

# **The Alberta Historical Resources Foundation**

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Financial Statements

March 31, 2005

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Financial Statements  
March 31, 2005**

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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 (the Foundation) as at March 31, 2005 and the statements of operations and cash flows 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, 2005 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, 2005

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, 2005**  
**(thousands of dollars)**

	2005				2004
	Budget	Actual			Actual
		Operating Fund	Restricted Fund	Total	Total (Restated Note 3)
<b>Revenues</b>					
Internal Government Transfers					
Transfer from Department of Community Development	\$ 6,946	\$ 6,946	\$ -	\$ 6,946	\$ 6,946
Investment Income	180	121	1	122	146
Other Revenue	6	16	-	16	9
	<u>7,132</u>	<u>7,083</u>	<u>1</u>	<u>7,084</u>	<u>7,101</u>
<b>Expenses – Directly Incurred (Schedules 1 and 3)</b>					
Support to Provincial Heritage Organizations					
Alberta Museums Association	1,400	1,400	-	1,400	1,400
Archives Society of Alberta	160	160	-	160	160
Other	136	136	-	136	136
	<u>1,696</u>	<u>1,696</u>	<u>-</u>	<u>1,696</u>	<u>1,696</u>
Glenbow Museum	2,738	2,738	-	2,738	2,688
Heritage Preservation Projects	1,363	1,002	-	1,002	917
Main Street Program	730	395	-	395	1,162
Heritage Awareness Projects	429	451	-	451	323
Roger Soderstrom Fellowship Projects	5	-	1	1	4
Administration	171	177	-	177	202
	<u>7,132</u>	<u>6,459</u>	<u>1</u>	<u>6,460</u>	<u>6,992</u>
Net Operating Results	<u>\$ -</u>	624	-	624	109
Fund Balances at Beginning of Year		<u>3,459</u>	21	<u>3,480</u>	<u>3,371</u>
Fund Balances at End of Year		<u>\$ 4,083</u>	<u>\$ 21</u>	<u>\$ 4,104</u>	<u>\$ 3,480</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, 2005**  
**(thousands of dollars)**

	2005	2004
		(Restated Note 3)
<b>Assets</b>		
Cash (Note 4)	\$ 3,884	\$ 3,692
Inventory	5	5
Tangible Capital Assets (Note 5)	258	293
	4,147	3,990
Cash Appropriated for Non-current Uses (Notes 4 and 8)	50	50
	\$ 4,197	\$ 4,040
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 43	\$ 510
<b>Fund Balances</b>		
Unrestricted Operating Fund	4,083	3,459
Restricted Funds (Note 7)	21	21
	4,104	3,480
Reserve (Note 8)	50	50
	4,154	3,530
	\$ 4,197	\$ 4,040

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

**The Alberta Historical Resources Foundation**  
**Statement of Cash Flows**  
**Year ended March 31, 2005**  
**(thousands of dollars)**

	2005	2004
		(Restated Note 3)
Operating Transactions		
Net Operating Results	\$ 624	\$ 109
Amortization of Tangible Capital Assets	37	27
	661	136
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(467)	393
	194	529
Capital Transactions		
Acquisition of Tangible Capital Assets	(2)	(75)
Cash applied to Capital Transactions	(2)	(75)
	192	454
Cash, Beginning of Year	3,692	3,238
Cash, End of Year	\$ 3,884	\$ 3,692

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, 2005**

**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. 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 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, 2005**

**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 3.

**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 new systems development is \$100,000 and the threshold for all other capital assets is \$5,000.



**The Alberta Historical Resources Foundation**  
**Notes to the Financial Statements**  
**Year ended March 31, 2005**

**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 Correction of Error (thousands of dollars)**

Previous financial statements had recognized the purchase of heritage markers as an expense in the year they were purchased, as opposed to capitalizing and subsequently amortizing their cost over their useful lives. The financial statements of prior periods have been restated. As a result of this correction, in 2004 net operating results has increased by \$48, fund balances at beginning of year has increased by \$245, fund balances at end of year and tangible capital assets has increased by \$293.

**Note 4 Cash (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 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 \$21 has been restricted for the Roger Soderstrom Fellowship fund and is therefore not available to pay for operating expenses of the Foundation. (Note 7)

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, 2005**

**Note 5 Tangible Capital Assets (thousands of dollars)**

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value (Restated Note 3)
Equipment	7 years	\$ 3	\$ (3)	\$ -	\$ -
Other	10 years	381	(123)	258	293
		<u>\$ 384</u>	<u>\$ (126)</u>	<u>\$ 258</u>	<u>\$ 293</u>

**Note 6 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 380 (2004 – 401) artworks with an estimated value of \$16,250 (2004 – \$16,950), and 30 (2004 – 30) antique furnishings estimated at \$12,700 (2004 – \$12,700). During the year, the Foundation did not acquire any historical assets (2004 – Nil) and there were 21 (2004 – 9) dispositions.

**Note 7 Restricted Funds (thousands of dollars)**

	2005	2004
Roger Soderstrom Fellowship Fund <sup>(a)</sup>	<u>\$ 21</u>	<u>\$ 21</u>

<sup>(a)</sup> 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 8 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, 2005**

**Note 9 Honoraria (thousands of dollars)**

	2005			2004
	Honoraria <sup>(a)</sup>	Benefits and Allowances <sup>(b)</sup>	Total	Total
Board <sup>(c)</sup>				
Chair	\$ 3	\$ -	\$ 3	\$ 4
Other Members (7)	17	-	17	19
	\$ 20	\$ -	\$ 20	\$ 23

<sup>(a)</sup> 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 03/2004, is included in the financial statements of the Department of Community Development.

<sup>(b)</sup> No benefits were provided to Board members.

<sup>(c)</sup> 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, 2005**

**Note 10 Contractual Obligations (thousands of dollars)**

	2005	2004
Grant Agreements	\$ 2,933	\$ 2,135
Service Contracts <sup>(a)</sup>	1	2,748
Long-term Leases	2	12
	\$ 2,936	\$ 4,895

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

	Grant Agreements	Service Contracts	Long-term Leases	Total
2006	\$ 2,863	\$ 1	\$ 2	\$ 2,866
2007	70	-	-	70
	\$ 2,933	\$ 1	\$ 2	\$ 2,936

<sup>(a)</sup> The 2005 service contracts do not include the costs for maintenance of collections with Glenbow Museum because the agreement with Glenbow was not in place at March 31, 2005. Subsequent to year end, a contract for \$2,879 for the period April 1, 2005 to March 31, 2006 was signed.

**Note 11 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, 2005  
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual (Restated Note 3)
Grants	\$ 3,771	\$ 3,149	\$ 3,711
Supplies and Services	2,970	2,887	2,864
Supplies and Services from Support Services Arrangements with Related Parties <sup>(a)</sup>	367	367	367
Honoraria (Note 9)	24	20	23
Amortization of Tangible Capital Assets	-	37	27
	\$ 7,132	\$ 6,460	\$ 6,992

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

**The Alberta Historical Resources Foundation**  
**Related Party Transactions**  
**Year ended March 31, 2005**  
**(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 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	
	2005	2004	2005	2004
Revenue				
Transfer from Department of Community Development	\$ 6,946	\$ 6,946	\$ -	\$ -
Expenses – Directly Incurred				
Grants	\$ 25	\$ 25	\$ -	\$ -
Other services	-	-	8	15
	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 8</u>	<u>\$ 15</u>
Accounts Payable	<u>\$ 3</u>	<u>\$ 9</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 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 18	\$ 22
Other Services	240	344	-	-
	<u>\$ 240</u>	<u>\$ 344</u>	<u>\$ 18</u>	<u>\$ 22</u>

**The Alberta Historical Resources Foundation**  
**Allocated Costs**  
**Year ended March 31, 2005**  
**(thousands of dollars)**

Program	Expenses – Incurred by Others				Total Expenses	Total Expenses
	Expenses <sup>(a)</sup>	Accommodation Costs <sup>(b)</sup>	Other Services <sup>(c)</sup>	Total Expenses		
Support to Provincial Heritage Organizations	\$ 1,696	\$ -	\$ -	\$ 1,696	\$ 1,696	
Glenbow Museum	2,738	-	-	2,738	2,688	
Heritage Preservation Projects	1,002	-	-	1,002	917	
Main Street Program	395	8	2	405	1,183	
Heritage Awareness Projects	451	-	-	451	323	
Roger Soderstrom Fellowship Projects	1	-	-	1	4	
Administration	177	10	238	425	547	
	\$ 6,460	\$ 18	\$ 240	\$ 6,718	\$ 7,358	

- (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 2, allocated by square footage.  
(c) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

