

The Government House Foundation

Financial Statements

March 31, 2002

**THE GOVERNMENT HOUSE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 2002**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

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 Government House Foundation

I have audited the statement of financial position of the Government House Foundation as at March 31, 2002 and the statements of operations and changes in financial position 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, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed By Fred Dunn, CA
Auditor General

Edmonton, Alberta
May 23, 2002

THE GOVERNMENT HOUSE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002

| | 2002 | | 2001 |
|--|-------------|-----------|------------|
| | Budget | Actual | Actual |
| Revenues | | | |
| Internal Government Transfers: | | | |
| Transfers from The Alberta Historical Resources Foundation | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Interest | 2,000 | 3,854 | 5,514 |
| Donations of artworks and collections | - | 94,795 | 2,637 |
| Donations | - | 100 | 500 |
| Other revenue | - | - | 8,224 |
| | 27,000 | 123,749 | 41,875 |
| | | | |
| Expenses - Directly Incurred (Note 2b and Schedule 1 & 3) | | | |
| Collection Acquisitions | 35,000 | 118,795 | 9,862 |
| Administration | 5,000 | 6,563 | 7,674 |
| Public Relations | 1,000 | 5,326 | 2,062 |
| Board Expenses | 2,000 | 3,909 | 9,559 |
| Conservation of artworks and collections | 3,000 | 1,908 | 2,030 |
| Insurance | 2,000 | 1,853 | 1,880 |
| | 48,000 | 138,354 | 33,067 |
| | | | |
| Net operating results | \$ (21,000) | (14,605) | 8,808 |
| | | | |
| Fund balance at beginning of year | | 101,690 | 92,882 |
| | | | |
| Fund balance at end of year | | \$ 87,085 | \$ 101,690 |

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

THE GOVERNMENT HOUSE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002

| | 2002 | 2001 |
|--|-----------|------------|
| ASSETS: | | |
| Cash (Note 3) | \$ 87,552 | \$ 102,226 |
| Accounts receivable | 63 | 95 |
| | \$ 87,615 | \$ 102,321 |
| LIABILITIES AND EQUITY: | | |
| Accounts payable and accrued liabilities | \$ 530 | \$ 631 |
| Equity: | | |
| Fund balance | 87,085 | 101,690 |
| | \$ 87,615 | \$ 102,321 |

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

THE GOVERNMENT HOUSE FOUNDATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002

| | 2002 | 2001 |
|--|-------------|------------|
| Operating Transactions: | | |
| Net operating results | \$ (14,605) | \$ 8,808 |
| Decrease (increase) in accounts receivable | 32 | (83) |
| Increase (decrease) in accounts payable and accrued liabilities | (101) | 211 |
| Cash provided by operating transactions | (14,674) | 8,936 |
| Cash at beginning of year | 102,226 | 93,290 |
| Cash at end of year | \$ 87,552 | \$ 102,226 |

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

THE GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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 an 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 Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

THE GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity

The reporting entity is the Government House Foundation, which is part of the Ministry of Community Development and for which the Minister of Community Development 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.

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 4.

Artworks

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donated artworks are reported as revenue and expenses at appraised values at the date of acquisition.

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.

THE GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

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.

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 maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five 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, 2002, the collection consisted of approximately 378 pieces of artworks and other items, (2001 - 250), with an approximate value of \$948,192, (2001 - \$829,396). During the year, the Foundation purchased artworks at a total cost of \$24,000, (2001 - \$7,225). Contributions to the collections included 50 items with an appraised value of \$94,795, (2001 - \$2,637). There were no disposals during the year.

Note 5 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

THE GOVERNMENT HOUSE FOUNDATION
EXPENSES DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002

| | <u>2002</u> | | <u>2001</u> |
|------------------------|------------------|-------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Supplies and Services: | | | |
| Materials and supplies | \$ 37,400 | \$ 120,488 | \$ 11,983 |
| Contract services | 5,600 | 10,743 | 9,647 |
| Hosting | 3,000 | 4,583 | 9,053 |
| General office | 2,000 | 2,529 | 2,207 |
| Travel | - | 11 | 177 |
| | <u>\$ 48,000</u> | <u>\$ 138,354</u> | <u>\$ 33,067</u> |

THE GOVERNMENT HOUSE FOUNDATION
BUDGET
FOR THE YEAR ENDED MARCH 31, 2002

| | 2001-2002 Estimates | Treasury Board Approval | 2001-2002 Authorized Budget |
|-------------------------------|------------------------|----------------------------|-----------------------------------|
| Revenues | | | |
| Internal Government Transfers | \$ 25,000 | \$ - | \$ 25,000 |
| Investment Income | 2,000 | - | 2,000 |
| Other Revenue | | 95,000 | 95,000 |
| | <u>27,000</u> | <u>95,000</u> | <u>\$ 122,000</u> |
| Expenses - Directly incurred | | | |
| Collection Acquisitions | 35,000 | 95,000 | 130,000 |
| Conservation | 3,000 | - | 3,000 |
| Board Expenses | 2,000 | - | 2,000 |
| Insurance | 2,000 | - | 2,000 |
| Public Relations | 1,000 | - | 1,000 |
| Administration | 5,000 | - | 5,000 |
| | <u>48,000</u> | <u>-</u> | <u>143,000</u> |
| Net operating results | <u>\$ (21,000)</u> | <u>\$ 95,000</u> | <u>\$ (21,000)</u> |

- (a) Treasury Board approved a \$95,000 surplus neutral increase to allow the Government House Foundation to accept a donation of artwork.

THE GOVERNMENT HOUSE FOUNDATION
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002

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, licenses 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 financial statements at the amount of consideration agreed upon between the related parties:

| | <u>Entities in the Ministry</u> | | <u>Other Entities</u> | |
|---|---------------------------------|------------------|-----------------------|-----------------|
| | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> |
| 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>\$ 1,853</u> | <u>\$ 1,880</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 4.

| | <u>Entities in the Ministry</u> | | <u>Other Entities</u> | |
|-------------------------------|---------------------------------|-----------------|-----------------------|---------------|
| | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> |
| Expenses - Incurred by Others | | | | |
| Accommodation | \$ - | \$ - | \$ 553 | \$ 569 |
| Other services | <u>6,654</u> | <u>7,605</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 6,654</u> | <u>\$ 7,605</u> | <u>\$ 553</u> | <u>\$ 569</u> |

THE GOVERNMENT HOUSE FOUNDATION
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2002

| Program | 2002 | | | 2001 | |
|---|-------------------------|-------------------------------|-----------------|-------------------|------------------|
| | Expenses ⁽¹⁾ | Expenses - Incurred by Others | | Total Expenses | Total Expenses |
| | | Accommodation | Other Services | | |
| Collection Acquisitions | \$ 118,795 | \$ 475 | \$ 5,713 | \$ 124,983 | \$ 11,822 |
| Administration | 6,563 | 26 | 316 | 6,905 | 9,718 |
| Public Relations | 5,326 | 21 | 256 | 5,603 | 2,633 |
| Board Expenses | 3,909 | 16 | 188 | 4,113 | 12,096 |
| Conservation of artworks and collections | 1,908 | 8 | 92 | 2,008 | 2,600 |
| Insurance | 1,853 | 7 | 89 | 1,949 | 2,371 |
| | <u>\$ 138,354</u> | <u>\$ 553</u> | <u>\$ 6,654</u> | <u>\$ 145,561</u> | <u>\$ 41,240</u> |

(1) Expenses - Directly Incurred as per Statement of Operations.

