

The Alberta Historical Resources Foundation

Financial Statements

March 31, 2004

**The Alberta Historical Resources Foundation
Financial Statements
March 31, 2004**

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Auditor's Report

To the Directors of the Alberta Historical Resources Foundation

I have audited the statement of financial position of the Alberta Historical Resources Foundation as at March 31, 2004 and the statements of operations and cash flow 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, 2004 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 21, 2004

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

The Alberta Historical Resources Foundation
Statement of Operations
Year ended March 31, 2004

	2004			2003	
	Budget (Schedule 2)	Actual		Actual	
		Operating Fund	Restricted Fund	Total	Total
Revenues					
Internal Government Transfers					
Transfer from Department of Community Development	\$ 6,946,000	\$ 6,946,000	\$ -	\$ 6,946,000	\$ 5,913,000
Investment Income	210,000	145,175	626	145,801	137,210
Other Revenue	6,000	9,090	-	9,090	7,769
	<u>7,162,000</u>	<u>7,100,265</u>	<u>626</u>	<u>7,100,891</u>	<u>6,057,979</u>
Expenses – Directly Incurred					
Support to Provincial Heritage Organizations					
Alberta Museums Association	1,400,000	1,400,000	-	1,400,000	1,200,000
Archives Society of Alberta	160,000	160,000	-	160,000	100,000
Other	136,000	136,450	-	136,450	78,450
	<u>1,696,000</u>	<u>1,696,450</u>	<u>-</u>	<u>1,696,450</u>	<u>1,378,450</u>
Glenbow Museum	2,688,000	2,688,000	-	2,688,000	2,563,000
Heritage Preservation Projects	1,456,000	965,054	-	965,054	940,085
Main Street Program	725,000	1,161,503	-	1,161,503	726,794
Heritage Awareness Projects	448,000	322,506	-	322,506	308,396
Roger Soderstrom Fellowship Projects	5,000	-	4,311	4,311	-
Administration	144,000	202,450	-	202,450	131,999
	<u>7,162,000</u>	<u>7,035,963</u>	<u>4,311</u>	<u>7,040,274</u>	<u>6,048,724</u>
Net Operating Results	<u>\$ -</u>	64,302	(3,685)	60,617	9,255
Fund Balances at Beginning of Year		<u>3,101,699</u>	<u>24,490</u>	<u>3,126,189</u>	<u>3,116,934</u>
Fund Balances at End of Year		<u>\$ 3,166,001</u>	<u>\$ 20,805</u>	<u>\$ 3,186,806</u>	<u>\$ 3,126,189</u>

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

The Alberta Historical Resources Foundation
Statement of Financial Position
As at March 31, 2004

	2004	2003
Assets		
Cash (Note 3)	\$ 3,691,874	\$ 3,238,059
Inventory	5,293	5,368
Accounts Receivable	309	276
	3,697,476	3,243,703
Cash Appropriated for Non-current Uses (Notes 3 and 7)	50,000	50,000
	\$ 3,747,476	\$ 3,293,703
	\$ 3,747,476	\$ 3,293,703
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 510,670	\$ 117,514
Fund Balances		
Unrestricted Operating Fund	3,166,001	3,101,699
Restricted Funds (Note 6)	20,805	24,490
	3,186,806	3,126,189
Reserve (Note 7)	50,000	50,000
	3,236,806	3,176,189
	\$ 3,747,476	\$ 3,293,703

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

The Alberta Historical Resources Foundation
Statement of Cash Flow
Year ended March 31, 2004

	2004	2003
Operating Transactions		
Net Operating Results	\$ 60,617	\$ 9,255
Decrease in Inventory	75	213
Decrease (Increase) in Accounts Receivable	(33)	5,349
Increase in Accounts Payable and Accrued Liabilities	393,156	96,038
	453,815	110,855
Cash, Beginning of Year	3,238,059	3,127,204
Cash, End of Year	\$ 3,691,874	\$ 3,238,059

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

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2004

Note 1 Authority and Purpose

The Alberta Historical Resources Foundation (Foundation) operates under the authority of the *Historical Resources Act*, Chapter H-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is to assist in the preservation and interpretation of Alberta's heritage primarily through the encouragement and sponsorship of community heritage initiatives.

The Foundation is a crown agent of the Government 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 Alberta Historical Resources Foundation, 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

Fund Accounting

Transactions are grouped, for reporting purposes, into funds in accordance with specified activities or objectives. These funds are described as follows:

- The operating fund accounts for the revenues and expenses associated with the primary activities of the Foundation.
- Restricted funds account for contributions received with imposed conditions on how the funds are to be used, interest earned and the expenses associated with the specified activities.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2004

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

(b) Basis of Financial Reporting (continued)

Revenue

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 when fair value can reasonably be determined.

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.

Directly incurred expenses include amortization of capital assets.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

Incurred by Others

Services contributed by other entities in support of the Foundation operations are disclosed in Schedule 4.

Assets

Financial assets of the Foundation are limited to financial claims, such as receivables from other organizations as well as inventories held for resale.

Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing capital assets is \$5,000.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2004

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

(b) Basis of Financial Reporting (continued)

Assets (continued)

Collections of historical assets held by the Foundation 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 represent all financial claims payable by the Foundation 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, accounts payable and accrued liabilities are estimated to approximate their carrying values.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining 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 three years. Interest is earned on the Foundation's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates.

Cash in the amount of \$20,805 has been restricted for the Roger Soderstrom Fellowship fund and is therefore not available to pay for operating expenses of the Foundation. (Note 6)

Due to the short-term nature of these deposits, the carrying value approximates fair value.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2004

Note 4 Tangible Capital Assets

		2004		2003	
Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Equipment	7 years	\$ 3,331	\$ (3,331)	\$ -	\$ -

Note 5 Collections

The Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 401 (2003 – 410) artworks with an estimated value of \$16,950 (2003 – \$17,290), and 30 (2003 – 30) antique furnishings estimated at \$12,700 (2003 – \$12,700). During the year, the Foundation did not acquire any historical assets (2003 – Nil) and there were 9 (2003 – 6) dispositions.

Note 6 Restricted Funds

	2004	2003
Roger Soderstrom Fellowship Fund ^(a)	\$ 20,805	\$ 24,490

^(a) The Roger Soderstrom Fellowship fund is a scholarship designed to encourage professional development and advanced studies in the field of heritage conservation in Alberta.

Note 7 Reserve

The reserve has been established from the operating fund for the purpose of retaining an ongoing funding capability. Transfers from the reserve to the operating fund require board approval.

Interest earned on the cash appropriated for the reserve is reported as operating revenue.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2004

Note 8 Honoraria

	2004			2003
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total
Board ^(c)				
Chair	\$ 3,886	\$ -	\$ 3,886	\$ 3,821
Other Members (10)	19,016	-	19,016	12,724
	\$ 22,902	\$ -	\$ 22,902	\$ 16,545

^(a) The Foundation has no employees. Staff of the Department of Community Development administers the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Directive 12/98, is included in the financial statements of the Department of Community Development.

^(b) No benefits were provided to Board members.

^(c) Members appointed to the Foundation are paid for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, out-of-town meetings and for attending to other Foundation duties.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2004

Note 9 Commitments

At the year-end, the Foundation has the following commitments:

	2004	2003
Heritage Preservation ^(a)	\$ 1,469,009	\$ 1,101,847
Heritage Awareness ^(a)	665,689	593,763
Main Street Program ^(b)		
2003-2004	-	370,000
2004-2005	-	175,000
Glenbow Museum		
2003-2004	-	2,688,000
2004-2005	2,738,000	2,738,000
Service Contract	10,000	-
Vehicle Leases ^(c)	12,109	21,473
	\$4,894,807	\$7,688,083

(a) These commitments are for grants approved as at March 31, 2004, but not disbursed because certain conditions were still to be met by applicants. Under this program, grant payments to successful applicants are provided only after completion or partial completion of the project, submission of invoices or receipts, and approval of eligible expenditures.

(b) These are contractual commitments to pay organizations in the periods indicated, subject to satisfactory progress of the projects.

(c) The Foundation leases vehicles under operating leases that expire on various dates to 2006. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2004-2005	\$ 9,082	
2005-2006		3,027
	\$	12,109

Note 10 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

**The Alberta Historical Resources Foundation
Expenses Directly Incurred Detailed by Object
Year ended March 31, 2004**

	2004		2003
	Budget	Actual	Actual
Grants	\$ 4,090,000	\$ 3,711,284	\$ 3,058,327
Supplies and Services	2,853,500	2,939,088	2,792,852
Supplies and Services from Support Services Arrangements with Related Parties ^(a)	197,000	367,000	181,000
Honoraria (Note 8)	21,500	22,902	16,545
	\$ 7,162,000	\$ 7,040,274	\$ 6,048,724

^(a) The Foundation receives financial and program related administrative services from the Department of Community Development.

The Alberta Historical Resources Foundation
Budget
Year ended March 31, 2004

	2003-2004 Estimates	Treasury Board Approval	2003-2004 Authorized Budget
Revenues			
Internal Government Transfers			
Transfer from the Department of Community Development	\$ 6,946,000	\$ -	\$ 6,946,000
Investment Income	210,000	-	210,000
Other Revenue	6,000	-	6,000
	<u>7,162,000</u>	<u>-</u>	<u>7,162,000</u>
Expenses			
Support to Provincial Heritage Organizations	1,696,000	-	1,696,000
Glenbow Museum	2,688,000	-	2,688,000
Heritage Preservation Projects	1,456,000	-	1,456,000
Main Street Program	725,000	-	725,000
Heritage Awareness Projects	448,000	-	448,000
Roger Soderstrom Fellowship Projects	5,000	-	5,000
Administration	144,000	-	144,000
	<u>7,162,000</u>	<u>-</u>	<u>7,162,000</u>
Net Operating Results	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Alberta Historical Resources Foundation
Related Party Transactions
Year ended March 31, 2004

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, 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 Foundation 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	
	2004	2003	2004	2003
Revenue				
Transfer from Department of Community Development	\$ 6,946,000	\$ 5,913,000	\$ -	\$ -
Expenses – Directly Incurred				
Grants	\$ 25,000	\$ 25,000	\$ -	\$ -
Other services	-	-	14,673	10,238
	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 14,673</u>	<u>\$ 10,238</u>
Accounts Payable	<u>\$ 9,709</u>	<u>\$ 2,607</u>	<u>\$ -</u>	<u>\$ -</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

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.

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 22,039	\$ 14,605
Other Services	344,332	312,846	-	35
	<u>\$ 344,332</u>	<u>\$ 312,846</u>	<u>\$ 22,039</u>	<u>\$ 14,640</u>

The Alberta Historical Resources Foundation
Allocated Costs
Year ended March 31, 2004

Program	2004		2003	
	Expenses ^(a)	Expenses – Incurred by Others	Expenses	Expenses
	Accommodation Costs ^(b)	Other Services ^(c)	Total Expenses	Total Expenses
Support to Provincial Heritage Organizations	\$ 1,696,450	\$ -	\$ 1,696,450	\$ 1,378,450
Glenbow Museum	2,688,000	-	2,688,000	2,563,000
Heritage Preservation Projects	965,054	-	965,054	940,085
Main Street Program	1,161,503	11,048	1,183,478	743,113
Heritage Awareness Projects	322,506	-	322,506	308,396
Roger Soderstrom Fellowship Projects	4,311	-	4,311	-
Administration	202,450	10,991	546,846	443,166
	\$ 7,040,274	\$ 22,039	\$ 7,406,645	\$ 6,376,210

^(a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

^(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 3, allocated by square footage.

^(c) Costs shown for Other Services on Schedule 3, allocated by estimated costs incurred by each program.