

# **The Historic Resources Fund**

---

Financial Statements

March 31, 2003

**The Historic Resources Fund  
Financial Statements  
March 31, 2003**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Expenses – Directly Incurred Detailed by Object

Schedule 3 – Budget

Schedule 4 – Related Party Transactions

Schedule 5 – Allocated Costs



## AUDITOR'S REPORT

To the Minister of Community Development

I have audited the statement of financial position of the Historic Resources Fund as at March 31, 2003 and the statements of operations and changes in financial position 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 is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions to Canadian generally accepted accounting principles:

### Recording of surpluses

In prior years, the Ministry operated some of its facilities with the assistance of volunteer societies. The Ministry's revenues, expenses, and surpluses generated by the operation of these government-owned facilities were excluded from the Fund's financial statements. As of March 31, 2003, accumulated surpluses of \$ 305,000 have been returned to the Fund and recorded as deferred contributions instead of being recorded as part of the fund balance. In addition, the Fund has not recorded Ministry's surpluses generated by the operation of government-owned facilities that have not been returned to the Fund by the volunteer societies, which are estimated to be in excess of \$129,000. The effect of this departure from Canadian generally accepted accounting principles is to overstate liabilities by \$ 305,000, understate assets by approximately \$129,000 and understate fund balance by approximately \$434,000 at March 31, 2003.

### Capital assets

The Fund employs a policy of expensing capital asset purchases under \$5,000 in the year of acquisition. Consequently a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that for the year ended March 31, 2003, assets have been understated by \$523,000, expenses have been overstated by \$ 399,000, and opening fund balance understated by \$124,000 as at March 31, 2003.

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, 2003 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 J. Dunn, FCA  
Auditor General

Edmonton, Alberta  
May 23, 2003



**The Historic Resources Fund  
Statement of Operations  
For the year ended March 31, 2003**

	2003		2002
	Budget (Schedule 3)	Actual	Actual (Restated Note 2(c))
Revenues (Schedule 1)			
Interpretative Programs and Services	\$ 4,561,000	\$ 3,747,769	\$ 3,695,564
Promotion and Presentation	4,330,000	2,388,413	2,108,709
Donations	-	1,495,859	624,841
Other Initiatives	489,000	626,854	143,652
Provincial Archives Services	100,000	205,284	114,863
Investment Income	80,000	108,560	158,677
Miscellaneous	-	16,803	38,461
	<u>9,560,000</u>	<u>8,589,542</u>	<u>6,884,767</u>
Expenses – Directly Incurred (Note 2(b), Schedules 2 and 5)			
Interpretative Programs and Services	4,561,000	3,215,406	3,346,203
Promotion and Presentation	4,410,000	4,179,093	2,873,375
Other Initiatives	489,000	651,884	235,474
Provincial Archives	100,000	220,228	166,654
	<u>9,560,000</u>	<u>8,266,611</u>	<u>6,621,706</u>
Net Operating Results	<u>\$ -</u>	322,931	263,061
Fund Balance at Beginning of Year		<u>1,368,260</u>	<u>1,105,199</u>
Fund Balance at End of Year		<u>\$ 1,691,191</u>	<u>\$ 1,368,260</u>

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

**The Historic Resources Fund  
Statement of Financial Position  
As at March 31, 2003**

	2003	2002
		(Restated Note 2(c))
<b>Assets</b>		
Current Assets		
Cash (Note 3)	\$ 3,040,315	\$ 3,752,125
Accounts Receivable (Note 4)	506,914	150,661
Inventory	182,495	117,030
Prepaid Expenses	23,467	17,040
Capital Assets (Notes 2(c) and 5)	262,999	134,422
	\$ 4,016,190	\$ 4,171,278
 <b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,280,899	\$ 452,535
Deferred Contributions (Note 6)	976,501	2,014,815
Unearned Revenue	67,599	335,668
	2,324,999	2,803,018
 <b>Fund Balance</b>	1,691,191	1,368,260
	\$ 4,016,190	\$ 4,171,278

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

**The Historic Resources Fund**  
**Statement of Changes in Financial Position**  
**For the year ended March 31, 2003**

	2003	2002
		(Restated Note 2(c))
Operating Transactions		
Net Operating Results	\$ 322,931	\$ 263,061
Non-cash Items		
Amortization of Capital Assets	26,183	16,753
	349,114	279,814
Increase in Accounts Receivable	(356,253)	(72,335)
Increase in Inventory	(65,465)	(73,786)
Increase in Prepaid Expenses	(6,427)	(17,040)
Increase in Accounts Payable and Accrued Liabilities	828,364	226,115
Increase (Decrease) in Deferred Contributions	(1,038,314)	1,354,419
Increase (Decrease) in Unearned Revenue	(268,069)	328,459
Cash Provided (Used) by Operating Transactions	(557,050)	2,025,646
Investing Transactions		
Purchase of Capital Assets	(154,760)	(72,607)
Cash Provided (Used) by Investing Transactions	(154,760)	(72,607)
Net Cash Provided (Used)	(711,810)	1,953,039
Cash at Beginning of Year	3,752,125	1,799,086
Cash at end of Year	\$ 3,040,315	\$ 3,752,125

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

**The Historic Resources Fund  
Notes to the Financial Statements  
For the year ended March 31, 2003**

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

**(a) Reporting Entity**

The reporting entity is the Historic Resources Fund, 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 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.



**The Historic Resources Fund  
Notes to the Financial Statements  
For the year ended March 31, 2003**

**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 capital assets.

Incurred by Others

Services contributed by other entities in support of the Fund's operations are disclosed in Schedule 5.

**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.

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 all capital assets is \$5,000.

**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, inventory, prepaid expenses, accounts payable and accrued liabilities, deferred contributions and unearned revenue are estimated to approximate their book values.

**The Historic Resources Fund  
Notes to the Financial Statements  
For the year ended March 31, 2003**

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

**(c) Change in Accounting Policy**

Effective April 1, 2002, the Fund records capital assets. Previously, capital assets were expensed and not capitalized. With this accounting policy change, the Fund will capitalize assets valued over \$5,000. This change in accounting policy has been applied retroactively with the restatement of comparative figures. As a result of this change, the capital assets and fund balance increased by \$78,568 (April 1, 2001) and \$134,422 (April 1, 2002), and the expenses for the year ended March 31, 2002 decreased by \$55,854 (2001 - \$65,651).

**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 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 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**

	2003		2002	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 412,561	\$ 10,272	\$ 402,289	\$ 150,661
Accounts Receivable from Department of Community Development	104,625	-	104,625	-
	<u>\$ 517,186</u>	<u>\$ 10,272</u>	<u>\$ 506,914</u>	<u>\$ 150,661</u>

**The Historic Resources Fund**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2003**

**Note 5 Capital Assets**

	Estimated Useful Life	2003		2002
		Cost	Accumulated Amortization	Net Book Value
Equipment	3-10 years	\$ 214,135	\$ (30,752)	\$ 183,383
Computer Hardware and Software	5 years	96,749	(17,133)	79,616
		<u>\$ 310,884</u>	<u>\$ (47,885)</u>	<u>\$ 262,999</u>
				<u>\$ 100,255</u> (Restated Note 2 (c)) <u>34,167</u>
				<u>\$ 134,422</u>

**Note 6 Deferred Contributions**

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

Changes in the deferred contributions balance are as follows:

	2003	2002
Restricted Contributions Received During the Year		
Promotion and Presentation	\$ 177,237	\$ 2,013,695
Other Initiatives	271,447	191,663
	448,684	2,205,358
Less: Amounts Recognized as Revenue in the Year	(1,486,998)	(850,939)
Increase (Decrease) During the Year	(1,038,314)	1,354,419
Balance at Beginning of Year	2,014,815	660,396
Balance at End of Year	<u>\$ 976,501</u>	<u>\$ 2,014,815</u>
Balance at End of Year is Comprised of:		
Promotion and Presentation	\$ 691,749	\$ 1,897,232
Other Initiatives	284,752	117,583
	<u>\$ 976,501</u>	<u>\$ 2,014,815</u>

**The Historic Resources Fund  
Notes to the Financial Statements  
For the year ended March 31, 2003**

**Note 7 Commitments**

As at March 31, 2003, the Fund has the following commitments:

	2003	2002
Program Contracts	\$ 297,314	\$ 500,000
Long-term Leases <sup>(a)</sup>	36,001	35,193
	\$ 333,315	\$ 535,193

<sup>(a)</sup> The Fund leases vehicles under operating leases that expire on various dates to 2007. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	2003	2002
2002-2003	\$ -	\$ 15,704
2003-2004	14,166	10,038
2004-2005	13,579	9,451
2005-2006	4,128	-
2006-2007	4,128	-
Service Contracts	\$ 36,001	\$ 35,193

**Note 8 Comparative Figures**

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

**Note 9 Approval of Financial Statements**

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

**The Historic Resources Fund  
Revenues  
For the year ended March 31, 2003**

	2003		2002
	Budget	Actual	Actual
Transfers from Government of Canada	\$ 350,000	\$ 140,335	\$ 100,053
Investment Income	80,000	108,560	158,677
Premiums, Fees and Licences	4,561,000	3,819,722	3,702,483
Other Revenue			
Recoveries	4,569,000	1,759,976	1,707,459
Donations	-	1,495,859	624,841
Rental Revenue	-	617,160	332,210
Other Grants and Contributions	-	622,772	200,220
Refunds of Expenses	-	16,764	37,502
Other Miscellaneous Revenue	-	8,394	21,322
	<u>\$ 9,560,000</u>	<u>\$ 8,589,542</u>	<u>\$ 6,884,767</u>

**The Historic Resources Fund  
Expenses – Directly Incurred Detailed by Object  
For the year ended March 31, 2003**

	2003		2002
	Budget	Actual	Actual (Restated - Note 2 (c))
Supplies and Services			
Materials and Supplies	\$ 3,987,500	\$ 1,926,227	\$ 1,330,586
Contract Services	5,157,000	5,448,283	4,171,964
General Office	284,500	397,230	541,530
Supplies and Services from Support Service Arrangements with Related Parties <sup>(a)</sup>	-	322,973	375,916
Travel	116,000	126,081	150,453
Hosting	15,000	19,634	34,504
Amortization of Capital Assets	-	26,183	16,753
	<u>\$ 9,560,000</u>	<u>\$ 8,266,611</u>	<u>\$ 6,621,706</u>

<sup>(a)</sup> The Fund receives financial and administrative services from the Department of Community Development.

**The Historic Resources Fund  
Budget  
For the year ended March 31, 2003**

	2002-2003 Estimates	Treasury Board Approval	2002-2003 Authorized Budget
<b>Revenues</b>			
Transfers from the Government of Canada	\$ 350,000	\$ -	\$ 350,000
Investment Income	80,000	-	80,000
Premiums, Fees and Licences	4,561,000	-	4,561,000
Other Revenue	4,569,000	-	4,569,000
	<u>9,560,000</u>	<u>-</u>	<u>9,560,000</u>
<b>Expenses – Directly Incurred</b>			
Interpretive Programs and Services	4,561,000	-	4,561,000
Promotion and Presentation	4,410,000	-	4,410,000
Other Initiatives	489,000	-	489,000
Provincial Archives	100,000	-	100,000
	<u>9,560,000</u>	<u>-</u>	<u>9,560,000</u>
<b>Net Operating Results</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Capital Investment</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The Historic Resources Fund  
Related Party Transactions  
For the year ended March 31, 2003**

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

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues				
Grants	\$ -	\$ -	\$ -	\$ -
Expenses – Directly Incurred				
Other services	\$ -	\$ -	\$ 20,248	\$ 47,608
Accounts Payable	\$ 30,452	\$ 60,489	\$ -	\$ -
Accounts Receivable	\$ 104,625	\$ -	\$ -	\$ -

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 5.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 39,998	\$ 29,205
Other Services	281,066	171,100	-	-
	\$ 281,066	\$ 171,100	\$ 39,998	\$ 29,205



**The Historic Resources Fund  
Allocated Costs  
For the year ended March 31, 2003**

Program	2003				2002	
	Expenses <sup>(a)</sup>	Accommodation	Other Services	Total Expenses	Total Expenses	(Restated – Note 2 (c))
Interpretative Programs and Services	\$ 3,215,406	\$ 15,558	\$ 109,775	\$ 3,340,739	\$ 3,447,590	
Promotion and Presentation	4,179,093	20,220	141,772	4,341,085	2,960,231	
Other Initiatives	651,884	3,154	22,065	677,103	242,537	
Provincial Archives	220,228	1,066	7,454	228,748	171,653	
	<u>\$ 8,266,611</u>	<u>\$ 39,998</u>	<u>\$ 281,066</u>	<u>\$ 8,587,675</u>	<u>\$ 6,822,011</u>	

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

