

Ministry of Culture and Community Spirit

Consolidated Financial Statements

March 31, 2009

**Ministry of Culture and Community Spirit
Consolidated Financial Statements
March 31, 2009**

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Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Culture and Community Spirit as at March 31, 2009 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry'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 consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2009 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
June 10, 2009

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

Ministry of Culture and Community Spirit
Consolidated Statement of Operations
For the year ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Schedule 4)	Actual	Actual Restated (Note 3)
Revenues (Schedules 1 and 2)			
Internal Government Transfers	\$ 475,547	\$ 456,878	\$ 379,028
Transfers from the Government of Canada	526	19,774	727
Investment Income	1,981	1,533	1,815
Premiums, Fees and Licences	4,982	5,180	5,297
Other Revenue	11,199	11,465	12,762
	<u>494,235</u>	<u>494,830</u>	<u>399,629</u>
Expenses – Directly Incurred (Note 2(c) and Schedules 3 and 6)			
Culture	78,416	90,426	67,791
Community Lottery Grants	402,321	367,053	317,337
Heritage	57,493	52,896	47,184
Human Rights and Citizenship	7,134	6,959	6,619
Ministry Support Services	7,369	6,383	4,448
	<u>552,733</u>	<u>523,717</u>	<u>443,379</u>
Valuation Adjustments			
Provision for Environmental Obligations	-	-	(406)
Provision for Doubtful Accounts	-	3	1
Provision for Inventory Write-off	-	8	-
Provision for Vacation Pay and Banked Overtime	90	245	459
	<u>90</u>	<u>256</u>	<u>54</u>
	<u>552,823</u>	<u>523,973</u>	<u>443,433</u>
(Loss) on Disposal of Tangible Capital Assets	-	-	(82)
Write-down of Tangible Capital Assets	-	(649)	-
	<u>-</u>	<u>(649)</u>	<u>(82)</u>
Net Operating Results	<u>\$ (58,588)</u>	<u>\$ (29,792)</u>	<u>\$ (43,886)</u>

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

Ministry of Culture and Community Spirit
Consolidated Statement of Financial Position
As of March 31, 2009
(thousands of dollars)

	2009	2008
		Restated (Note 3)
Financial Assets		
Cash and Short-term Investments (Note 4)	\$ 19,043	\$ 20,534
Accounts Receivable, Prepaid Expenses and Inventories (Note 5)	6,320	78,597
Cash and Short-term Investments Appropriated for Non-Current Use (Note 4)	8,467	8,467
Tangible Capital Assets (Schedule 7)	17,726	14,607
	\$ 51,556	\$ 122,205
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 169,013	\$ 100,084
Unearned Revenue	242	248
	169,255	100,332
Net Assets (Liabilities)		
Net Assets, Beginning of Year	21,873	12,404
Net Operating Results	(29,792)	(43,886)
Net Financing Provided (for) from General Revenues	(109,780)	53,355
Net Assets (Liabilities), End of Year	(117,699)	21,873
	\$ 51,556	\$ 122,205

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

Ministry of Culture and Community Spirit
Consolidated Statement of Cash Flows
For the year ended March 31, 2009
(thousands of dollars)

	2009	2008
		Restated (Note 3)
Operating Transactions		
Net Operating Results	\$ (29,792)	\$ (43,886)
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	1,576	1,105
Valuation Adjustments	256	54
Write-down of Tangible Capital Assets	649	-
Loss on Disposal of Tangible Capital Assets	-	82
	(27,311)	(42,645)
Decrease (Increase) in Accounts Receivable, Prepaid Expenses and Inventories before Valuation Adjustments	72,266	(68,803)
Increase in Accounts Payable and Accrued Liabilities before Valuation Adjustments	68,684	64,596
(Decrease) Increase in Unearned Revenue	(6)	29
	113,633	(46,823)
Capital Transactions		
Acquisition of Tangible Capital Assets (Schedule 7)	(5,523)	(3,981)
Transfers of Tangible Capital Assets to (from) Others	179	(300)
	(5,344)	(4,281)
Financing Transactions		
Net Financing Provided (for) from General Revenues	(109,780)	53,355
(Decrease) Increase in Cash	(1,491)	2,251
Cash and Short-term Investments, Beginning of Year	20,534	18,283
Cash and Short-term Investments, End of Year	\$ 19,043	\$ 20,534

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

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 1 Authority and Purpose

The Minister of Culture and Community Spirit has, by the *Government Organization Act* and its regulations, been designated responsible for various *Acts*. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Culture and Community Spirit (the Ministry).

The purpose of the Ministry is to promote, develop and preserve Alberta's culture and heritage in support of vibrant and inclusive communities. This is done by:

- Fostering the sustainability and appreciation of Alberta's cultural industries and the arts;
- Supporting Alberta's communities and the non-profit/voluntary sector;
- Promoting and preserving Alberta's rich heritage; and
- Protecting human rights, promoting fairness and access, and supporting the inclusion of all Albertans.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the ministry.

(a) Reporting Entity

The reporting entity is the Ministry of Culture and Community Spirit. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

These consolidated financial statements include the accounts of the following organizations:

<u>Organization</u>	<u>Authority</u>
Department of Culture and Community Spirit	<i>Government Organization Act</i>
Alberta Foundation for the Arts	<i>Alberta Foundation for the Arts Act</i>
The Alberta Historical Resources Foundation	<i>Historical Resources Act</i>
The Government House Foundation	<i>Government House Act</i>
The Historic Resources Fund	<i>Historical Resources Act</i>
Human Rights, Citizenship and Multiculturalism Education Fund	<i>Human Rights, Citizenship and Multiculturalism Act</i>
The Wild Rose Foundation	<i>Wild Rose Foundation Act</i>

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

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

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the organizations listed in Note 2(a) above have been consolidated. Revenue and expense transactions, investing, capital and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) 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 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.

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.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

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

(c) Basis of Financial Reporting (continued)

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

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

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which comprise the cost of employer contributions for current service of employees during the year; and
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, banked overtime and environmental obligations.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

Assets

Financial assets of the Ministry are limited to cash and short term investments and financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventory for resale.

Investments are recorded at cost. Where there has been a loss in the value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

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

(c) Basis of Financial Reporting (continued)

Assets (continued)

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined on the first in first out basis.

Assets acquired by right are not included. Tangible capital assets of the Ministry 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 tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories of supplies) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Collections of historic and scientific artifacts, archival holdings and works of art held by the Ministry 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 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.

Environmental obligations are recorded as liabilities when there is little or no discretion to avoid settlement of the obligation and a reasonable estimate of the amount can be made.

Net Assets (Liabilities)

Net assets (liabilities) represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Restricted funds, endowment funds and general reserves (Note 7) are considered appropriations from net assets and are reported as net assets.

An externally restricted fund accounts for non-government contributions, which can only be used for the purpose specified by the donor.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

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

(c) Basis of Financial Reporting (continued)

Net Assets (Liabilities) (continued)

An internally restricted fund accounts for funds restricted by the Ministry Foundations for either matching non-government contributions, which can only be used for an identified purpose, or for retaining an ongoing funding capability.

An endowment fund accounts for contributions received under various agreements with sponsors and matching funds may be provided by Ministry Foundations. In addition, the endowment fund can include internally restricted funds to be used for identified purposes, or for retaining an ongoing funding capability.

A general reserve accounts for appropriated funds, which are used for the purpose of maintaining an ongoing funding capability. Transfers from the reserve must be approved.

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 cash and short-term investment, accounts receivable, inventory for resale and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Measurement Uncertainty (thousands of dollars)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Environmental obligations are included in accounts payable and accrued liabilities in the amount of \$4,849 (2008 – \$7,241) for Heritage, based on management's best estimates that reflect the environmental information known at the time. Further environmental assessments, changes in environmental legislation or other unanticipated changes may affect these estimates.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 3 Government Reorganization/Program Transfers (thousands of dollars)

The Ministry of Culture and Community Spirit was established as a result of restructuring of government ministries announced on March 12, 2008 and other transfer of responsibilities to and from other ministries. Comparatives for 2008 have been restated as if the Ministry had always been assigned with its current responsibilities. Net assets (liabilities) on March 31, 2007 is made up as follows:

Net assets as previously reported	\$ 283,101
Transfer to the Ministry of Tourism, Parks and Recreation	(269,997)
Transfer to the Ministry of Employment and Immigration (Francophone Secretariat Program)	(250)
Transfer to the Ministry of International and Intergovernmental Relations (First Nations Development Fund)	-
Transfer from the Ministry of Municipal Affairs (Community and Voluntary Services)	<u>(450)</u>
Net assets at March 31, 2007	<u><u>\$ 12,404</u></u>

Based on an agreement between the Ministries of Service Alberta and Culture and Community Spirit, effective April 1, 2008, the Ministry of Culture and Community Spirit transferred the budgetary responsibility for the functional reporting of information technology services to the Ministry of Service Alberta. This resulted in the restatement of comparative figures for 2007-08 which increased net operating results by \$906 and decreased net financing provided from General Revenues by \$906.

Note 4 Cash and Short-term Investments and Cash and Short-term Investments Appropriated for Non-Current Use (thousands of dollars)

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, 2009, securities held by CCITF have a time-weighted return of 3.0% (2008 – 4.5%) per annum.

Short term investments consist of deposits in the amount of \$Nil (2008 – \$300) with life insurance companies that matured April 4, 2008.

Cash and short term investments in the amount of \$19,043 includes \$853 that has been externally restricted and \$6,080 that has been internally restricted and is therefore not available to pay for operating expenses.

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

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 5 Accounts Receivable, Prepaid Expenses and Inventories (thousands of dollars)

	2009			2008
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Restated (Note 3) Net Realizable Value
Accounts Receivable	\$ 5,439	\$ -	\$ 5,439	\$ 77,856
Inventory for Resale	509	-	509	457
Prepaid Expenses	72	-	72	33
Refunds from Suppliers	300	-	300	251
	\$ 6,320	\$ -	\$ 6,320	\$ 78,597

Accounts receivable are unsecured and non-interest bearing.

Note 6 Collections

Collections consist of historical and scientific artifacts, archival holdings and works of art of provincial, national and international significance located in the archives, museums and historical sites of the Province of Alberta. The Ministry has not recorded the value of these collections in the consolidated financial statements due to the practical difficulties of reflecting them at a meaningful value. The collections are insured for \$449 million. A description of the major collections is as follows:

- (a) The Province, through the Historic Sites and Museums Branch, preserves, operates and presents Alberta's history as is represented through 3 museums, 3 interpretive centres and 9 historic sites that contain 48 restored historic buildings/structures and 3 stabilized ruins. As well, it administers an additional 3 historic sites, which contain 58 undeveloped historic buildings/structures and 12 newly acquired but unrestored buildings. In addition, the Branch owns 1 developed historic resource (leased to a society), 13 cairns, 4 archaeological sites and 1 palaeontological site. In total, the Ministry owns 1,904 hectares of land deemed to be of historic significance.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 6 Collections (continued)

- (b) The Royal Alberta Museum maintains 13 curatorial programs with total collection holdings comprising approximately 12.3 million objects. This includes more than 1,393,000 objects on-site, over 23,200 warehoused objects off-site and another estimated 10,948,000 archaeological artifacts collected as part of the Archaeological Survey of Alberta permit process. The collections represent a highly diverse complement of cultural and natural heritage. These include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic and textile collections; and the permitted archaeological materials recovered in Alberta, all with associated documentation and in many cases images and other media.
- (c) The Royal Tyrrell Museum of Palaeontology collection has over 122,000 catalogued items including original and replica fossils. Annually, approximately 2,000 specimens are accessioned into the collection.
- (d) Reynolds-Alberta Museum exhibits approximately 160 major agricultural, industrial and transportation artifacts, and provides conservation, maintenance and restoration services for an additional collection of approximately 3,290 major and 3,575 smaller artifacts. Included in these numbers are 88 vintage aircraft, the second largest collection in Canada. The museum also houses a collection of documents, numbering over 60,000 pieces, related to the museum's mechanization themes.
- (e) The Remington Carriage Museum houses one of the largest collections of horse drawn vehicles in North America, with 276 carriages, buggies, wagons and sleighs, and approximately 690 associated small artifacts.
- (f) The Ukrainian Cultural Heritage Village is responsible for the management of Historic Sites' collection of approximately 53,800 artifacts. Approximately 5,000 of these artifacts are used to furnish various smaller sites throughout the province, and 8,000 artifacts furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (g) The Provincial Archives of Alberta holds approximately 42,970 linear metres of government textual records, 4,970 linear metres of private textual records, 65,440 maps, 30,000 architectural drawings, 2,190,890 photographic images, 47,300 hours of sound recordings, 68,620 hours of film and video materials and 13,130 volumes of library holdings.
- (h) The Arts Section of the Arts Branch manages 14 collections containing approximately 1,500 donated, purchased and/or commissioned artworks.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 6 Collections (continued)

- (i) The Glenbow-Alberta Institute, under contract to the Province of Alberta, manages the care of, and access to, a publicly owned collection of approximately 227,000 artifacts in cultural history, military history, ethnology, art and mineralogy, approximately 5.5 shelf kilometres of textual and archival records, over 2,100,000 historical photographs, about 350 hours of film footage and 7,200 sound recordings.
- (j) The Government House 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 the Government House, while some items are on loan to other provincial institutions.

At March 31, 2009, the collection consisted of approximately 398 (2008 – 392) pieces of artworks and other items, with an approximate value of \$985,000 (2008 – \$981,000). During the year, the Foundation made no artworks purchases (2008 – Nil). Contributions to the collection included 6 artifacts with an appraised value of \$4,100 (2008 – Nil) and there were no dispositions during the year (2008 – Nil).

- (k) The Alberta Foundation for the Arts actively collects visual artworks, which document the Province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints. At March 31, 2009, the collection consisted of approximately 7,835 (2008 – 7,641) artworks with an approximate value of \$10,496,850 (2008 – \$9,506,000). During the year, the Foundation purchased 190 (2008 – 116) artworks by Alberta artists at a total cost of \$716,550 (2008 – \$402,750). Contributions to the collection included 4 (2008 – 15) artworks with an appraised value of \$274,300 (2008 – \$13,240). There were no artwork dispositions during the year (2008 – Nil).
- (l) The Alberta Historical Resources 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 (2008 – 379) artworks with an estimated value of \$16,060 (2008 – \$16,150), and 30 (2008 – 30) antique furnishings estimated at \$12,700 (2008 – \$12,700). During the year, the Alberta Historical Resources Foundation did not acquire any historical assets (2008 – Nil). There were three artwork dispositions during the year (2008 – Nil). The collection is insured.

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 7 Net Assets (Liabilities) (thousands of dollars)

	<u>2009</u>	<u>2008</u> Restated (Note 3)
Unrestricted Funds	\$ (135,115)	\$ 4,806
Endowment Funds	6,500	6,500
Externally Restricted Funds	1,414	2,035
General Reserves	1,967	1,967
Internally Restricted Funds	<u>7,535</u>	<u>6,565</u>
	<u>\$ (117,699)</u>	<u>\$ 21,873</u>

Note 8 Contractual Obligations (thousands of dollars)

	<u>2009</u>	<u>2008</u> Restated (Note 3)
Grant Agreements	\$ 32,549	\$ 113,595
Long-term Leases	80	213
Service Contracts	20,774	23,380
Capital Construction Contracts	<u>358</u>	<u>-</u>
	<u>\$ 53,761</u>	<u>\$ 137,188</u>

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

	<u>Grant Agreements</u>	<u>Long-term Leases</u>	<u>Service Contracts</u>	<u>Capital Construction Contracts</u>	<u>Total</u>
2010	\$ 19,380	\$ 64	\$ 15,187	\$ 358	\$ 34,989
2011	7,532	15	5,458	-	13,005
2012	3,430	1	129	-	3,560
2013	1,537	-	-	-	1,537
2014	634	-	-	-	634
Thereafter	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
	<u>\$ 32,549</u>	<u>\$ 80</u>	<u>\$ 20,774</u>	<u>\$ 358</u>	<u>\$ 53,761</u>

**Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009**

Note 9 Contingent Liabilities (thousands of dollars)

At March 31, 2009, the Ministry is a defendant in one legal claim (2008 – two legal claims as restated). This claim has a specified amount totalling \$3,000 (2008 – two claims having specified amounts totalling \$3,550 as restated). In this claim (2008 – one claim amounting to \$3,000 as restated) the Ministry has been jointly named with other entities. This claim amounting to \$3,000 (2008 – two claims amounting to \$3,550 as restated) is covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Certain contingent liabilities may exist for site remediation and reclamation in addition to the environment obligations recorded in the financial statements, which are described in Note 2. Due to uncertainty surrounding these circumstances it is not possible to determine the likelihood or amount of these contingent liabilities.

Note 10 Trust Funds Under Administration (thousands of dollars)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2009, trust funds under administration were as follows:

	2009	2008 Restated (Note 3)
Fort Dunvegan Historical Society Trust Fund	\$ 4	\$ 6
	\$ 4	\$ 6

Ministry of Culture and Community Spirit
Notes to the Consolidated Financial Statements
For the year ended March 31, 2009

Note 11 Benefit Plans (thousands of dollars)

The Ministry participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$3,632 for the year ended March 31, 2009 (2008 – \$3,125 as restated).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574 (2007 – \$84,341) and the Public Service Pension Plan reported a deficiency of \$1,187,538 (2007 – \$92,509 as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111 (2007 – surplus of \$1,510).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2009, the Bargaining Unit Plan reported an actuarial deficiency of \$33,540 (2008 – \$6,319) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$1,051 (2008 – actuarial surplus of \$7,874). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 12 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 13 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Ministry of Culture and Community Spirit
Revenues
For the year ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget	Actual	Actual Restated (Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 475,467	\$ 456,818	\$ 378,970
Transfer from Alberta Heritage Scholarship Fund	80	60	58
	<u>475,547</u>	<u>456,878</u>	<u>379,028</u>
Transfers from the Government of Canada			
Building Canada Fund	-	19,000	-
Historic Places Initiative	443	541	660
Other	83	233	67
	<u>526</u>	<u>19,774</u>	<u>727</u>
Investment Income			
Interest	1,981	1,533	1,815
Premiums, Fees and Licences			
Admission Fees	3,725	4,204	4,380
Film Classification	750	779	735
Lands and Grazing	-	22	21
Other	507	175	161
	<u>4,982</u>	<u>5,180</u>	<u>5,297</u>
Other Revenue			
Recoveries	4,667	3,104	2,806
Donations and Contributions in Kind	1,446	109	2,174
Prior Year Refunds of Expenses	560	1,134	880
Sales	-	2,416	2,483
Rental Revenue	4,009	2,500	4,161
Unconditional Gifts	-	1,021	-
Other	517	1,181	258
	<u>11,199</u>	<u>11,465</u>	<u>12,762</u>
Total Revenues	<u>\$ 494,235</u>	<u>\$ 494,830</u>	<u>\$ 399,629</u>

Ministry of Culture and Community Spirit
Dedicated Revenue Initiatives
For the year ended March 31, 2009
(thousands of dollars)

	2009		
	Authorized Dedicated Revenues	Actual Dedicated Revenues ^(a)	(Shortfall) / Excess ^(e)
Acquisition of Historical Collections ^(b)	\$ 1,000	\$ 745	\$ (255)
Historic Resources Management ^(c)	560	541	98
Royal Alberta Museum ^(d)	383	293	(207)
	<u>\$ 1,943</u>	<u>\$ 1,579</u>	<u>\$ (364)</u>

- (a) Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations and Schedule 1.
- (b) Acquisition of Historical Collections dedicated revenue is related to donations of artifacts and other items to various historic sites and museums.
- (c) The Government of Canada provided funding to provinces and territories to further the goals of the Historic Places Initiative. The funds are intended to promote development of the Canadian Register of Historic Places, use of nation-wide standards and guidelines and, in particular, greater municipal involvement in the identification and protection of historic places.
- (d) Funding to the Royal Alberta Museum is provided for the Alberta Biodiversity Monitoring Program.
- (e) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 to the financial statements.

Ministry of Culture and Community Spirit
Expenses – Directly Incurred Detailed By Object
For the year ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget	Actual	Actual Restated (Note 3)
Grants	\$ 463,977	\$ 441,508	\$ 371,805
Supplies and Services	40,342	36,494	31,765
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	-	1,077	37
Salaries, Wages and Employee Benefits	46,562	44,356	38,552
Amortization of Tangible Capital Assets	1,751	1,576	1,105
Financial Transactions and Other	101	101	115
	552,733	525,112	443,379
Less: Recovery from Support Service Arrangements with Related Parties ^(b)	-	(1,395)	-
	\$ 552,733	\$ 523,717	\$ 443,379
Valuation Adjustments			
Provision for Environmental Obligations	\$ -	\$ -	\$ (406)
Provision for Doubtful Accounts	-	3	1
Provision for Write-down of Inventory	-	8	-
Provision for Vacation Pay and Banked Overtime	90	245	459
	\$ 90	\$ 256	\$ 54

(a) The Ministry received Freedom of Information and Privacy (FOIP) services from the Ministry of Finance and Enterprise; and Information Management and Technology Services from the Ministry of Tourism, Parks and Recreation.

(b) The Ministry provided Human Resource Services and Policy, Planning and Legislative Services to the Ministry of Tourism, Parks and Recreation, and costs incurred were recovered from the Ministry of Tourism, Parks and Recreation.

**Ministry of Culture and Community Spirit
Budget
For the year ended March 31, 2009
(thousands of dollars)**

	2008-2009				
	Estimates	Adjustment	Budget	Authorized Supplementary	Authorized Budget
Revenues					
Internal Government Transfers	\$ 475,547	\$ -	\$ 475,547	\$ -	\$ 475,547
Transfers from the Government of Canada	526	-	526	-	526
Investment Income	1,981	-	1,981	-	1,981
Premiums, Fees and Licences	4,982	-	4,982	-	4,982
Other Revenue	11,199	-	11,199	-	11,199
	<u>494,235</u>	<u>-</u>	<u>494,235</u>	<u>-</u>	<u>494,235</u>
Expenses – Directly Incurred					
Culture	78,416	-	78,416	14,000 ^(a)	92,416
Community Lottery Grants	402,321	-	402,321	3,000 ^{(b)(d)}	405,321
Heritage	57,493	-	57,493	(1,513) ^(c)	55,980
Human Rights and Citizenship	7,134	-	7,134	-	7,134
Ministry Support Services	7,369	-	7,369	-	7,369
Dedicated Revenue Shortfall	-	(364) ^(e)	(364)	-	(364)
	<u>552,733</u>	<u>(364)</u>	<u>552,369</u>	<u>15,487</u>	<u>567,856</u>
Valuation Adjustments					
Provision for Vacation Pay and Banked Overtime	90	-	90	-	90
	<u>90</u>	<u>-</u>	<u>90</u>	<u>-</u>	<u>90</u>
Gain (Loss) on Disposal of Tangible Capital Assets					
	-	-	-	-	-
Net Operating Results	<u>\$ (58,588)</u>	<u>\$ 364</u>	<u>\$ (58,224)</u>	<u>\$ (15,487)</u>	<u>\$ (73,711)</u>
Equipment/Inventory Purchases	<u>\$ 3,060</u>	<u>\$ -</u>	<u>\$ 3,060</u>	<u>\$ (137) ^(c)</u>	<u>\$ 2,923</u>
Capital Investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,650 ^(e)</u>	<u>\$ 1,650</u>

(a) Treasury Board authorized a one-time increase of \$14,000 for the Film Development program.

(b) Treasury Board authorized an increase of \$2,000 to support fibre installation in the Olds region for access to Alberta's SuperNet.

(c) Treasury Board authorized a transfer of \$1,513 from operating expense and \$137 from equipment/inventory purchases to capital investment for various Heritage Infrastructure projects.

(d) Treasury Board authorized a transfer of \$1,000 from Alberta Infrastructure to support fibre installation in the Olds region for access to Alberta's SuperNet and to assist with the community component of a fire-damaged church in Whitecourt.

(e) Adjustments include dedicated revenue shortfalls (Schedule 2).

Ministry of Culture and Community Spirit
Related Party Transactions
For the year ended March 31, 2009
(thousands of dollars)

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

The Ministry and its employees 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 Ministry had the following transactions with related parties recorded on the consolidated Statement of Operations and the consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Other Entities	
	2009	2008
		Restated (Note 3)
Revenues		
Lottery Fund	\$ 456,818	\$ 378,970
Alberta Heritage Scholarship Fund	60	58
	<u>\$ 456,878</u>	<u>\$ 379,028</u>
Expenses – Directly Incurred		
Grants	\$ 150	\$ -
Other Services	1,471	678
	<u>\$ 1,621</u>	<u>\$ 678</u>
Transfers of Tangible Capital Assets (To) From Others	<u>\$ (179)</u>	<u>\$ 300</u>
Accounts Payable	<u>\$ 991</u>	<u>\$ -</u>
Accounts Receivable	<u>\$ 4,113</u>	<u>\$ 76,487</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

Ministry of Culture and Community Spirit
Related Party Transactions (continued)
For the year ended March 31, 2009
(thousands of dollars)

The Ministry 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 consolidated financial statements but are disclosed in Schedule 6.

	Other Entities	
	2009	2008
		Restated (Note 3)
Expenses – Incurred by Others		
Accommodation Costs	\$ 31,470	\$ 27,646
GOA Learning Centre Training Services	18	-
Legal Services	226	168
Internal Audit Services	244	210
Financial Services	755	714
Transportation Services	159	135
Information Technology Services	1,414	1,513
	<u>\$ 34,286</u>	<u>\$ 30,386</u>

**Ministry of Culture and Community Spirit
Allocated Costs
For the year ended March 31, 2009
(thousands of dollars)**

Program	2009							2008			
	Expenses (a)	Accommodation Costs (b)	GOA Learning Centre Training Services (c)	Legal Services (d)	Internal Audit Services (e)	Financial Services (f)	Transportation Services (g)	Information Technology Services (h)	Provisions	Total Expenses	
Culture Community Lottery Grants	\$ 90,426	\$ 12,312	\$ 4	\$ 10	\$ 11	\$ 150	\$ 30	\$ 277	\$ 53	\$ 103,273	\$ 79,989
Heritage	367,053	295	-	27	109	53	9	112	14	367,672	317,961
Human Rights and Citizenship	52,896	17,888	10	54	58	403	84	748	138	72,279	63,505
Ministry Support Services	6,959	493	2	4	-	67	14	125	23	7,687	7,420
	6,383	482	2	131	66	82	22	152	28	7,348	4,944
	<u>\$ 523,717</u>	<u>\$ 31,470</u>	<u>\$ 18</u>	<u>\$ 226</u>	<u>\$ 244</u>	<u>\$ 755</u>	<u>\$ 159</u>	<u>\$ 1,414</u>	<u>\$ 256</u>	<u>\$ 558,259</u>	<u>\$ 473,819</u>

2008

Restated
(Note 3)

2009

Expenses – Incurred by Others

Valuation
Adjustments (i)

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

(b) The Ministry of Infrastructure provided accommodations. Costs shown for Accommodation on Schedule 5, allocated by square footage.

(c) The Alberta Treasury Board provided training services. Costs shown for Government of Alberta Learning Centre Training Services on Schedule 5, allocated by employee.

(d) The Ministry of Justice and Attorney General provided legal services. Costs for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

(e) The Executive Council provided internal audit services. Costs shown for Internal Audit Services on Schedule 5, allocated by estimated costs incurred by each program.

(f) The Ministry of Service Alberta provided financial services to the Ministry and the Alberta Gaming and Liquor Commission provided financial services to the Community Lottery grant programs. Costs shown for Financial Services on Schedule 5, allocated to the program.

(g) The Ministry of Service Alberta and Alberta Treasury Board provided transportation services. Costs shown for Transportation Services on Schedule 5, allocated to the program.

(h) The Ministry of Service Alberta provided information technology services. Costs shown for Information Technology Services on Schedule 5, allocated to the program.

(i) Valuation Adjustments as per Statement of Operations. Provisions included in Valuation Adjustments were allocated as follows: Vacation Pay and Banked Overtime – allocated to the program by full time equivalent; Doubtful Accounts – allocated to the program.

Ministry of Culture and Community Spirit
Tangible Capital Assets
For the year ended March 31, 2009
(thousands of dollars)

	2009						2008
	General Capital Assets						Restated (Note 3)
	Computer Hardware and Software			Infrastructure Assets			
Land	Buildings	20-40 years	5-8 years	Equipment ^(a)	Other	Land Improvements	Total
Estimated Useful Life	Indefinite	20-40 years	5-8 years	3-20 years	20 years	40 years	Total
Historical Cost ^(b)	\$ 2,558	\$ 39	\$ 2,090	\$ 14,985	\$ 724	\$ 281	\$ 20,677
Beginning of Year	-	259	1,647	2,527	-	1,090	5,523
Additions	-	8	(640)	(412)	13	(13)	(1,044)
Disposals, Including Write-Downs	-	-	(202)	32	-	-	(170)
Transfers (To) From Others	\$ 2,558	\$ 306	\$ 2,895	\$ 17,132	\$ 737	\$ 1,358	\$ 24,986
Accumulated Amortization	\$ -	\$ -	\$ 538	\$ 5,172	\$ 360	\$ -	\$ 6,070
Beginning of Year	-	-	190	1,286	76	24	1,576
Amortization Expense	-	-	(151)	(245)	1	-	(395)
Effect of Disposal	-	-	-	9	-	-	9
Transfers (To) From Others	\$ -	\$ -	\$ 577	\$ 6,222	\$ 437	\$ 24	\$ 7,260
Net Book Value at March 31, 2009	\$ 2,558	\$ 306	\$ 2,318	\$ 10,910	\$ 300	\$ 1,334	\$ 17,726
Net Book Value at March 31, 2008	\$ 2,558	\$ 39	\$ 1,552	\$ 9,813	\$ 364	\$ 281	\$ 14,607

^(a) Equipment includes network switches and routers, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

^(b) Historical cost includes work-in-progress at March 31, 2009 totaling \$3,618 (2008 – \$4,838) comprised of: buildings \$306 (2008 – \$48); computer hardware and software \$1,542 (2008 – \$1,371); equipment \$1,427 (2008 – \$3,138); and land improvements \$343 (2008 – \$281).