

Ministry of Community Development

Consolidated Financial Statements

March 31, 2006

**Ministry of Community Development
Consolidated Financial Statements
March 31, 2006**

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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, 2006 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, 2006 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, 2006

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, 2006
(thousands of dollars)**

	2006		2005
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedules 1 and 2)			
Internal Government Transfers	\$ 99,607	\$ 99,582	\$ 85,866
Transfers from the Government of Canada	1,937	1,841	1,486
Investment Income	1,558	1,355	861
Premiums, Fees and Licences	8,953	8,768	7,850
Other Revenue	10,742	13,540	8,068
	<u>122,797</u>	<u>125,086</u>	<u>104,131</u>
Expenses – Directly Incurred (Note 2(c) and Schedules 3 and 6)			
Support Individuals and Organizations through Community Development	96,375	121,455	91,090
Protect Human Rights, and Promote Fairness and Access	5,594	5,640	5,281
Preserve, Protect and Present Alberta’s History and Culture	85,320	107,557	53,971
Preserve, Protect and Present Alberta’s Provincial Parks and Protected Areas	47,996	48,348	40,735
Ministry Support Services	11,546	11,332	10,390
	<u>246,831</u>	<u>294,332</u>	<u>201,467</u>
Valuation Adjustments			
Provision for Environmental Obligations	-	15,537	-
Provision for Doubtful Accounts	-	40	(2)
Provision for Vacation Pay	217	133	228
	<u>217</u>	<u>15,710</u>	<u>226</u>
Total Expenses	<u>247,048</u>	<u>310,042</u>	<u>201,693</u>
Gain (Loss) on Disposal of Tangible Capital Assets	<u>1,547</u>	<u>(254)</u>	<u>18</u>
Net Operating Results	<u>\$ (122,704)</u>	<u>\$ (185,210)</u>	<u>\$ (97,544)</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, 2006
(thousands of dollars)

	2006	2005
Assets		
Cash and Short-term Investments (Note 3)	\$ 19,865	\$ 16,290
Accounts Receivable, Prepaid Expenses and Inventories (Note 4)	2,416	1,627
Long-term Investments (Note 5)	8,467	8,467
Tangible Capital Assets (Note 6)	213,775	182,072
	\$ 244,523	\$ 208,456
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 67,863	\$ 20,031
Unearned Revenue	909	907
	68,772	20,938
Net Assets		
Net Assets, Beginning of Year	187,518	187,012
Net Operating Results	(185,210)	(97,544)
Net Transfer from General Revenues	173,443	98,050
Net Assets, End of Year (Note 8)	175,751	187,518
	\$ 244,523	\$ 208,456

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, 2006
(thousands of dollars)**

	2006	2005
		Restated (Note 15)
Operating Transactions		
Net Operating Results	\$ (185,210)	\$ (97,544)
Non-cash Items included in Net Operating Results:		
Amortization of Tangible Capital Assets	9,531	9,494
Valuation Adjustments	15,710	226
(Gain) Loss on Disposal of Tangible Capital Assets	254	(18)
	(159,715)	(87,842)
Increase in Accounts Receivable, Prepaid Expenses and Inventories before Valuation Adjustments	(829)	(54)
Increase (Decrease) in Accounts Payable and Accrued Liabilities before Valuation Adjustments	32,162	(3,998)
Increase in Unearned Revenue	2	171
	(128,380)	(91,723)
Capital Transactions		
Acquisition of Tangible Capital Assets	(41,051)	(9,010)
Disposal of Tangible Capital Assets	9	54
Transfers of Tangible Capital Assets	(160)	787
Donation of Tangible Capital Assets	(286)	(272)
	(41,488)	(8,441)
Financing Transactions		
Net Transfer from General Revenues	173,443	98,050
Increase (Decrease) in Cash	3,575	(2,114)
Cash and Short-term Investments, Beginning of Year	16,290	18,404
Cash and Short-term Investments, End of Year	\$ 19,865	\$ 16,290

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, 2006

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.

(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.

**Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006**

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

(a) Reporting Entity (continued)

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.

(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 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.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

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

(c) Basis of Financial Reporting (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.

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
- 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 and environmental obligations.

Incurred by Others

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

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

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

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. 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.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental obligations are recorded as liabilities when there is little or no discretion to avoid settlement of the obligation and a reasonable estimate of the amount can be made.

Net Assets

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

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

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

Net Assets (continued)

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

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

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

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

Valuation of Financial Assets and Liabilities

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

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

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Environmental obligations are included in accounts payable and accrued liabilities and a provision in the amount of \$15,537, was recorded to Preserve, Protect and Present Alberta's History and Culture (\$14,500) and to Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas (\$1,037), based on management's best estimates that reflect the most probable course of action. Increased construction costs, or other unanticipated changes may affect these estimates.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

Note 3 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.

	2006	2005
Cash	\$ 28,032	\$ 24,457
Less Appropriated for Non-current Use (Note 5)	(8,167)	(8,167)
	\$ 19,865	\$ 16,290

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 \$344 has been internally restricted and is therefore not available to pay for operating expenses.

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

	2006		2005	
				Restated (Note 15)
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 2,035	\$ (70)	\$ 1,965	\$ 1,206
Inventory	288	-	288	279
Prepaid Expenses	93	-	93	115
Refunds from Suppliers	70	-	70	26
Advances	-	-	-	1
	\$ 2,486	\$ (70)	\$ 2,416	\$ 1,627

Accounts receivable are unsecured and non-interest bearing.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

Note 5 Long-term Investments (thousands of dollars)

	2006			2005	
	Effective Interest Rate	Cost	Market	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, 2006

Note 6 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2006		2005	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets					
Land	N/A	\$ 40,205	\$ -	\$ 40,205	\$ 40,096
Buildings	20-40 years	130,792	(65,572)	65,220	47,964
Computer Hardware and Software	3-8 years	2,378	(1,054)	1,324	911
Equipment	3-15 years	32,905	(16,348)	16,557	7,030
Other	7-20 years	16,455	(16,047)	408	966
		<u>222,735</u>	<u>(99,021)</u>	<u>123,714</u>	<u>96,967</u>
Infrastructure Assets					
Land Improvements	40 years	148,692	(77,340)	71,352	66,980
Highways and Roads	40 years	49,270	(32,714)	16,556	16,000
Bridges	60 years	2,973	(820)	2,153	2,125
		<u>200,935</u>	<u>(110,874)</u>	<u>90,061</u>	<u>85,105</u>
		<u>\$ 423,670</u>	<u>\$ (209,895)</u>	<u>\$ 213,775</u>	<u>\$ 182,072</u>

Note 7 Collections

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

- (a) The Province, through the Historic Sites and Cultural Facilities Branch, preserves and presents 9 historic sites that contain 48 restored historic buildings/structures and 3 stabilized ruins. The Branch also operates 3 interpretive centers, 2 museums and 2 cultural facilities. As well, it administers an additional 3 historic sites which contain 58 undeveloped historic buildings/structures. In addition, the Branch owns 1 developed historic resource (leased to a society), 13 cairns, 4 archaeological sites and 1 palaeontological site. In total, the Ministry 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, 2006

Note 7 Collections (continued)

- (b) The Royal Alberta Museum 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 115,000 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 52,432 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 39,900 linear metres of government textual records; 4,700 linear metres of private textual records; 61,800 maps; 27,600 architectural drawings; 2,168,600 photographic images; 46,900 hours of sound recordings; 66,000 hours of film and video materials; and 12,535 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, 2006

Note 7 Collections (continued)

- (i) The Glenbow-Alberta Institute, under contract to the Province of Alberta, 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 5,500 linear metres 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, 2006, the collection consisted of approximately 388 (2005 – 379) pieces of artworks and other items, with an approximate value of \$978,417 (2005 – \$948,342). During the year, the Foundation purchased 5 artworks at a total cost of \$22,900 (2005 – Nil). Contributions to the collections included 4 artworks and other items with an appraised value of \$7,715 (2005 – Nil), and there were no dispositions during the year (2005 – 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 7,434 (2005 – 7,381) artworks with an approximate value of \$8,672,000 (2005 – \$8,329,000). During the year, the Foundation purchased 29 (2005 – 147) artworks by Alberta artists at a total cost of \$276,000 (2005 – \$295,150); contributions to the collection included 24 (2005 – 81) artworks with an appraised value of \$66,900 (2005 – \$189,940). There were two artwork dispositions during the year (2005 – Nil).
- (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 379 (2005 – 380) artworks with an estimated value of \$16,150 (2005 – \$16,250), and 30 (2005 – 30) antique furnishings estimated at \$12,700 (2005 – \$12,700). During the year, the Alberta Historical Resources Foundation did not acquire any historical assets (2005 – Nil) and there was 1 (2005 – 21) disposition.
- (m) The Alberta Sport, Recreation, Parks and Wildlife Foundation has a collection of artworks consisting of 19 (2005 – 20) prints of the Waterfowl of North America Collection # 1250 with an approximate value of \$5,333 (2005 – \$5,652). During the year, there was 1 (2005 – 2) disposition.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

Note 8 Net Assets (thousands of dollars)

	<u>2006</u>	<u>2005</u> Restated (Note 15)
Unrestricted Funds	\$ 162,810	\$ 174,575
Endowment Funds	6,914	6,914
Externally Restricted Funds	3,914	3,921
General Reserves	1,967	1,967
Internally Restricted Funds	146	141
	<u>\$ 175,751</u>	<u>\$ 187,518</u>

Note 9 Contractual Obligations (thousands of dollars)

	<u>2006</u>	<u>2005</u> Restated (Note 15)
Grant Agreements	\$ 39,114	\$ 32,564
Long-term Leases	11,569	2,225
Service Contracts	33,097	1,950
	<u>\$ 83,780</u>	<u>\$ 36,739</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>
2007	\$ 25,449	\$ 9,194	\$ 12,769	\$ 47,412
2008	13,490	976	5,232	19,698
2009	175	1,119	5,096	6,390
2010	-	148	5,000	5,148
2011	-	66	5,000	5,066
Thereafter	-	66	-	66
	<u>\$ 39,114</u>	<u>\$ 11,569</u>	<u>\$ 33,097</u>	<u>\$ 83,780</u>

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

Note 10 Contingent Liabilities (thousands of dollars)

At March 31, 2006, the Ministry is a defendant in nine legal claims (2005 - ten legal claims). Six of these claims have specified amounts totalling \$1,081 and the remaining three have no specified amount (2005 - nine claims with a specified amount of \$2,736 and one with no specified amount). Included in the total legal claims are two claims amounting to \$150 (2005 – two claims amounting to \$150) in which the Ministry has been jointly named with other entities. Eight claims amounting to \$1,081 (2005 – seven claims amounting to \$2,456) 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 preliminary estimate of the amount of such potential contingent liabilities is \$1,000 (2005 – \$1,863).

Note 11 Trust Funds Under Administration (thousands of dollars)

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

As at March 31, 2006, trust funds under administration were as follows:

	2006	2005
Parks General Trust and Performance Deposits	\$ 460	\$ 401
Gakken Dinosaur Exhibit Trust Fund	168	163
Fort Dunvegan Historical Society Trust Fund	7	7
	\$ 635	\$ 571

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 \$2,879 (2005 – \$1,392).

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2006

Note 12 Defined Benefit Plans (thousands of dollars)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$4,083 for the year ended March 31, 2006 (2005 – \$3,462).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of \$165,895 (2004 – \$268,101) and the Public Service Pension Plan reported a deficiency of \$187,704 (2004 – \$450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$10,018 (2004 – \$9,404).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actuarial deficiency of \$8,699 (2005 – \$11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$8,309 (2005 – \$3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 13 Jubilee Auditoria Operations

Commencing in the current year, the Ministry is recording the revenues, expenses and surpluses of the operations at the Northern Alberta Jubilee Auditorium and the Southern Alberta Jubilee Auditorium.

Note 14 Subsequent Events

Effective April 1, 2006, the Alberta Film Development Program will be transferred to the Ministry of Economic Development along with a budget of \$13.5 million.

Note 15 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 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, 2006
(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 99,527	\$ 99,527	\$ 85,806
Transfer from Alberta Heritage Scholarship Fund	80	55	60
	<u>99,607</u>	<u>99,582</u>	<u>85,866</u>
Transfers from the Government of Canada			
Other	<u>1,937</u>	<u>1,841</u>	<u>1,486</u>
Investment Income			
Interest	<u>1,558</u>	<u>1,355</u>	<u>861</u>
Premiums, Fees and Licences			
Admission Fees	3,777	3,799	3,595
Camping Fees	2,911	2,861	2,398
Film Classification	520	607	601
Lands and Grazing	657	536	521
Other	<u>1,088</u>	<u>965</u>	<u>735</u>
	<u>8,953</u>	<u>8,768</u>	<u>7,850</u>
Other Revenue			
Recoveries	3,047	2,408	2,418
Donations and Contributions in Kind	2,250	2,801	2,228
Refunds of Expenses	245	520	953
Sales	505	2,771	553
Rental Revenue	3,421	3,381	153
Other	<u>1,274</u>	<u>1,659</u>	<u>1,763</u>
	<u>10,742</u>	<u>13,540</u>	<u>8,068</u>
Total Revenues	<u>\$ 122,797</u>	<u>\$ 125,086</u>	<u>\$ 104,131</u>

Ministry of Community Development
Dedicated Revenue Initiatives
Year ended March 31, 2006
(thousands of dollars)

	2006		
	Authorized Dedicated Revenues	Actual Dedicated Revenues ^(a)	(Shortfall) / Excess ^(f)
Park Operations ^(b)	\$ 5,713	\$ 5,272	\$ (441)
Cultural Facilities and Historical Resources ^(c)	1,250	1,230	(20)
Heritage Resources Management ^(d)	814	666	(148)
Francophone Secretariat ^(e)	500	480	(20)
	<u>\$ 8,277</u>	<u>\$ 7,648</u>	<u>\$ (629)</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, 2006
(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Grants	\$ 116,575	\$ 162,183	\$ 94,344
Supplies and Services	56,461	59,134	41,492
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	-	24	-
Salaries, Wages and Employee Benefits	62,701	63,300	56,041
Amortization of Tangible Capital Assets	11,007	9,531	9,494
Financial Transactions and Other	87	160	96
	\$ 246,831	\$ 294,332	\$ 201,467
Valuation Adjustments			
Provision for Environmental Obligations	\$ -	\$ 15,537	\$ -
Provision for Doubtful Accounts	-	40	(2)
Provision for Vacation Pay	217	133	228
	\$ 217	\$ 15,710	\$ 226

^(a) The Ministry received human resource services from the Ministry of Sustainable Resource Development.

**Ministry of Community Development
Budget
Year ended March 31, 2006
(thousands of dollars)**

	2005-2006				
	Estimates	Adjustment	Budget	Authorized Supplementary ^(a)	Authorized Budget
Revenues					
Internal Government Transfers	\$ 99,607	\$ -	\$ 99,607	\$ -	\$ 99,607
Transfers from the Government of Canada	1,937	-	1,937	250 ^(c)	2,187
Investment Income	1,558	-	1,558	-	1,558
Premiums, Fees and Licences	8,953	-	8,953	-	8,953
Other Revenue	10,742	-	10,742	-	10,742
	<u>122,797</u>	<u>-</u>	<u>122,797</u>	<u>250</u>	<u>123,047</u>
Expenses					
Support Individuals and Organizations through Community Development	96,375	-	96,375	26,700 ^(d)	123,075
Protect Human Rights, and Promote Fairness and Access	5,594	-	5,594	-	5,594
Preserve, Protect and Present Alberta's History and Culture	85,320	-	85,320	23,962 ^{(c)(e)(f)}	109,282
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	47,996	-	47,996	2,495 ^(e)	50,491
Ministry Support Services	11,546	-	11,546	-	11,546
Dedicated Revenue Shortfall	-	(629) ^(b)	(629)	-	(629)
	<u>246,831</u>	<u>(629)</u>	<u>246,202</u>	<u>53,157</u>	<u>299,359</u>
Valuation Adjustments					
Provision for Environmental Obligations	-	-	-	-	-
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	1,547	-	1,547	-	1,547
Net Operating Results	<u>\$ (122,704)</u>	<u>\$ 629</u>	<u>\$ (122,075)</u>	<u>\$ (52,907)</u>	<u>\$ (174,982)</u>
Equipment/Inventory Purchases	<u>\$ 3,620</u>	<u>\$ -</u>	<u>\$ 3,620</u>	<u>\$ 1,323 ^{(f)(h)}</u>	<u>\$ 4,943</u>
Capital Investment	<u>\$ 41,192</u>	<u>\$ -</u>	<u>\$ 41,192</u>	<u>\$ 4,863 ^{(g)(h)(i)(j)}</u>	<u>\$ 46,055</u>

**Ministry of Community Development
Budget
Year ended March 31, 2006
(thousands of dollars)**

- (a) Supplementary estimates were approved on December 1, 2005 and March 16, 2006. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).
- (b) Adjustments include dedicated revenue shortfalls (Schedule 2).
- (c) Treasury Board authorized a dedicated revenue increase of \$250 for the acquisition of a Grey Gull Helicopter for display at the Reynolds-Alberta Museum.
- (d) Supplementary estimate of \$20,000 for a one-time grant to assist with cost pressures associated with the operations and maintenance of libraries; \$5,500 to support a film production on the World War I Battle of Passchendale in honour of the Year of the Veteran and Alberta's 2005 Centennial; and \$1,200 to feature Alberta at the 2006 Smithsonian Folklife Festival in Washington, D.C.
- (e) Supplementary estimate of \$15,000 for a Centennial grant to the Calgary Zoo for the Project Discovery and Gateway to the North initiatives; and \$9,000 for a Centennial grant to Calgary's Heritage Park Society for the redevelopment of the park.
- (f) Net reallocation of \$288 from operating expense to equipment/inventory purchases.
- (g) Reallocation of \$2,495 from capital investment to operating expense to replace fire pits and picnic tables and resurface roads within provincial parks.
- (h) Reallocation of \$1,035 from capital investment to equipment/inventory purchases to upgrade or replace interpretive and educational displays and signage within provincial parks (\$535) and exhibit redevelopment at various museums and historic sites (\$500).
- (i) Supplementary estimate of \$6,500 for increasing construction costs related to the upgrades at the Canmore Nordic Centre.
- (j) Treasury Board approved a \$1,893 capital carry-over of the 2004-05 unused appropriation.

Ministry of Community Development
Related Party Transactions
Year ended March 31, 2006
(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 Restructuring and Government Efficiency (RGE). Any commitments under these contracts are reported by the Ministry of Restructuring and Government Efficiency (RGE).

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	
	2006	2005
Revenues		
Lottery Fund	\$ 99,527	\$ 85,806
Alberta Heritage Scholarship Fund	55	60
	<u>\$ 99,582</u>	<u>\$ 85,866</u>
Expenses – Directly Incurred		
Other Services	<u>\$ 5,241</u>	<u>\$ 5,053</u>
Tangible Capital Assets Transferred From (To) Others	<u>\$ 160</u>	<u>\$ (787)</u>
Accounts Payable	<u>\$ -</u>	<u>\$ 43</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	
	2006	2005
Expenses – Incurred by Others		
Accommodation	\$ 22,930	\$ 19,655
Parks Maintenance	1,499	2,672
Legal	405	348
Internal Audit	198	-
	<u>\$ 25,032</u>	<u>\$ 22,675</u>

**Ministry of Community Development
Allocated Costs
Year ended March 31, 2006
(thousands of dollars)**

Program	Expenses – Incurred by Others					Valuation Adjustments ^(f)				Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Parks Maintenance ^(c)	Legal Services ^(d)	Internal Audit Services ^(e)	Provision for Environmental Obligations	Provision for Vacation Pay	Provision for Doubtful Accounts	Total Expenses	
Support Individuals and Organizations through Community Development	\$ 121,455	\$ 2,229	\$ -	\$ 70	\$ 48	\$ -	\$ 21	\$ 1	\$ 123,824	\$ 93,026
Protect Human Rights, and Promote Fairness and Access	5,640	158	-	-	1	-	7	-	5,806	5,439
Preserve, Protect and Present Alberta's History and Culture	107,557	18,511	-	93	31	14,500	42	14	140,748	69,976
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	48,348	1,655	1,499	181	117	1,037	55	25	52,917	45,112
Ministry Support Services	11,332	377	-	61	1	-	8	-	11,779	10,815
	<u>\$ 294,332</u>	<u>\$ 22,930</u>	<u>\$ 1,499</u>	<u>\$ 405</u>	<u>\$ 198</u>	<u>\$ 15,537</u>	<u>\$ 133</u>	<u>\$ 40</u>	<u>\$ 335,074</u>	<u>\$ 224,368</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. Costs shown for Parks Maintenance on Schedule 5, allocated to the program.

(d) Costs for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

(e) The Department of Executive Council provides Internal Audit Services. Costs shown for Internal Audit Services on Schedule 5, allocated by estimated costs incurred by each program.

(f) Valuation Adjustments as per Statement of Operations. Environmental Obligations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Environmental Obligations – allocated to the program,

- Vacation Pay – allocated to the program by employee,

- Doubtful Accounts Provision – estimated allocation to program.