

Historic Resources Fund

Financial Statements

March 31, 2005

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

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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
	\$ 7,320	\$ 6,914	\$ 6,528
Valuation Adjustments			
Provision for Doubtful Accounts	\$ -	\$ (4)	\$ 18

^(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.

