

# **The Alberta Historical Resources Foundation**

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Financial Statements

March 31, 2011

**The Alberta Historical Resources Foundation  
Financial Statements  
March 31, 2011**

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## Independent Auditor's Report



To the Directors of Alberta Historical Resources Foundation and  
the Minister of Culture and Community Spirit

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Alberta Historical Resources Foundation, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Historical Resources Foundation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

May 27, 2011

Edmonton, Alberta

**The Alberta Historical Resources Foundation**  
**Statement of Operations**  
**Year ended March 31, 2011**

	2011		2010
	Budget	Actual	Actual
	(in thousands)		
<b>Revenues</b>			
Internal Government Transfers			
Transfers from the Department of Culture and Community Spirit	\$ 8,000	\$ 8,000	\$ 9,507
Investment Income	106	63	64
Other Revenue	6	10	16
	<u>8,112</u>	<u>8,073</u>	<u>9,587</u>
<b>Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)</b>			
Glenbow Museum	2,966	2,966	3,489
Heritage Preservation Partnership Programs	2,243	2,397	3,353
Support for Provincial Heritage Organizations	2,149	2,145	2,740
Municipal Heritage Programs	554	407	300
Heritage Markers Program	106	104	137
Administration	150	230	162
	<u>8,168</u>	<u>8,249</u>	<u>10,181</u>
Net Operating Results	<u>\$ (56)</u>	(176)	(594)
Fund Balances at Beginning of Year		<u>3,716</u>	<u>4,310</u>
Fund Balances at End of Year		<u>\$ 3,540</u>	<u>\$ 3,716</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, 2011**

	2011	2010
	(in thousands)	
<b>Financial Assets</b>		
Cash (Note 3)	\$ 3,484	\$ 3,941
Cash Appropriated for Non-Current Use (Notes 3 and 7)	50	50
Tangible Capital Assets (Note 5)	140	184
	\$ 3,674	\$ 4,175
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 134	\$ 459
<b>Fund Balances</b>		
Operating	3,465	3,651
Restricted (Note 6)	25	15
Reserve (Note 7)	50	50
	3,540	3,716
	\$ 3,674	\$ 4,175
 Contractual obligations (Note 9)		

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

**The Alberta Historical Resources Foundation**  
**Statement of Cash Flows**  
**Year ended March 31, 2011**

	2011	2010
	(in thousands)	
Operating Transactions		
Net Operating Results	\$ (176)	\$ (594)
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	44	56
	(132)	(538)
 (Decrease) Increase in Accounts Payable and Accrued Liabilities	 (325)	 436
 Cash (Applied to) Operating Transactions	 (457)	 (102)
 (Decrease) in Cash	 (457)	 (102)
 Cash at Beginning of Year	 3,941	 4,043
 Cash at End of Year	 \$ 3,484	 \$ 3,941

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, 2011**

**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**

These financial statements are prepared in accordance with Canadian public sector accounting standards.

**(a) Reporting Entity**

The reporting entity is The Alberta Historical Resources Foundation, which is part of the Ministry of Culture and Community Spirit (Ministry) and for which the Minister of Culture and Community Spirit (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 accounting and 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; and
- The reserve fund was established to ensure an ongoing funding capability as described in Note 7.

**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.

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 Alberta Historical Resources Foundation**  
**Notes to the Financial Statements**  
**Year ended March 31, 2011**

**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. Internal government transfers are recognized as revenue when received.

**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 tangible 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's operations are disclosed in Schedule 2 and allocated to programs in Schedule 3.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and cash appropriated for non-current use and financial claims such as accounts receivable from other organizations and individuals.

Assets acquired by right are not included. 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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

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.

**The Alberta Historical Resources Foundation**  
**Notes to the Financial Statements**  
**Year ended March 31, 2011**

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

**(b) Basis of Financial Reporting (continued)**

**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.

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

**Note 3 Cash and Cash Appropriated for Non-Current Use**  
(in thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed 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. As at March 31, 2011, securities held by CCITF have a time-weighted return of 1.1% (2010 – 1.0%) per annum.

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

Cash in the amount of \$50 has been appropriated for non-current use (Note 7).

**Note 4 Artworks and 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 376 (2010 – 376) artworks with an estimated value of \$16,060 (2010 – \$16,060) and 30 (2010 – 30) antique furnishings estimated at \$12,700 (2010 – \$12,700). During the year, the Foundation did not acquire any historical assets (2010 – Nil). There were no artwork dispositions during the year (2010 – Nil). The collection is insured.

**The Alberta Historical Resources Foundation**  
**Notes to the Financial Statements**  
**Year ended March 31, 2011**

**Note 5 Tangible Capital Assets**  
(in thousands)

	Heritage Markers	
	2011 Total	2010 Total
Estimated Useful Life – 10 years		
Historical Cost		
Beginning of Year	\$ 561	\$ 564
Additions	-	-
Disposals, Including Write-Downs	-	(3)
	561	561
Accumulated Amortization		
Beginning of Year	377	324
Amortization Expense	44	56
Effect of Disposals	-	(3)
	421	377
Net Book Value at March 31, 2011	\$ 140	\$ 184

**Note 6 Restricted Fund**  
(in thousands)

	2011			2010	
	Bob Etherington Heritage Trades Scholarship <sup>(a)</sup>	Peter Goertzen Fund <sup>(b)</sup>	Total Restricted Funds	Total Restricted Funds	
Opening Balance	\$ 15	\$ -	\$ 15	\$ -	-
Contributions Received	-	10	10	-	15
Expenses	-	-	-	-	-
Closing Balance	\$ 15	\$ 10	\$ 25	\$ -	15

<sup>(a)</sup> The Bob Etherington Heritage Trades Scholarship was designed to develop the heritage trades in Alberta by encouraging tradespersons to hone their technical skills and further their understanding of the challenges and complexities of heritage conservation work.

<sup>(b)</sup> The Peter Goertzen Fund is a gift from the estate of Peter Goertzen, a former board member of The Alberta Historical Resources Foundation. These funds have been internally restricted and will support special heritage projects approved by the Board.

**The Alberta Historical Resources Foundation**  
**Notes to the Financial Statements**  
**Year ended March 31, 2011**

**Note 7 Reserve**  
(in thousands)

A reserve in the amount of \$50 has been established by appropriation 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.

**Note 8 Honoraria**  
(in thousands)

	2011			2010	
	Honoraria <sup>(a)</sup>	Benefits and Allowances <sup>(b)</sup>	Total	Total	
Board <sup>(c)</sup>					
Chair	\$ 7	\$ -	\$ 7	\$ 6	
Other Members (7)	17	-	17	15	
	\$ 24	\$ -	\$ 24	\$ 21	

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

(b) No benefits were provided to Board members.

(c) Members appointed to the Foundation are paid honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend 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, 2011**

**Note 9 Contractual Obligations**  
(in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2011	2010
Grant Agreements	\$ 4,338	\$ 3,120
Service Contracts	2,887	2,966
Long-term Leases	6	2
	\$ 7,231	\$ 6,088

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

	Grant Agreements	Service Contracts	Long-term Leases	Total
2012	\$ 2,887	\$ 2,887	\$ 6	\$ 5,780
2013	816	-	-	816
2014	293	-	-	293
2015	196	-	-	196
2016	73	-	-	73
Thereafter	73	-	-	73
	\$ 4,338	\$ 2,887	\$ 6	\$ 7,231

**Note 10 Current and Comparative Figures**

Current and comparative figures have been reclassified to conform to the presentation in the 2011-12 Government Estimates, which were released on February 24, 2011.

**Note 11 Approval of Financial Statements**

The financial statements were approved by the Board of Directors.

**The Alberta Historical Resources Foundation**  
**Schedule to Financial Statements**  
**Expenses – Directly Incurred Detailed by Object**  
**Year ended March 31, 2011**

	2011		2010
	Budget	Actual (in thousands)	Actual
Grants	\$ 4,566	\$ 4,401	\$ 5,527
Supplies and Services	2,777	3,041	3,622
Supplies and Services from Support Service Arrangements with Related Parties <sup>(a)</sup>	739	739	955
Amortization of Tangible Capital Assets	56	44	56
Honoraria (Note 8)	30	24	21
	\$ 8,168	\$ 8,249	\$ 10,181

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

**The Alberta Historical Resources Foundation**  
**Schedule to Financial Statements**  
**Related Party Transactions**  
**Year ended March 31, 2011**  
**(in thousands)**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, 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	
	2011	2010	2011	2010
Revenues				
Transfers from the Department of Culture and Community Spirit	\$ 8,000	\$ 9,507	\$ -	\$ -
Expenses – Directly Incurred				
Grants	\$ 41	\$ 50	\$ 33	\$ 28
Other services	-	-	7	4
	<u>\$ 41</u>	<u>\$ 50</u>	<u>\$ 40</u>	<u>\$ 32</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 but are disclosed in Schedule 3.

	Entities in the Ministry		Other Entities	
	2011	2010	2011	2010
Expenses – Incurred by Others				
Other Services	\$ 172	\$ 149	\$ -	\$ -
Accommodation	-	-	21	21
	<u>\$ 172</u>	<u>\$ 149</u>	<u>\$ 21</u>	<u>\$ 21</u>

**The Alberta Historical Resources Foundation**  
**Schedule to Financial Statements**  
**Allocated Costs**  
**Year ended March 31, 2011**  
**(in thousands)**

Program	Expenses – Incurred by Others			2011		2010	
	Expenses <sup>(a)</sup>	Other Services <sup>(b)</sup>	Accommodation <sup>(c)</sup>	Total Expenses	Total Expenses		
Glenbow Museum	\$ 2,966	\$ -	\$ -	\$ 2,966	\$ 3,489		
Heritage Preservation Partnership Programs	2,397	29	4	2,430	3,410		
Support for Provincial Heritage Organizations	2,145	-	-	2,145	2,740		
Municipal Heritage Programs	407	109	13	529	384		
Heritage Markers Program	104	-	-	104	137		
Administration	230	34	4	268	191		
	<u>\$ 8,249</u>	<u>\$ 172</u>	<u>\$ 21</u>	<u>\$ 8,442</u>	<u>\$ 10,351</u>		

<sup>(a)</sup> Expenses – Directly Incurred as per Statement of Operations.

<sup>(b)</sup> The Department of Culture and Community Spirit provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

<sup>(c)</sup> The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

