					
Support to Provincial Heritage Organizations					
Alberta Museums Association	1,400	1,400	-	1,400	1,400
Archives Society of Alberta	160	160	-	160	160
Other	136	136	-	136	136
	<u>1,696</u>	<u>1,696</u>	<u>-</u>	<u>1,696</u>	<u>1,696</u>
Glenbow Museum	2,738	2,738	-	2,738	2,688
Heritage Preservation Projects	1,363	1,002	-	1,002	917
Main Street Program	730	395	-	395	1,162
Heritage Awareness Projects	429	451	-	451	323
Roger Soderstrom Fellowship Projects	5	-	1	1	4
Administration	171	177	-	177	202
	<u>7,132</u>	<u>6,459</u>	<u>1</u>	<u>6,460</u>	<u>6,992</u>
Net Operating Results	<u>\$ -</u>	624	-	624	109
Fund Balances at Beginning of Year		<u>3,459</u>	21	<u>3,480</u>	<u>3,371</u>
Fund Balances at End of Year		<u>\$ 4,083</u>	<u>\$ 21</u>	<u>\$ 4,104</u>	<u>\$ 3,480</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, 2005
(thousands of dollars)

	2005	2004
		(Restated Note 3)
Assets		
Cash (Note 4)	\$ 3,884	\$ 3,692
Inventory	5	5
Tangible Capital Assets (Note 5)	258	293
	4,147	3,990
Cash Appropriated for Non-current Uses (Notes 4 and 8)	50	50
	\$ 4,197	\$ 4,040
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 43	\$ 510
Fund Balances		
Unrestricted Operating Fund	4,083	3,459
Restricted Funds (Note 7)	21	21
	4,104	3,480
Reserve (Note 8)	50	50
	4,154	3,530
	\$ 4,197	\$ 4,040

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

The Alberta Historical Resources Foundation
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)

	2005	2004
		(Restated Note 3)
Operating Transactions		
Net Operating Results	\$ 624	\$ 109
Amortization of Tangible Capital Assets	37	27
	661	136
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(467)	393
	194	529
Capital Transactions		
Acquisition of Tangible Capital Assets	(2)	(75)
Cash applied to Capital Transactions	(2)	(75)
	192	454
Cash, Beginning of Year	3,692	3,238
Cash, End of Year	\$ 3,884	\$ 3,692

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

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2005

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

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

(a) Reporting Entity

The reporting entity is the Alberta Historical Resources 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

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.
- 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.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

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 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.

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.

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

Incurred by Others

Services contributed by other entities in support of the Foundation operations are disclosed in Schedule 3.

Assets

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

Tangible 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 new systems development is \$100,000 and the threshold for all other capital assets is \$5,000.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

Assets (continued)

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 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.

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, accounts payable and accrued liabilities are estimated to approximate their carrying values.

Note 3 Correction of Error (thousands of dollars)

Previous financial statements had recognized the purchase of heritage markers as an expense in the year they were purchased, as opposed to capitalizing and subsequently amortizing their cost over their useful lives. The financial statements of prior periods have been restated. As a result of this correction, in 2004 net operating results has increased by \$48, fund balances at beginning of year has increased by \$245, fund balances at end of year and tangible capital assets has increased by \$293.

Note 4 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 appropriate 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 CCITF's earnings, which varies depending on prevailing market interest rates.

Cash in the amount of \$21 has been restricted for the Roger Soderstrom Fellowship fund and is therefore not available to pay for operating expenses of the Foundation. (Note 7)

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
Year ended March 31, 2005

Note 5 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value (Restated Note 3)
Equipment	7 years	\$ 3	\$ (3)	\$ -	\$ -
Other	10 years	381	(123)	258	293
		<u>\$ 384</u>	<u>\$ (126)</u>	<u>\$ 258</u>	<u>\$ 293</u>

Note 6 Collections

The Foundation has a collection of historical assets, which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 380 (2004 – 401) artworks with an estimated value of \$16,250 (2004 – \$16,950), and 30 (2004 – 30) antique furnishings estimated at \$12,700 (2004 – \$12,700). During the year, the Foundation did not acquire any historical assets (2004 – Nil) and there were 21 (2004 – 9) dispositions.

Note 7 Restricted Funds (thousands of dollars)

	2005	2004
Roger Soderstrom Fellowship Fund ^(a)	<u>\$ 21</u>	<u>\$ 21</u>

^(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 8 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
Year ended March 31, 2005

Note 9 Honoraria (thousands of dollars)

	2005			2004
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total
Board ^(c)				
Chair	\$ 3	\$ -	\$ 3	\$ 4
Other Members (7)	17	-	17	19
	\$ 20	\$ -	\$ 20	\$ 23

^(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 03/2004, 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
Year ended March 31, 2005

Note 10 Contractual Obligations (thousands of dollars)

	2005	2004
Grant Agreements	\$ 2,933	\$ 2,135
Service Contracts ^(a)	1	2,748
Long-term Leases	2	12
	\$ 2,936	\$ 4,895

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Service Contracts	Long-term Leases	Total
2006	\$ 2,863	\$ 1	\$ 2	\$ 2,866
2007	70	-	-	70
	\$ 2,933	\$ 1	\$ 2	\$ 2,936

^(a) The 2005 service contracts do not include the costs for maintenance of collections with Glenbow Museum because the agreement with Glenbow was not in place at March 31, 2005. Subsequent to year end, a contract for \$2,879 for the period April 1, 2005 to March 31, 2006 was signed.

Note 11 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
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual (Restated Note 3)
Grants	\$ 3,771	\$ 3,149	\$ 3,711
Supplies and Services	2,970	2,887	2,864
Supplies and Services from Support Services Arrangements with Related Parties ^(a)	367	367	367
Honoraria (Note 9)	24	20	23
Amortization of Tangible Capital Assets	-	37	27
	\$ 7,132	\$ 6,460	\$ 6,992

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

The Alberta Historical Resources Foundation
Related Party Transactions
Year ended March 31, 2005
(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.

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 on 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	
	2005	2004	2005	2004
Revenue				
Transfer from Department of Community Development	\$ 6,946	\$ 6,946	\$ -	\$ -
Expenses – Directly Incurred				
Grants	\$ 25	\$ 25	\$ -	\$ -
Other services	-	-	8	15
	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 8</u>	<u>\$ 15</u>
Accounts Payable	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</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 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 18	\$ 22
Other Services	240	344	-	-
	<u>\$ 240</u>	<u>\$ 344</u>	<u>\$ 18</u>	<u>\$ 22</u>

The Alberta Historical Resources Foundation
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)

Program	Expenses – Incurred by Others				Total Expenses	Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Other Services ^(c)	2005		
Support to Provincial Heritage Organizations	\$ 1,696	\$ -	\$ -	\$ 1,696	\$ 1,696	
Glenbow Museum	2,738	-	-	2,738	2,688	
Heritage Preservation Projects	1,002	-	-	1,002	917	
Main Street Program	395	8	2	405	1,183	
Heritage Awareness Projects	451	-	-	451	323	
Roger Soderstrom Fellowship Projects	1	-	-	1	4	
Administration	177	10	238	425	547	
	\$ 6,460	\$ 18	\$ 240	\$ 6,718	\$ 7,358	

(a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

(c) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

Alberta Sport, Recreation, Parks and Wildlife Foundation

Financial Statements

March 31, 2005

Alberta Sport, Recreation, Parks and Wildlife Foundation
Financial Statements
March 31, 2005

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Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Auditor's Report

To the Members of the Alberta Sport, Recreation, Parks and Wildlife Foundation

I have audited the statement of financial position of the Alberta Sport, Recreation, Parks and Wildlife Foundation (the Foundation) as at March 31, 2005 and the statements of operations and cash flows 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, 2005 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 19, 2005

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

Alberta Sport, Recreation, Parks and Wildlife Foundation
Statement of Operations
For the year ended March 31, 2005
(thousands of dollars)

	2005				2004	
	Budget	Operating Fund	Restricted Fund	Endowment Fund	Total Actual	Total Actual
Revenues						
Internal Government Transfers	\$ 17,795	\$ 17,795	\$ -	\$ -	\$ 17,795	\$ 17,776
Transfers from Government of Canada	500	325	-	-	325	200
Investment Income	315	83	52	-	135	187
Premiums, Fees and Licences	75	92	-	-	92	175
Other Revenue						
Donations	817	382	326	-	708	740
Percy Page Centre Sales (Note 9)	505	388	-	-	388	446
Refunds of Expenses	20	10	-	-	10	25
Parks and Wildlife Ventures Sales	-	-	1	-	1	2
Miscellaneous Revenue	80	48	-	-	48	53
	<u>20,107</u>	<u>19,123</u>	<u>379</u>	<u>-</u>	<u>19,502</u>	<u>19,604</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)						
Provincial Programs	12,262	11,894	90	-	11,984	11,533
Alberta and Interprovincial Games	2,794	2,665	125	-	2,790	3,042
Municipal Recreation / Tourism Areas	1,528	1,494	-	-	1,494	1,489
Active Lifestyles	1,450	1,501	-	-	1,501	1,450
Provincial and Regional Development	700	634	-	-	634	700
Percy Page Centre (Note 9)	468	402	-	-	402	454
Parks and Wildlife Ventures	440	212	70	-	282	299
Other Initiatives	120	55	30	-	85	93
Administration	351	320	6	-	326	291
	<u>20,113</u>	<u>19,177</u>	<u>321</u>	<u>-</u>	<u>19,498</u>	<u>19,351</u>
Net Operating Results	<u>\$ (6)</u>	<u>(54)</u>	<u>58</u>	<u>-</u>	<u>4</u>	<u>253</u>
Fund Balances at Beginning of Year		<u>329</u>	<u>3,866</u>	<u>414</u>	<u>4,609</u>	<u>4,356</u>
Fund Balances at End of Year		<u>\$ 275</u>	<u>\$ 3,924</u>	<u>\$ 414</u>	<u>\$ 4,613</u>	<u>\$ 4,609</u>

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

Alberta Sport, Recreation, Parks and Wildlife Foundation
Statement of Financial Position
As at March 31, 2005
(thousands of dollars)

	2005	2004
Assets		
Cash (Note 3)	\$ 2,777	\$ 2,711
Accounts Receivable (Note 4)	285	233
Prepaid Expenses and Inventory	53	55
	3,115	2,999
Tangible Capital Assets (Note 5)	2,322	2,328
	\$ 5,437	\$ 5,327
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 805	\$ 718
Unearned Revenue	19	-
	824	718
Fund Balances		
Operating	275	329
Endowment (Note 7)	414	414
Restricted (Note 8)	3,924	3,866
	4,613	4,609
	\$ 5,437	\$ 5,327

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

Alberta Sport, Recreation, Parks and Wildlife Foundation
Statement of Cash Flows
For the year ended March 31, 2005
(thousands of dollars)

	2005	2004
Operating Transactions		
Net Operating Results	\$ 4	\$ 253
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	6	6
	10	259
Increase in Accounts Receivable	(52)	(120)
Decrease (Increase) in Prepaid Expenses and Inventory	2	(9)
Increase in Accounts Payable and Accrued Liabilities	87	74
Increase (Decrease) in Unearned Revenue	19	(7)
	66	197
Cash Provided by Operating Transactions		
Capital Transactions		
Purchase of Tangible Capital Assets	-	(140)
Donation of Tangible Capital Assets	-	(38)
	-	(178)
Cash Applied to Capital Transactions		
Increase in Cash	66	19
Cash, Beginning of Year	2,711	2,692
Cash, End of Year	\$ 2,777	\$ 2,711

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

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

Note 1 Authority and Purpose

The Alberta Sport, Recreation, Parks and Wildlife Foundation (Foundation) operates under the authority of the *Alberta Sport, Recreation, Parks and Wildlife Foundation Act*, Chapter A-34, Revised Statutes of Alberta 2000.

The purpose of the Foundation is to support enhancement of sport, recreation, parks and wildlife programs for all Albertans.

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

(a) Reporting Entity

The reporting entity is the Alberta Sport, Recreation, Parks and Wildlife 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

Fund Accounting

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

- The operating fund accounts for revenues and expenses associated with the primary activities of the Foundation;
- The restricted fund accounts for non-government contributions received for which donors have specified the purpose, restricted interest earned, related expenses incurred, and funds restricted by the Board of Directors; and

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

Fund Accounting (continued)

- The endowment fund accounts for contributions received under various agreements with sponsors and matching funds provided by the Foundation. Interest earned on the existing endowment funds can only be used to fund various sport programs, and are therefore recorded as part of the restricted fund. The principal must remain intact.

Revenues

All revenues are reported on the accrual basis of accounting.

Cash donations are reported when received. 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.

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 tangible capital assets.

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

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are disclosed in Schedule 3.

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

Assets

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

Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other assets is \$5,000. All land is capitalized.

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

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.

Liabilities

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

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

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

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 appropriate security and liquidity of depositor's 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'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.

Cash in the amount of \$1,879 has been externally restricted and \$318 has been internally restricted and is therefore not available to pay for operating expenses of the Foundation. (Note 7 and 8)

Note 4 Accounts Receivable (thousands of dollars)

	2005		2004	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 157	\$ -	\$ 157	\$ 121
Other	3	-	3	6
Refunds of Expenses	125	-	125	106
	\$ 285	\$ -	\$ 285	\$ 233

Accounts receivable are unsecured and non-interest bearing.

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

Note 5 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land, Unrestricted	N/A	\$ 181	\$ -	\$ 181	\$ 181
Land, Use Restricted by Donors ^(a)	N/A	1,933	-	1,933	1,933
Buildings, Use Restricted by Donors ^(a)	40 years	255	47	208	214
		<u>\$ 2,369</u>	<u>\$ 47</u>	<u>\$ 2,322</u>	<u>\$ 2,328</u>

^(a) Restricted for use in the Parks and Wildlife Ventures program.

Note 6 Artworks

The Foundation has a collection of artworks consisting of 20 (2004 – 22) prints of the Waterfowl of North America Collection #1250 with an approximate value of \$5,652 (2004 – \$6,290). During the year, there were 2 (2004 – 1) dispositions.

Note 7 Endowment Fund (thousands of dollars)

The endowment fund balance comprises:

	2005	2004
Externally Restricted Contributions	\$ 216	\$ 216
Internally Restricted Matching Funds	198	198
	<u>\$ 414</u>	<u>\$ 414</u>

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

Note 8 Restricted Fund (thousands of dollars)

The restricted fund balance comprises:

	2005	2004
Investment in Land and Buildings ^(a)	\$ 2,141	\$ 2,147
Externally Restricted Funds	1,663	1,602
Internally Restricted Funds	120	117
	\$ 3,924	\$ 3,866

^(a) The land and buildings are governed by restrictions that require the Foundation to use these assets for its programs.

Note 9 Percy Page Centre

The Foundation operates the Percy Page Centre, Edmonton, to provide accommodation and office services to non-profit organizations. These organizations are charged for their use of office equipment, supplies and print shop facilities.

Note 10 Honoraria (thousands of dollars)

	2005			2004
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total
Board ^(c)				
Chair	\$ 1	\$ -	\$ 1	\$ 1
Other Members (9)	18	-	18	12
	\$ 19	\$ -	\$ 19	\$ 13

^(a) The Foundation has no employees. Staff of the Department of Community Development administer the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Board Directive 03/2004, 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 honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

Alberta Sport, Recreation, Parks and Wildlife Foundation
Notes to the Financial Statements
For the year ended March 31, 2005

Note 11 Contractual Obligations (thousands of dollars)

	2005	2004
Grant Agreements	\$ 814	\$ 738
Long-term Leases	318	430
Service Contracts	294	52
	\$ 1,426	\$ 1,220

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Long-term Leases	Service Contracts	Total
2006	\$ 354	\$ 94	\$ 294	\$ 742
2007	250	84	-	334
2008	160	67	-	227
2009	50	65	-	115
2010	-	8	-	8
	\$ 814	\$ 318	\$ 294	\$ 1,426

Note 12 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

Alberta Sport, Recreation, Parks and Wildlife Foundation
Expenses – Directly Incurred Detailed By Object
For the year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Grants	\$ 16,559	\$ 15,782	\$ 15,332
Supplies and Services	1,817	1,929	2,361
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	1,720	1,762	1,639
Honoraria (Note 10)	11	19	13
Amortization of Tangible Capital Assets	6	6	6
	\$ 20,113	\$ 19,498	\$ 19,351

^(a) The Foundation receives administrative services for various recreational, park, and wildlife facilities as well as other general financial and administrative services from the Department of Community Development.

Alberta Sport, Recreation, Parks and Wildlife Foundation
Related Party Transactions
For the year ended March 31, 2005
(thousands of dollars)

Related parties are those entities consolidated or accounted for on the 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 on 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	
	2005	2004	2005	2004
Revenues				
Internal Government Transfers				
Department of Community Development	\$ 17,670	\$ 17,670	\$ -	\$ -
Alberta Foundation for the Arts	125	106	-	-
	<u>\$ 17,795</u>	<u>\$ 17,776</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses – Directly Incurred				
Other services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 81</u>
Accounts Receivable	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts Payable	<u>\$ 35</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ -</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 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 717	\$ 753
Legal Services	-	-	2	11
Other Services	200	267	-	-
	<u>\$ 200</u>	<u>\$ 267</u>	<u>\$ 719</u>	<u>\$ 764</u>

Alberta Sport, Recreation, Parks and Wildlife Foundation
Allocated Costs
For the year ended March 31, 2005
(thousands of dollars)

Program	Expenses – Incurred by Others					Total Expenses	Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Legal Services ^(c)	Other Services ^(d)	Total Expenses		
Provincial Programs	\$ 11,984	\$ 6	-	\$ 64	\$ 12,054	\$ 11,624	
Alberta and Interprovincial Games	2,790	67	-	72	2,929	3,196	
Municipal Recreation / Tourism Areas	1,494	1	-	10	1,505	1,504	
Active Lifestyles	1,501	1	-	8	1,510	1,461	
Provincial and Regional Development	634	-	-	2	636	703	
Percy Page Centre (Note 9)	402	638	-	8	1,048	1,148	
Parks and Wildlife Ventures	282	1	2	12	297	327	
Other Initiatives	85	-	-	2	87	96	
Administration	326	3	-	22	351	323	
	<u>\$ 19,498</u>	<u>\$ 717</u>	<u>\$ 2</u>	<u>\$ 200</u>	<u>\$ 20,417</u>	<u>\$ 20,382</u>	

- (a) Expenses – Directly Incurred as per Statement of Operations.
(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.
(c) Costs shown for Legal Services on Schedule 2, allocated by estimated costs incurred by each program.
(d) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

The Government House Foundation

Financial Statements

March 31, 2005

**The Government House Foundation
Financial Statements
March 31, 2005**

Auditor's Report

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Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Auditor's Report

To the Directors of The Government House Foundation

I have audited the statement of financial position of The Government House Foundation (the Foundation) as at March 31, 2005 and the statements of operations and cash flows 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, 2005 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 19, 2005

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, 2005**

	2005		2004
	Budget	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Alberta Historical Resources Foundation	\$ 25,000	\$ 25,000	\$ 25,000
Investment Income	4,000	3,009	3,441
	<u>29,000</u>	<u>28,009</u>	<u>28,441</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Administration	11,000	12,774	10,000
Public Relations	1,000	10,334	9,751
Conservation of Collections	3,000	4,301	2,791
Collection Acquisitions	35,000	-	-
	<u>50,000</u>	<u>27,409</u>	<u>22,542</u>
Net Operating Results	<u>\$ (21,000)</u>	600	5,899
Fund Balance, Beginning of Year		<u>105,530</u>	<u>99,631</u>
Fund Balance, End of Year		<u>\$ 106,130</u>	<u>\$ 105,530</u>

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

**The Government House Foundation
Statement of Financial Position
As at March 31, 2005**

	2005	2004
Assets		
Cash (Note 3)	\$ 117,866	\$ 108,612
Accounts Receivable	108	85
	\$ 117,974	\$ 108,697
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 11,844	\$ 3,167
Equity		
Fund Balance	106,130	105,530
	\$ 117,974	\$ 108,697

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

**The Government House Foundation
Statement of Cash Flows
Year ended March 31, 2005**

	2005	2004
Operating Transactions		
Net Operating Results	\$ 600	\$ 5,899
Increase in Accounts Receivable	(23)	(37)
Increase in Accounts Payable and Accrued Liabilities	8,677	3,022
Cash Provided by Operating Transactions	9,254	8,884
Cash, Beginning of Year	108,612	99,728
Cash, End of Year	\$ 117,866	\$ 108,612

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

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2005

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

(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, 2005**

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 3.

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, 2005

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 appropriate 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, 2005, the collection consisted of approximately 379 (2004 – 379) pieces of artworks and other items, with an approximate value of \$948,342 (2004 – \$948,342). During the year, the Foundation made no artworks purchases (2004 – Nil). There were no contributions to the collections during the year (2004 – Nil), and there were no dispositions during the year (2004 – Nil).

Note 5 Contractual Obligations

At March 31, 2005, the Foundation had commitments in the amount of approximately \$4,700 (2004 – \$4,700) relating to service contracts.

Note 6 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, 2005**

	2005		2004
	Budget	Actual	Actual
Supplies and Services			
Contract Services	\$ 8,500	\$ 17,455	\$ 14,409
General Office	2,000	6,805	4,961
Hosting	2,000	2,647	2,466
Materials and Supplies	37,500	502	706
	\$ 50,000	\$ 27,409	\$ 22,542

**The Government House Foundation
Related Party Transactions
Year ended March 31, 2005**

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	
	2005	2004	2005	2004
Revenues				
Transfers from the Alberta Historical Resources Foundation	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses – Directly Incurred				
Other Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,014</u>	<u>\$ 1,705</u>
Accounts Payable	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ -</u>

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 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 725	\$ 650
Other Services	<u>7,395</u>	<u>6,815</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,395</u>	<u>\$ 6,815</u>	<u>\$ 725</u>	<u>\$ 650</u>

**The Government House Foundation
Allocated Costs
Year ended March 31, 2005**

Program	Expenses – Incurred by Others			Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Other Services ^(c)	
Administration	\$ 12,774	\$ 338	\$ 3,447	\$ 16,559
Public Relations	10,334	273	2,788	13,395
Conservation of Collections	4,301	114	1,160	5,575
	<u>\$ 27,409</u>	<u>\$ 725</u>	<u>\$ 7,395</u>	<u>\$ 35,529</u>
				<u>\$ 30,007</u>

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

^(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

^(c) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

Historic Resources Fund

Financial Statements

March 31, 2005

**Historic Resources Fund
Financial Statements
March 31, 2005**

Auditor's Report

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Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Expenses – Directly Incurred Detailed by Object

Schedule 3 – Related Party Transactions

Schedule 4 – Allocated Costs

Auditor's Report

To the Minister of Community Development

I have audited the statement of financial position of Historic Resources Fund (the Fund) as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund'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.

The Fund operates some facilities with the assistance of volunteer societies. The surpluses generated by the operation of some of these government-owned facilities are excluded from the Fund's financial statements. The Fund has not recorded the surpluses generated by the facilities of approximately \$90,000 (2004 - \$109,000). In addition, as of March 31, 2005, accumulated surpluses of approximately \$197,000 (2004 - \$216,000) returned to the Fund are recorded as deferred contributions instead of being recorded as part of the fund balance. The effect of these departures from Canadian generally accepted accounting principles is to overstate liabilities by approximately \$197,000 (2004 - \$216,000), understate assets by approximately \$90,000 (2004 - \$109,000) and understate fund balance by approximately \$287,000 (2004 - \$325,000) at March 31, 2005.

In my opinion, except for the effects of the matters discussed in the preceding section, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 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 19, 2005

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

**Historic Resources Fund
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual
Revenues (Schedule 1)			
Interpretative Programs and Services	\$ 4,341	\$ 3,387	\$ 3,618
Promotion and Presentation	2,470	2,439	2,299
Donations	-	174	785
Other Initiatives	279	388	737
Provincial Archives	100	151	76
Investment Income	80	58	88
	<u>7,270</u>	<u>6,597</u>	<u>7,603</u>
Expenses – Directly Incurred (Schedules 2 and 4)			
Interpretative Programs and Services	4,041	3,686	3,380
Promotion and Presentation	2,900	2,685	2,810
Other Initiatives	279	396	195
Provincial Archives	100	147	143
	<u>7,320</u>	<u>6,914</u>	<u>6,528</u>
Valuation Adjustments			
Provision for Doubtful Accounts	-	(4)	18
		<u>6,910</u>	<u>6,546</u>
Net Operating Results	<u>\$ (50)</u>	(313)	1,057
Fund Balance at Beginning of Year		<u>5,245</u>	<u>4,188</u>
Fund Balance at End of Year		<u>\$ 4,932</u>	<u>\$ 5,245</u>

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

**Historic Resources Fund
Statement of Financial Position
As at March 31, 2005
(thousands of dollars)**

	2005	2004
Assets		
Cash (Note 3)	\$ 2,332	\$ 2,390
Accounts Receivable (Note 4)	88	103
Inventory	257	245
Prepaid Expenses	17	4
Tangible Capital Assets (Note 5)	3,636	3,899
	\$ 6,330	\$ 6,641
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 717	\$ 856
Deferred Contributions (Note 6)	616	472
Unearned Revenue	65	68
	1,398	1,396
Fund Balance	4,932	5,245
	\$ 6,330	\$ 6,641

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

**Historic Resources Fund
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)**

	2005	2004
Operating Transactions		
Net Operating Results	\$ (313)	\$ 1,057
Non-cash Items		
Amortization of Tangible Capital Assets	453	329
Valuation Adjustments	(4)	18
	136	1,404
Decrease in Accounts Receivable before Valuation Adjustments	19	386
Increase in Inventory	(12)	(62)
Decrease (Increase) in Prepaid Expenses	(13)	20
Decrease in Accounts Payable and Accrued Liabilities	(139)	(425)
Increase (Decrease) in Deferred Contributions	144	(504)
Decrease in Unearned Revenue	(3)	-
	132	819
Capital Transactions		
Acquisition of Tangible Capital Assets	(190)	(1,213)
Donation of Tangible Capital Assets	-	(256)
	(190)	(1,469)
Decrease in Cash	(58)	(650)
Cash, Beginning of Year	2,390	3,040
Cash, End of Year	\$ 2,332	\$ 2,390

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

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2005

Note 1 Authority and Purpose

The Historic Resources Fund (Fund) operates under the authority of the *Historical Resources Act*, Chapter H-9, Revised Statutes of Alberta 2000, as amended.

The purpose of the Fund is to protect, enhance, promote and display Alberta's historic resources by funding programs designated by the Lieutenant Governor in Council, by providing operational grants to non-profit organizations, and by promoting the use and development of related facilities.

The Fund is a regulated fund of the Province 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. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all entities.

(a) Reporting Entity

The reporting entity is the Historic Resources Fund, 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 basis of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Grants and donations, that are restricted to a specific use, are recorded as deferred contributions and transferred to revenues in the period in which the related expenses are incurred.

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 at the date of donation when fair value can reasonably be determined.

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2005

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 goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the Government's budget documents. In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include amortization of tangible capital assets.

Incurred by Others

Services contributed by other entities in support of the Fund's operations are disclosed in Schedule 4.

Assets

Financial assets of the Fund include advances to and receivables from other organizations, employees, and other individuals, as well as inventories held for resale. Inventory is valued at the lower of cost and estimated net realizable value.

Tangible capital assets of the Fund 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 \$5,000.

Liabilities

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

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2005**

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

(b) Basis of Financial Reporting (continued)

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, accounts payable and accrued liabilities are estimated to approximate their carrying 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 appropriate 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 Fund's daily cash balance at the average rate of 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 Accounts Receivable (thousands of dollars)

	2005		2004	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 90	\$ (8)	\$ 82	\$ 103
Refunds from Suppliers	6	-	6	-
	<u>\$ 96</u>	<u>\$ (8)</u>	<u>\$ 88</u>	<u>\$ 103</u>

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2005

Note 5 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	3-10 years	\$ 4,414	\$ (872)	\$ 3,542	\$ 3,829
Computer Hardware and Software	5 years	152	(58)	94	70
		<u>\$ 4,566</u>	<u>\$ (930)</u>	<u>\$ 3,636</u>	<u>\$ 3,899</u>

Note 6 Deferred Contributions (thousands of dollars)

Deferred contributions represent restricted contributions received relating to expenses of future years.

Changes in the deferred contributions balance are as follows:

	2005	2004
Restricted Contributions Received During the Year:		
Promotion and Presentation	\$ 217	\$ 64
Other Initiatives	153	296
	<u>370</u>	<u>360</u>
Less: Amounts Recognized as Revenue in the Year	<u>(226)</u>	<u>(864)</u>
Increase (Decrease) During the Year	144	(504)
Balance at Beginning of Year	<u>472</u>	<u>976</u>
Balance at End of Year	<u>\$ 616</u>	<u>\$ 472</u>
Balance at End of Year is Comprised of:		
Promotion and Presentation	\$ 512	\$ 368
Other Initiatives	104	104
	<u>\$ 616</u>	<u>\$ 472</u>

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2005

Note 7 Contractual Obligations (thousands of dollars)

	2005	2004
Service Contracts	\$ 724	\$ 2,144
Long-term Leases	-	9
	\$ 724	\$ 2,153

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts
2006	\$ 47
2007	250
	\$ 72

Note 8 Approval of Financial Statements

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

**Historic Resources Fund
Revenues
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual
Transfers from Government of Canada	\$ 350	\$ 38	\$ 69
Investment Income	80	58	88
Premiums, Fees and Licences	4,341	3,596	3,783
Other Revenue			
Recoveries	2,499	2,418	2,217
Donations	-	174	785
Rental Revenue	-	5	6
Other Grants and Contributions	-	185	579
Refunds of Expenses	-	57	70
Other Miscellaneous Revenue	-	66	6
	\$ 7,270	\$ 6,597	\$ 7,603

Historic Resources Fund
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Supplies and Services			
Materials and Supplies	\$ 1,378	\$ 1,355	\$ 1,490
Contract Services	4,913	3,922	3,904
General Office	226	481	292
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	677	629	449
Travel	71	66	57
Hosting	5	8	7
Amortization of Tangible Capital Assets	50	453	329
	<u>\$ 7,320</u>	<u>\$ 6,914</u>	<u>\$ 6,528</u>
Valuation Adjustments			
Provision for Doubtful Accounts	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 18</u>

^(a) The Fund receives financial and administrative services from the Department of Community Development.

**Historic Resources Fund
Related Party Transactions
Year ended March 31, 2005
(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.

The Fund 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 Fund had the following transactions with related parties recorded on 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	
	2005	2004	2005	2004
Expenses – Directly Incurred				
Other services	\$	-	\$ 122	\$ 11
Accounts Payable	\$ 160	\$ 170	\$ -	\$ -
Accounts Receivable	\$ 2	\$ -	\$ -	\$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Fund 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	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 4	\$ 44
Other Services	309	240	-	-
	\$ 309	\$ 240	\$ 4	\$ 44

**Historic Resources Fund
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)**

Program	2005				2004	
	Expenses ^(a)	Accommodation ^(b)	Other Services ^(c)	Valuation Adjustments	Total Expenses	Total Expenses
Interpretative Programs and Services	\$ 3,686	\$ 22	\$ 165	\$ 2	\$ 3,875	\$ 3,527
Promotion and Presentation	2,685	16	120	(6)	2,815	2,951
Other Initiatives	396	2	18	-	416	204
Provincial Archives	147	1	6	-	154	149
	\$ 6,914	\$ 41	\$ 309	\$ (4)	\$ 7,260	\$ 6,831

- (a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.
- (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.
- (d) Doubtful Accounts Provision were estimated and allocated to program.

Human Rights, Citizenship and Multiculturalism Education Fund

Financial Statements

March 31, 2005

**Human Rights, Citizenship and Multiculturalism Education Fund
Financial Statements
March 31, 2005**

Auditor's Report

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Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Auditor's Report

To the Minister of Community Development

I have audited the statement of financial position of Human Rights, Citizenship and Multiculturalism Education Fund (the Fund) as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund'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 Fund as at March 31, 2005 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 19, 2005

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

Human Rights, Citizenship and Multiculturalism Education Fund
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Department of Community Development	\$ 1,265	\$ 1,265	\$ 1,265
Transfers from the Alberta Heritage Scholarship Fund	45	50	29
Investment Income	150	87	101
Other Revenue			
Refunds of Expenses	10	40	-
Other	15	24	14
	<u>1,485</u>	<u>1,466</u>	<u>1,409</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Support to Community Groups	1,036	1,014	798
Education Programs	235	237	283
Administration	214	218	211
Cultural Diversity Institute	-	-	60
Fathers of Confederation	-	-	50
	<u>1,485</u>	<u>1,469</u>	<u>1,402</u>
Net Operating Results	<u>\$ -</u>	(3)	7
Fund Balance, Beginning of Year		<u>1,613</u>	<u>1,606</u>
Fund Balance, End of Year		<u>\$ 1,610</u>	<u>\$ 1,613</u>

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

Human Rights, Citizenship and Multiculturalism Education Fund
Statement of Financial Position
As at March 31, 2005
(thousands of dollars)

	2005	2004
Assets		
Cash (Note 3)	\$ 1,757	\$ 1,675
Accounts Receivable (Note 4)	5	4
	1,762	1,679
Cash Appropriated for Non-Current Use (Notes 3 and 5)	1,450	1,450
	\$ 3,212	\$ 3,129
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 152	\$ 66
Equity		
Fund Balance	1,610	1,613
General Reserve (Note 5)	1,450	1,450
	3,060	3,063
	\$ 3,212	\$ 3,129

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

Human Rights, Citizenship and Multiculturalism Education Fund
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)

	2005	2004
Operating Transactions		
Net Operating Results	\$ (3)	\$ 7
Increase in Accounts Receivable	(1)	(3)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	86	(224)
	82	(220)
Cash Provided by (Applied to) Operating Transactions		
Cash, Beginning of Year	1,675	1,895
Cash, End of Year	\$ 1,757	\$ 1,675

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

Human Rights, Citizenship and Multiculturalism Education Fund
Notes to the Financial Statements
Year ended March 31, 2005

Note 1 Authority and Purpose

The Human Rights, Citizenship and Multiculturalism Education Fund (Fund) operates under the authority of the *Human Rights, Citizenship and Multiculturalism Act*, Chapter H-14, Revised Statutes of Alberta 2000.

The purpose of the Fund is to promote equality, increase understanding and acceptance of Alberta's diverse racial and cultural composition, and inform Albertans about their rights and responsibilities under the Human Rights, Citizenship and Multiculturalism Act.

The Fund is owned by the Crown in right of Alberta and is not subject to taxation.

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

(a) Reporting Entity

The reporting entity is the Fund, 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.

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.

Cash donations are reported when received. 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.

Human Rights, Citizenship and Multiculturalism Education Fund
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund 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.

Incurred by Others

Services contributed by other entities in support of the Fund operations are disclosed in Schedule 3.

Assets

Financial assets of the Fund are limited to financial claims, such as advances to and receivables from other organizations.

Liabilities

Liabilities represent all financial claims payable by the Fund 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, accounts payable and accrued liabilities are estimated to approximate their carrying 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 appropriate security and liquidity of depositors' capital. The

Human Rights, Citizenship and Multiculturalism Education Fund
Notes to the Financial Statements
Year ended March 31, 2005

Note 3 Cash (continued)

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 Fund'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.

Note 4 Accounts Receivable (thousands of dollars)

	2005		2004	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 5	\$ -	\$ 5	\$ 4
	\$ 5	\$ -	\$ 5	\$ 4

Accounts receivable are unsecured and non-interest bearing.

Note 5 General Reserve

The general reserve has been established by appropriation from the fund balance. The purpose of the reserve is to maintain a source for ongoing funding capability. The reserve is not available for operations without authorization of the Treasury Board.

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

Note 6 Contractual Obligations (thousands of dollars)

	2005	2004
Grant Agreements	\$ 68	\$ 4
Service Contracts	87	157
	\$ 155	\$ 161

Human Rights, Citizenship and Multiculturalism Education Fund
Notes to the Financial Statements
Year ended March 31, 2005

Note 6 Contractual Obligations (continued)

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Service Contracts	Total
2006	\$ 68	\$ 87	\$ 155
	\$ 68	\$ 87	\$ 155

Note 7 Honoraria (thousands of dollars)

	2005		2004	
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total
Advisory Committee				
Chair ^(c)	\$ -	\$ -	\$ -	\$ -
Vice-Chair ^{(a)(d)}	-	-	-	-
Other Members ^(e)	1	-	1	2
	\$ 1	\$ -	\$ 1	\$ 2

- (a) The Fund has no employees. Staff of the Department of Community Development administers the Fund. Disclosure of information on their salaries and benefits, a requirement under Treasury Directive 03/2004, is included in the financial statements of the Department of Community Development.
- (b) No benefits were provided to the Advisory Committee members.
- (c) The Chair of the Advisory Committee is a Member of the Legislative Assembly and is not compensated by the Fund. The Chair received \$12 (2004 - \$15) from the Department of Community Development for his duties as Chair of the Advisory Committee.
- (d) The Vice-chair of the Advisory Committee is the Chief Commissioner of the Alberta Human Rights and Citizenship Commission and is not compensated by the Fund. The Vice-chair's salary and benefits are reported in the financial statements of the Department of Community Development.
- (e) Members appointed to the Advisory Committee are paid honoraria for attending meetings and performing other Fund duties at rates set by Ministerial Order.

Note 8 Approval of Financial Statements

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

**Human Rights, Citizenship and Multiculturalism Education Fund
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual
Grants	\$ 961	\$ 1,017	\$ 933
Supplies and Services	334	261	290
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	190	190	177
Honoraria (Note 7)	-	1	2
	\$ 1,485	\$ 1,469	\$ 1,402

^(a) The Fund receives financial and administrative services from the Department of Community Development.

Human Rights, Citizenship and Multiculturalism Education Fund
Related Party Transactions
Year ended March 31, 2005
(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.

The Fund 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 Fund 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 related parties:

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Revenues				
Transfers from the Department of Community Development	\$ 1,265	\$ 1,265	\$ -	\$ -
Transfers from the Alberta Heritage Scholarship Fund	-	-	50	29
	<u>\$ 1,265</u>	<u>\$ 1,265</u>	<u>\$ 50</u>	<u>\$ 29</u>
Expenses – Directly Incurred				
Other Services	\$ -	\$ -	\$ 9	\$ 7
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 7</u>
Accounts Payable	<u>\$ 13</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>

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

The Fund 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 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 18	\$ 13
Legal Costs	-	-	1	1
Other Services	153	152	-	-
	<u>\$ 153</u>	<u>\$ 152</u>	<u>\$ 19</u>	<u>\$ 14</u>

Human Rights, Citizenship and Multiculturalism Education Fund
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)

Program	Expenses – Incurred by Others					Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Legal Services ^(c)	Other Services ^(d)	Total Expenses	
Support to Community Groups	\$ 1,014	\$ 7	\$ -	\$ 12	\$ 1,033	\$ 811
Education Programs	237	9	-	105	351	400
Administration	218	2	1	36	257	239
Cultural Diversity Institute	-	-	-	-	-	66
Fathers of Confederation	-	-	-	-	-	51
	<u>\$ 1,469</u>	<u>\$ 18</u>	<u>\$ 1</u>	<u>\$ 153</u>	<u>\$ 1,641</u>	<u>\$ 1,567</u>

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

^(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

^(c) Costs shown for Legal Services on Schedule 2, allocated by estimated costs incurred by each program.

^(d) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

The Wild Rose Foundation

Financial Statements

March 31, 2005

**The Wild Rose Foundation
Financial Statements
March 31, 2005**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Auditor's Report

To the Members of The Wild Rose Foundation

I have audited the statement of financial position of The Wild Rose Foundation (the Foundation) as at March 31, 2005 and the statements of operations and cash flows 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, 2005 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 19, 2005

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

The Wild Rose Foundation
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from Department of Community Development	\$ 7,766	\$ 7,891	\$ 7,766
Investment Income	420	268	338
Premiums, Fees and Licences			
- Vitalize Conference for Volunteers	156	135	128
Other Revenue			
Donations			
- Vitalize Conference for Volunteers	53	43	46
Refunds of Expenses			
- Other Initiatives	100	3	8
Miscellaneous Revenue			
- Vitalize Conference for Volunteers	7	2	4
	<u>8,502</u>	<u>8,342</u>	<u>8,290</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Support to Alberta Non-Profit Organizations	4,312	4,851	4,476
International Development Program	1,705	1,929	1,859
Voluntary Sector Development	1,320	425	795
Vitalize Conference for Volunteers	637	585	521
Other Initiatives	255	221	219
Administration	274	234	227
	<u>8,503</u>	<u>8,245</u>	<u>8,097</u>
Net Operating Results	<u>\$ (1)</u>	97	193
Operating Fund Balance at Beginning of Year		<u>2,097</u>	<u>1,904</u>
Operating Fund Balance at End of Year		<u>\$ 2,194</u>	<u>\$ 2,097</u>

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

The Wild Rose Foundation
Statement of Financial Position
As at March 31, 2005
(thousands of dollars)

	2005	2004
Assets		
Cash (Note 3)	\$ 3,526	\$ 3,715
Accounts Receivable	3	2
Prepaid Expenses	62	50
	3,591	3,767
Investment (Note 3)	6,500	6,500
Tangible Capital Assets (Note 4)	-	1
	\$ 10,091	\$ 10,268
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,396	\$ 1,669
Unearned Revenue	1	2
	1,397	1,671
Equity		
Endowment Fund – Internally Restricted (Note 5)	6,500	6,500
Operating Fund	2,194	2,097
	8,694	8,597
	\$ 10,091	\$ 10,268

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

**The Wild Rose Foundation
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)**

	2005	2004
Operating Transactions		
Net Operating Results	\$ 97	\$ 193
Non-cash Items		
Amortization of Tangible Capital Assets	1	1
	98	194
(Increase) in Accounts Receivable	(1)	-
Decrease (Increase) in Prepaid Expenses	(12)	1
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(273)	511
Increase (Decrease) in Unearned Revenue	(1)	2
Cash Provided by Operating Transactions	(189)	708
Cash, Beginning of Year	3,715	3,007
Cash, End of Year	\$ 3,526	\$ 3,715

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

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2005

Note 1 Authority and Purpose

The Wild Rose Foundation (Foundation) operates under the authority of the *Wild Rose Foundation Act*, Chapter W-8, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To provide funding to volunteer, non-profit organizations that provide valuable services to Albertans;
- To foster or promote the use of volunteers, or to assist those who volunteer or use the services of volunteers in Alberta; and
- To foster or promote charitable, philanthropic, humanitarian, or public spirited acts or to assist those who perform them.

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

(a) Reporting Entity

The reporting entity is the Wild Rose 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

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.

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

Revenue (continued)

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 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.

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 tangible capital assets.

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

Incurred by Others

Services contributed by other entities in support of the Foundation operations are disclosed in Schedule 3.

Assets

Financial assets of the Foundation are limited to financial claims, such as receivables from other organizations.

Tangible 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 new systems development is \$100,000 and the threshold for all other capital assets is \$5,000.

Liabilities

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

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2005

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

(b) Basis of Financial Reporting (continued)

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, accounts payable and accrued liabilities are estimated to approximate their carrying values.

Note 3 Cash and Investment

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 appropriate 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 CCITF's earnings, which varies depending on prevailing market interest rates.

Investment also consists of deposits in the CCITF. It represents deposits equivalent to the endowment fund balance. These deposits are internally restricted.

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

Note 4 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005		2004
		Cost	Accumulated Amortization	Net Book Value
Equipment	7 years	\$ 6	\$ 6	\$ -
		\$ 1	\$ -	\$ 1

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2005

Note 5 Endowment Fund – Internally Restricted (thousands of dollars)

In 1985, the members of the Foundation directed that the initial contribution from lottery funds amounting to \$4,500 be placed in an endowment fund so that the funds are not available for use in its operations. In 1993, a further \$2,000 was transferred from the operating fund balance to the endowment fund. The purpose of the fund is to earn income and to retain an ongoing funding capability.

Interest earned on the endowment fund is reported as operating revenue.

Note 6 Honoraria (thousands of dollars)

	2005			2004
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total
Board ^(c)				
Chair	\$ 16	\$ -	\$ 16	\$ 17
Other Members (6)	27	-	27	22
	\$ 43	\$ -	\$ 43	\$ 39

^(a) The Foundation has no employees. Staff of the Department of Community Development administer the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Directive 03/2004, 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 honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend out of town meetings, and for attending to other Foundation duties.

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2005

Note 7 Contractual Obligations (thousands of dollars)

	2005	2004
Grant Agreements	\$ 372	\$ 434
Service Contracts	197	283
	\$ 569	\$ 717

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Service Contracts	Total
2006	\$ 247	\$ 174	\$ 421
2007	125	23	148
	\$ 372	\$ 197	\$ 569

Note 8 Approval of Financial Statements

The financial statements have been approved by the Board of Directors.

The Wild Rose Foundation
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Grants	\$ 6,261	\$ 6,512	\$ 6,442
Supplies and Services	1,461	954	906
Supplies and Services from Support Services Arrangements with Related Parties ^(a)	735	735	709
Honoraria (Note 6)	45	43	39
Amortization of Tangible Capital Assets	1	1	1
	\$ 8,503	\$ 8,245	\$ 8,097

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

**The Wild Rose Foundation
Related Party Transactions
Year ended March 31, 2005
(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.

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 on 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	
	2005	2004	2005	2004
Revenues				
Transfer from Department of Community Development	\$ 7,891	\$ 7,766	\$ -	\$ -
Expenses – Directly Incurred				
Other services	\$ -	\$ -	\$ 38	\$ 47
Accounts Payable	\$ 45	\$ 49	\$ -	\$ -

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 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 50	\$ 41
Other Services	42	42	-	-
	\$ 42	\$ 42	\$ 50	\$ 41

**The Wild Rose Foundation
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)**

Program	Expenses – Incurred by Others				Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Other Services ^(c)	Total Expenses	
					2004
					2005
Support to Alberta Non-Profit Organizations	\$ 4,851	\$ 12	\$ 11	\$ 4,874	\$ 4,497
International Development Program	1,929	12	11	1,952	1,880
Voluntary Sector Development	425	8	6	439	807
Vitalize Conference for Volunteers	585	8	6	599	534
Other Initiatives	221	5	4	230	227
Administration	234	5	4	243	235
	<u>\$ 8,245</u>	<u>\$ 50</u>	<u>\$ 42</u>	<u>\$ 8,337</u>	<u>\$ 8,180</u>

(a) Expenses – Directly Incurred as per Statement of Operations, excluding evaluation adjustments.
 (b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.
 (c) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.