

The Government House Foundation

Financial Statements

March 31, 2011

**The Government House Foundation
Financial Statements
March 31, 2011**

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Independent Auditor's Report



To the Directors of the Government House Foundation and
the Minister of Culture and Community Spirit

Report on the Financial Statements

I have audited the accompanying financial statements of the Government House 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 Government House 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 Government House Foundation
Statement of Operations
Year ended March 31, 2011**

	2011		2010
	Budget	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from The Alberta Historical Resources Foundation	\$ 41,000	\$ 41,000	\$ 50,000
Investment Income	2,000	1,102	956
Premiums, Fees and Licences	5,000	4,630	4,025
Donations of Artworks	-	24,587	700
	<u>48,000</u>	<u>71,319</u>	<u>55,681</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Public Relations	30,000	19,974	36,809
Administration	12,000	19,502	21,190
Conservation of Collections	3,000	699	1,606
Collection Acquisitions	3,000	28,586	700
	<u>48,000</u>	<u>68,761</u>	<u>60,305</u>
Net Operating Results	<u>\$ -</u>	2,558	(4,624)
Fund Balance at Beginning of Year		<u>71,785</u>	<u>76,409</u>
Fund Balance at End of Year		<u>\$ 74,343</u>	<u>\$ 71,785</u>

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

The Government House Foundation
Statement of Financial Position
As at March 31, 2011

	2011	2010
Financial Assets		
Cash (Note 3)	\$ 77,136	\$ 75,156
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 2,793	\$ 3,371
Fund Balance	74,343	71,785
	\$ 77,136	\$ 75,156

Contractual obligations (Note 5)

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

**The Government House Foundation
Statement of Cash Flows
Year ended March 31, 2011**

	2011	2010
Operating Transactions		
Net Operating Results	\$ 2,558	\$ (4,624)
Decrease in Accounts Receivable	-	26
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(578)	1,821
Cash Provided by (Applied to) Operating Transactions	1,980	(2,777)
Cash at Beginning of Year	75,156	77,933
Cash at End of Year	\$ 77,136	\$ 75,156

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

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2011

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 a 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, device, 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 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 Government House 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

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 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.

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.

The Government House 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)

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's operations are not recognized and 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.

Artworks are not recorded as assets. Purchases of artworks 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. 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.

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 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 value because of the short-term nature of these instruments.

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2011

Note 3 Cash

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.

Note 4 Artworks and Collections

The 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. The collection is insured.

At March 31, 2011, the collection consisted of approximately 440 (2010 – 405) pieces of artworks and other items, with an approximate value of \$1,019,000 (2010 – \$986,500). During the year, the Foundation made one artwork purchase \$4,000 (2010 – Nil). Contributions to the collection included 34 (2010 – seven) artifacts with an appraised value of \$24,600 (2010 – \$700) and there were no dispositions during the year (2010 – Nil).

Note 5 Contractual Obligations

At March 31, 2011, the Foundation had no commitments (2010 – \$16,000) relating to service contracts.

Note 6 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

The Government House Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
Supplies and Services			
Materials and Supplies	\$ 6,000	\$ 29,285	\$ 1,800
General Office	27,000	20,324	36,637
Contracted Services	13,000	19,000	21,471
Hosting	2,000	152	397
	\$ 48,000	\$ 68,761	\$ 60,305

The Government House Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2011

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 in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues				
Transfers from The Alberta Historical Resources Foundation	<u>\$ 41,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses – Directly Incurred				
Other Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,373</u>	<u>\$ 2,515</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 but are disclosed in Schedule 3.

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Expenses – Incurred by Others				
Other Services	<u>\$ 12,411</u>	<u>\$ 11,947</u>	<u>\$ -</u>	<u>\$ -</u>
Accommodation	<u>-</u>	<u>-</u>	<u>2,622</u>	<u>2,728</u>
	<u>\$ 12,411</u>	<u>\$ 11,947</u>	<u>\$ 2,622</u>	<u>\$ 2,728</u>

The Government House Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2011

Program	2011				2010	
	Expenses ^(a)	Other Services ^(b)	Accommodation ^(c)	Total Expenses	Total Expenses	Total Expenses
Public Relations Administration	\$ 19,974	\$ 3,605	\$ 762	\$ 24,341	\$ 42,482	\$ 42,482
Conservation of Collections	19,502	3,520	744	23,766	26,764	26,764
Collection Acquisitions	699	126	26	851	3,872	3,872
	28,586	5,160	1,090	34,836	1,862	1,862
	\$ 68,761	\$ 12,411	\$ 2,622	\$ 83,794	\$ 74,980	\$ 74,980

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

^(b) 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.

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