

Historic Resources Fund

Financial Statements

March 31, 2006

**Historic Resources Fund
Financial Statements
March 31, 2006**

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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, 2006 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, 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.

**Historic Resources Fund
Statement of Operations
Year ended March 31, 2006
(thousands of dollars)**

	2006		2005
	Budget	Actual	Actual
Revenues (Schedule 1)			
Interpretive Programs and Services	\$ 3,549	\$ 3,514	\$ 3,387
Promotion and Presentation	2,907	2,633	2,439
Jubilee Auditoria (Note 7)	3,276	4,533	-
Donations	258	308	174
Other Initiatives	374	1,750	388
Provincial Archives	102	177	151
Investment Income	144	103	58
	<u>10,610</u>	<u>13,018</u>	<u>6,597</u>
Expenses – Directly Incurred (Schedules 2 and 4)			
Interpretive Programs and Services	3,704	2,930	3,686
Promotion and Presentation	3,467	3,550	2,685
Jubilee Auditoria (Note 7)	3,276	2,900	-
Other Initiatives	377	638	396
Provincial Archives	102	151	147
	<u>10,926</u>	<u>10,169</u>	<u>6,914</u>
Valuation Adjustments			
Provision for Doubtful Accounts	-	13	(4)
		<u>10,182</u>	<u>6,910</u>
Net Operating Results	<u>\$ (316)</u>	2,836	(313)
Fund Balance at Beginning of Year		<u>4,932</u>	<u>5,245</u>
Fund Balance at End of Year		<u>\$ 7,768</u>	<u>\$ 4,932</u>

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

**Historic Resources Fund
Statement of Financial Position
As at March 31, 2006
(thousands of dollars)**

	2006	2005
Assets		
Cash (Note 3)	\$ 4,795	\$ 2,332
Accounts Receivable (Note 4)	722	88
Inventory	270	257
Prepaid Expenses	-	17
Tangible Capital Assets (Note 5)	3,659	3,636
	\$ 9,446	\$ 6,330
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 964	\$ 717
Deferred Contributions (Note 6)	410	616
Unearned Revenue	304	65
	1,678	1,398
Fund Balance (Notes 7 and 8)	7,768	4,932
	\$ 9,446	\$ 6,330

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

**Historic Resources Fund
Statement of Cash Flows
Year ended March 31, 2006
(thousands of dollars)**

	2006	2005
Operating Transactions		
Net Operating Results	\$ 2,836	\$ (313)
Non-cash Items included in Net Operating Results:		
Amortization of Tangible Capital Assets	490	453
Valuation Adjustments	13	(4)
	3,339	136
(Increase) Decrease in Accounts Receivable before Valuation Adjustments	(647)	19
Increase in Inventory	(13)	(12)
(Increase) Decrease in Prepaid Expenses	17	(13)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	247	(139)
Increase (Decrease) in Deferred Contributions	(206)	144
Increase (Decrease) in Unearned Revenue	239	(3)
	2,976	132
Cash Provided by Operating Transactions		
Capital Transactions		
Acquisition of Tangible Capital Assets	(513)	(190)
Increase (Decrease) in Cash	2,463	(58)
Cash, Beginning of Year	2,332	2,390
Cash, End of Year	\$ 4,795	\$ 2,332

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

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2006

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, 2006

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

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2006**

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

Basis of Financial Reporting (continued)

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

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)

	2006		2005	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 707	\$ (21)	\$ 686	\$ 82
Refunds from Suppliers	36	-	36	6
	<u>\$ 743</u>	<u>\$ (21)</u>	<u>\$ 722</u>	<u>\$ 88</u>

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2006

Note 5 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2006			2005
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	3-10 years	\$ 4,727	\$ (1,334)	\$ 3,393	\$ 3,542
Computer Hardware and Software	5 years	351	(85)	266	94
		<u>\$ 5,078</u>	<u>\$ (1,419)</u>	<u>\$ 3,659</u>	<u>\$ 3,636</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:

	2006	2005
Restricted Contributions Received During the Year:		
Promotion and Presentation	\$ 380	\$ 217
Other Initiatives	83	153
Provincial Archives	4	-
	<u>467</u>	<u>370</u>
Less: Amounts Recognized as Revenue in the Year	<u>(673)</u>	<u>(226)</u>
Increase (Decrease) During the Year	(206)	144
Balance at Beginning of Year	<u>616</u>	<u>472</u>
Balance at End of Year	<u>\$ 410</u>	<u>\$ 616</u>
Balance at End of Year is Comprised of:		
Promotion and Presentation	\$ 316	\$ 512
Other Initiatives	90	104
Provincial Archives	4	-
	<u>\$ 410</u>	<u>\$ 616</u>

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2006

Note 7 Jubilee Auditoria Operations

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

Note 8 Fund Balance

	2006	2005
Glenbow-Alberta Institute Deaccessioning Fund ^(a)	\$ 1,138	\$ 20
Jubilee Auditoria Fund ^(b)	1,586	-
Operating Fund	5,044	4,912
	\$ 7,768	\$ 4,932

^(a) The purpose of the fund is to acquire new provincial historical artifacts from the proceeds of the disposition of deaccessioned provincial collections displayed by the Glenbow-Alberta Institute.

^(b) Accumulated surpluses arising from the operation of the Jubilee Auditoria may only be used for the payment of expenses relating to the Jubilee Auditoria.

Note 9 Contractual Obligations (thousands of dollars)

	2006	2005
Service Contracts	\$ 6,770	\$ 724

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

	Service Contracts
2007	\$ 5,914
2008	256
2009	200
2010	200
2011	200
	\$ 6,770

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2006**

Note 10 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, 2006
(thousands of dollars)**

	2006		2005
	Budget	Actual	Actual
Transfers from Government of Canada	\$ 108	\$ 44	\$ 38
Investment Income	144	103	58
Premiums, Fees and Licences	3,777	3,799	3,596
Other Revenue			
Recoveries	3,047	2,408	2,418
Donations	258	308	174
Rental Revenue	3,276	3,188	5
Other Grants and Contributions	-	510	185
Refunds of Expenses	-	255	57
Other Miscellaneous Revenue	-	2,403	66
	<u>\$ 10,610</u>	<u>\$ 13,018</u>	<u>\$ 6,597</u>

Historic Resources Fund
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2006
(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Supplies and Services			
Materials and Supplies	\$ 1,916	\$ 1,939	\$ 1,355
Contract Services	7,543	6,954	3,922
General Office	645	489	481
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	249	228	629
Travel	56	61	66
Hosting	21	8	8
Amortization of Tangible Capital Assets	496	490	453
	<u>\$ 10,926</u>	<u>\$ 10,169</u>	<u>\$ 6,914</u>
Valuation Adjustments			
Provision for Doubtful Accounts	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ (4)</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, 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.

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	
	2006	2005	2006	2005
Expenses – Directly Incurred				
Other services	\$ -	\$ -	\$ 61	\$ 122
Accounts Payable	\$ 111	\$ 160	\$ -	\$ -
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 but are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Expenses – Incurred by Others				
Other Services	\$ 379	\$ 309	\$ -	\$ -
Accommodation	-	-	85	41
	\$ 379	\$ 309	\$ 85	\$ 41

**Historic Resources Fund
Allocated Costs
Year ended March 31, 2006
(thousands of dollars)**

Program	2006				2005		
	Expenses ^(a)	Other Services ^(b)	Accommodation Costs ^(c)	Expenses – Incurred by Others	Valuation Adjustments	Total Expenses	Total Expenses
Interpretive Programs and Services	\$ 2,930	\$ 109	\$ 25	\$ -	\$ -	\$ 3,064	\$ 3,875
Promotion and Presentation	3,550	132	30	-	-	3,712	2,815
Jubilee Auditoria	2,900	108	24	13	-	3,045	-
Other Initiatives	638	24	5	-	-	667	416
Provincial Archives	151	6	-	-	-	158	154
	<u>\$ 10,169</u>	<u>\$ 379</u>	<u>\$ 85</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 10,646</u>	<u>\$ 7,260</u>

- (a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.
- (b) Costs shown for Other Services on Schedule 3, allocated by estimated costs incurred by each program.
- (c) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 3, allocated by square footage.
- (d) Doubtful Accounts Provision were estimated and allocated to program.