

# Financial Statements

**Glenbow-Alberta Institute**

March 31, 2014



Financial statements of

**Glenbow-Alberta Institute**

March 31, 2014

# Glenbow-Alberta Institute

March 31, 2014

## Table of contents

Independent Auditor’s Report ..... 1-2

Statement of financial position ..... 3

Statement of operations and changes in Operating Fund balance ..... 4

Statement of operations and changes in Restricted Fund balances ..... 5

Statement of cash flows ..... 6

Notes to the financial statements ..... 7-15

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## **Independent Auditor's Report**

To the Board of Governors of  
Glenbow-Alberta Institute

We have audited the accompanying financial statements of Glenbow-Alberta Institute, which comprise the statement of financial position as at March 31, 2014, the statements of operations and changes in Operating Fund balance, operations and changes in Restricted Fund balances 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 accounting standards for not-for-profit organizations, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Glenbow-Alberta Institute as at March 31, 2014 and the result of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Deloitte LLP*

Chartered Accountants  
June 4, 2014

# Glenbow-Alberta Institute

## Statement of financial position as at March 31, 2014

			2014	2013
	Operating Fund	Restricted Funds	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
Current assets				
Cash	431,507	-	431,507	527,698
Restricted cash (Note 4)	20,000	-	20,000	20,000
Due from Operating Fund	-	129,906	129,906	315,177
Merchandise for resale	250,312	-	250,312	224,387
Amounts receivable (Note 5)	154,618	-	154,618	125,428
Investments (Note 6)	1,734,943	-	1,734,943	-
Prepaid expenses	72,040	-	72,040	61,170
	<b>2,663,420</b>	<b>129,906</b>	<b>2,793,326</b>	<b>1,273,860</b>
Loans to Operating Fund (Note 7)	-	-	-	3,550,000
Investments (Note 6)	-	27,483,576	27,483,576	26,868,320
Tangible capital assets (Note 8)	2,085,689	-	2,085,689	2,829,374
	<b>4,749,109</b>	<b>27,613,482</b>	<b>32,362,591</b>	<b>34,521,554</b>
<b>Liabilities</b>				
Current liabilities				
Bank indebtedness (Note 9)	370,000	-	370,000	371,272
Accounts payable and accrued liabilities (Note 5)	906,241	-	906,241	962,185
Current portion of bank loan (Notes 9 and 14)	200,000	-	200,000	200,000
Due to Restricted Funds	129,906	-	129,906	315,177
Deferred revenue (Note 14)	142,183	-	142,183	312,696
	<b>1,748,330</b>	<b>-</b>	<b>1,748,330</b>	<b>2,161,330</b>
Bank loan, net of current portion (Notes 9 and 14)	500,000	-	500,000	700,000
Loans from Restricted Funds (Note 7)	-	-	-	3,550,000
Deferred capital contributions (Notes 10 and 14)	1,386,194	-	1,386,194	1,919,616
	<b>3,634,524</b>	<b>-</b>	<b>3,634,524</b>	<b>8,330,946</b>
Contingencies and commitments (Note 13)				
<b>Fund balances</b>				
Unrestricted	1,114,585	-	1,114,585	(4,542,889)
Designated	-	26,330	26,330	26,330
Endowment	-	27,587,152	27,587,152	30,707,167
	<b>1,114,585</b>	<b>27,613,482</b>	<b>28,728,067</b>	<b>26,190,608</b>
	<b>4,749,109</b>	<b>27,613,482</b>	<b>32,362,591</b>	<b>34,521,554</b>

On behalf of the Board of Governors

 Chairman of the Board

 Governor

The accompanying notes to the financial statements are an integral part of this financial statement.

# Glenbow-Alberta Institute

## Statement of operations and changes in Operating Fund balance year ended March 31, 2014

	2014	2013
	\$	\$
<b>Revenue</b>		
Government of Alberta	3,176,000	3,176,000
Allocation of investment income from Endowment Funds (Note 3(b)(i))	3,217,369	1,843,000
Donations, sponsorships and grants	1,959,111	2,068,248
Admissions	744,436	736,464
Memberships	125,577	123,323
Museum shop	499,111	587,454
Photo, beverage, rental, publication and other revenue	380,482	451,964
Amortization of deferred capital contributions (Note 10)	493,443	493,443
	<b>10,595,529</b>	<b>9,479,896</b>
<b>Expenses</b>		
Amortization	848,298	919,818
Central services	2,412,614	2,516,166
Collections	883,062	923,889
Fund development	834,808	771,512
Library and archives	532,976	534,838
Marketing and communications	522,612	545,510
Museum shop (Note 3(e))	510,348	573,988
President's office	439,146	667,988
Program and exhibit development	2,493,038	2,422,362
	<b>9,476,902</b>	<b>9,876,071</b>
Excess (deficiency) of revenue over expenses	1,118,627	(396,175)
Transfer from Legacy Fund (Note 7)	4,538,847	-
Fund deficiency, beginning of year	(4,542,889)	(4,146,714)
<b>Fund balance (deficiency), end of year</b>	<b>1,114,585</b>	<b>(4,542,889)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Glenbow-Alberta Institute

## Statement of operations and changes in Restricted Fund balances year ended March 31, 2014

	Founding Fund	Legacy Fund	Collections Fund	Library Fund	Mavericks Fund	Endowment Funds		Designated Fund	
						2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Investment income									
Interest, dividends, capital gains and losses	1,084,397	1,085,465	358,013	169,058	106,124	2,803,057	1,567,837	-	-
Unrealized gain (loss) on investments	1,310,057	(153,239)	422,858	199,464	124,996	1,904,136	1,522,077	-	-
Allocation of unrestricted income to									
Operating Fund (Note 3(b)(i))	(739,400)	(2,051,619)	(241,400)	(113,300)	(71,650)	(3,217,369)	(1,843,000)	-	-
Donations	-	700	-	-	-	700	400	-	-
	1,655,054	(1,118,693)	539,471	255,222	159,470	1,490,524	1,247,314	-	-
<b>Expenses</b>									
Investment management	35,801	15,253	11,675	5,509	3,454	71,692	66,483	-	-
Excess (deficiency) of revenue over expenses	1,619,253	(1,133,946)	527,796	249,713	156,016	1,418,832	1,180,831	-	-
Transfer to Operating Fund (Note 7)	-	(4,538,847)	-	-	-	(4,538,847)	-	-	-
Fund balances, beginning of year	15,472,320	6,299,302	5,044,575	2,393,082	1,497,888	30,707,167	29,526,336	26,330	26,330
<b>Fund balances, end of year</b>	<b>17,091,573</b>	<b>626,509</b>	<b>5,572,371</b>	<b>2,642,795</b>	<b>1,653,904</b>	<b>27,587,152</b>	<b>30,707,167</b>	<b>26,330</b>	<b>26,330</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Glenbow-Alberta Institute

## Statement of cash flows year ended March 31, 2014

	Operating Fund		Restricted Funds	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Operating activities</b>				
Excess (deficiency) of revenue over expenses	1,118,627	(396,175)	1,418,832	1,180,831
Items not affecting cash				
Unrealized gain on investments	-	-	(1,904,136)	(1,522,077)
Amortization of tangible capital assets	848,298	919,818	-	-
Amortization of deferred capital contributions	(493,443)	(493,443)	-	-
	1,473,482	30,200	(485,304)	(341,246)
Changes in non-cash working capital				
Due from Operating Fund	-	-	185,271	(135,540)
Merchandise for resale	(25,925)	(12,738)	-	-
Amounts receivable	(29,190)	44,104	-	-
Prepaid expenses	(10,870)	13,046	-	-
Accounts payable and accrued liabilities	(55,944)	11,309	-	-
Due to Restricted Funds	(185,271)	135,540	-	-
Deferred revenue	(170,513)	(641,067)	-	-
	995,769	(419,606)	(300,033)	(476,786)
<b>Investing activities</b>				
Change in restricted cash	-	205,000	-	-
Proceeds on sale of investments, net of purchases	(1,734,943)	-	1,288,880	1,076,786
Purchase of tangible capital assets, net of proceeds on disposition	(104,613)	(247,720)	-	-
	(1,839,556)	(42,720)	1,288,880	1,076,786
<b>Financing activities</b>				
Repayments on bank indebtedness, net of advances	(1,272)	(1,099,943)	-	-
(Repayments of) proceeds from bank loan	(200,000)	900,000	-	-
Deferred capital contributions	(39,979)	-	-	-
Inter-fund transfer (Note 7)	4,538,847	-	(4,538,847)	-
(Repayments to) loans from Restricted Funds	(3,550,000)	600,000	-	-
Repayments from (loans to) Operating Fund	-	-	3,550,000	(600,000)
	747,596	400,057	(988,847)	(600,000)
Net decrease in cash	(96,191)	(62,269)	-	-
Cash, beginning of year	527,698	589,967	-	-
<b>Cash, end of year</b>	<b>431,507</b>	<b>527,698</b>	<b>-</b>	<b>-</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 1. General

The Glenbow-Alberta Institute (the "Institute") operates under the authority of the Glenbow-Alberta Institute Act, Chapter G-5, Revised Statutes of Alberta 1996, as amended ("the GAI Act"). The Institute is registered as a charity under the Income Tax Act and is exempt from income taxes.

The Institute curates and administers seven collections with over 1.3 million objects comprising Cultural History, Ethnology, Military History, Mineralogy, Art, Library and Archives - paper, photographs and negatives.

The majority of the collections are owned by the Government of Alberta. The Institute is responsible for caring for these collections and providing reasonable public access. Accordingly, these collections are not included in the Institute's financial statements.

All additions to the collections, including gifts, are approved by the Board of Governors (the "Board"). Deaccessioning of major value collection items requires approval by the Government of Alberta.

### 2. Nature of operations and description of the Institute

The mandate of the Institute is to provide public service through a human history museum, an art gallery, a library and archives. Future operations of the Institute are dependent on the ability of the Institute to obtain sufficient funding.

The Institute has eight cost centres, the functions of which are as follows:

- The President's office provides board services and is responsible for the overall management and planning of the Institute.
- Central services is responsible for security, human resources, legal, information technology, photography, accounting, reporting, purchasing and building services, and carries costs such as equipment leases and professional fees.
- Collections stores and conserves collection items, prepares the collections for display to the public and makes recommendations on the additions to the collections, including the acceptance of gifts of art and artifacts, and the deaccessioning of collection items.
- Program and exhibit development plans, facilitates, coordinates and produces all aspects of the Institute's activities for the public. It is also responsible for publishing programs which reflect the full range of research undertaken at the Institute. Publishing projects include catalogues, books, videos, research notes and multimedia technology.
- Library and archives acquires catalogues and preserves archival material, books and publications relating to the history of southern Alberta and Western Canada and makes these collections available to the public free of charge.
- The museum shop provides retail merchandising services to members, visitors and the general public.
- Fund development is responsible for all aspects of fundraising, grant applications, facility rentals and volunteer management.
- Marketing and communications is responsible for the promotion of the Institute and its activities, including all exhibitions and programs. This includes advertising, public relations and social media.

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 3. Significant accounting policies and reporting practices

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP") and include the following significant accounting policies:

#### a) *Fund accounting*

The Institute follows the restricted fund method of accounting for contributions. Loans and advances and revenue and expenses among the funds are recorded in each fund and are not eliminated in the fund totals in the accompanying financial statements.

##### i) Unrestricted - Operating Fund

The Operating Fund accounts for the Institute's operations including funding activities related to the provision of care and access to the collections.

##### ii) Externally restricted - Founding Fund

The Founding Fund contains the founding gifts of the Devonian Foundation and the Government of Alberta in the original amounts of \$5 million each, along with undistributed investment income earned from the investment of these gifts. Under the GAI Act, investment income derived from the gifts is to be used: a) toward the operating expenses of the Institute, b) for reinvestment or c) to further the general objects of the Institute. The GAI Act also requires a portion of the gifts' annual investment income to be reinvested in order to maintain the inflation-adjusted value of the gifts unless the Board, having complied with the requirements of Section 17 of the GAI Act, passes a motion that allows the investment income to be used for an alternate purpose. On February 3, 2010, the Board passed a motion that allows the investment income to be used for purposes of meeting the capital and operating expenses of the Institute. In the case of the Government of Alberta gift, such use is still subject to compliance with Subsection 16(4) of the GAI Act. The amount that the carrying value of the provincial gift is less than its inflation-adjusted value has not been reflected on the statement of financial position. This deficiency will fluctuate from time to time based on the investment portfolio performance.

##### iii) Externally and internally restricted - other endowment funds

The Institute maintains other funds for which the Board has the unrestricted authority to manage. The Board has decided to manage these funds consistently with the Founding Fund so as to comply with the spirit of the relevant sections of the GAI Act. Unrestricted investment income earned on these funds is reinvested or, at the Board's discretion, allocated to the Operating Fund (Note 3 (b)(i)). Each fund is described below:

- I. The Legacy Fund contains externally restricted endowed gifts that support operations and staff education. The fund had also contained bequests and surplus operating amounts which had been internally restricted by the Board in prior years; however, in March 2014, the internal restrictions related to these amounts were removed and the related investment assets were used to repay inter-fund indebtedness (Note 7) and to make a special allocation to the Operating Fund (Note 3(b)(i)).
- II. The Collections Fund was established from the proceeds of a 1995 deaccessioning program for specified items from the Institute's own collection that were not part of its core mandate. Expenditures from the fund's capital are internally restricted for the future purchase of collection items.
- III. The Library Fund was established from the proceeds of a 2002 deaccessioning program for specified items from the Institute's own collection that were not part of its core mandate. Expenditures from capital are internally restricted for the purchase of collection items. The fund also contains an externally restricted endowed gift in the original amount of \$1.2 million received in 2006 for the purpose of permanently preserving the Institute's Imperial Oil Archival collection.

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 3. Significant accounting policies and reporting practices (continued)

#### a) Fund accounting (continued)

##### iii) Externally and internally restricted - other endowment funds (continued)

IV. The Mavericks Fund comprises externally and internally restricted gifts dedicated to the maintenance of the Institute's Mavericks Gallery.

##### iv) Internally restricted - Designated Fund

The Designated Fund includes internally restricted proceeds from prior years' sale of Institute publications. Transfers from this fund are made to the Operating Fund when the designated projects are undertaken and related expenditures are incurred.

#### b) Revenue recognition

##### i) Allocations to Operating Fund

Allocations of investment income from the Institute's Restricted Endowment Funds in support of the Institute's operations are recognized as revenue of the Operating Fund in the year in which the allocation is authorized by the Board. The Board has determined that annual allocations will be at a rate of 5% to 5.5% of the Restricted Funds' balances. Investment income not allocated to the Operating Fund is retained in the respective funds.

In addition to the annual allocations, special allocations may be authorized by the Board to provide supplemental or specified operational support. During the year, a special allocation of \$1,753,369 from the Legacy Fund was approved pursuant to a resolution of the Board to remove internal restrictions on surplus amounts held in the fund. In 2013, a special allocation of \$300,000 was granted to assist with the cost of staff restructuring.

##### ii) Sales and services

Revenues from admissions, memberships, sponsorships, operating grants, merchandise and publication sales, fees for service and facility rentals are recognized in the year when the service is provided and persuasive evidence of an arrangement exists, the sales amount is fixed or determinable and collection is reasonably assured.

##### iii) Contributions

Gifts and contributions are recognized as revenue in the Operating Fund in the year received or receivable if collection is reasonably assured. Externally restricted contributions for the acquisition of tangible capital assets are deferred and recognized over the life of the related asset that is purchased. Contributions to Endowment Funds are recognized as revenue when received. In-kind contributions, including works of art, artifacts, books and other tangible gifts to the Institute's own collections, are not recognized in the financial statements.

##### iv) Donated services

Unpaid volunteers make significant contributions of their time in support of the Institute's programs. The value of this contributed time is not included in these financial statements as an objective measurement of valuation is indeterminable.

##### v) Investment income

Interest, dividends and capital gains are recognized in the period in which the income is earned. Unrealized increases or decreases in the market value of investments held for resale are recognized on the last day of each accounting period based on the closing market prices of the underlying securities.

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 3. Significant accounting policies and reporting practices (continued)

#### b) Revenue recognition (continued)

##### vi) Deaccessioning

Net proceeds from deaccessioning items in collections owned by the Institute are recognized as revenue in the appropriate fund at the time when persuasive evidence of an acquisition arrangement exists, the price to the acquirer is fixed or determinable and collection of the proceeds is reasonably assured. Net proceeds from deaccessioning collection items owned by the Government of Alberta are forwarded to the Government of Alberta for deposit into the province's Historic Resources Fund and held for future acquisitions to its Glenbow collection.

#### c) Collections

Collections owned by the Institute are not recorded as assets in these financial statements. Purchases of collection items are recorded as expenses of the appropriate fund in the year acquired. Collections owned by the Government of Alberta are not included in these financial statements.

#### d) Grants and pledges receivable

Grants and pledges receivable are recorded when signed documents provide reasonable evidence of a valid grant or pledge and collection is reasonably assured. Allowances are provided for amounts estimated to be uncollectible.

#### e) Merchandise for resale

Merchandise for resale is recorded at the lower of cost or net realizable value and is relieved from inventory on a first-in, first-out basis. Net realizable value is determined using current estimated selling prices less selling costs. The estimated selling price takes into account management's best estimate of the most probable set of economic conditions.

For the year ended March 31, 2014, the cost of sales included in the statement of operations and changes in Operating Fund balance as museum shop expenses totalled \$257,287 (2013 - \$310,786).

#### f) Tangible capital assets

Tangible capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives of the assets: furniture and equipment includes computer equipment 33.3%, vehicles and equipment 20%, major renovations 6.67% and furniture 10%.

Leasehold improvements are recorded at cost and amortized over the expected lives of the improvements or exhibitions.

Permanent exhibitions are recorded at cost and amortized on a straight-line basis over the expected useful life of the exhibition, which is 10% per annum.

An impairment charge is recognized for tangible capital assets when they no longer contribute to the Institute's ability to provide services. The impairment loss is calculated as the difference between the residual value of the asset and its carrying value.

#### g) Financial instruments

Financial instruments are initially recorded at cost. Instruments that are quoted in an active market are subsequently adjusted to reflect their fair values. (The fair value of the managed investment portfolio and its asset mix are set out in Note 6). All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value.

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 3. Significant accounting policies and reporting practices (continued)

#### *g) Financial instruments (continued)*

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the excess of revenue over expenses as investment income.

With respect to financial assets measured at cost or amortized cost, the Institute recognizes in the excess of revenue over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the excess of revenue over expenses in the period the reversal occurs.

The Institute's financial risks are as follows:

#### Equity risk

The Institute's investment portfolio includes a large portion of equities. The portfolio is invested in a balanced pooled fund which is professionally managed by an independent fund manager appointed by the Board. The fund manager is governed by an investment policy of the Board, which places certain parameters on the investment portfolio. The performance of the fund manager is routinely assessed by the Audit and Investment Committee of the Board. The value of equity investments changes in concert with the business, financial condition, management and other relevant factors affecting the underlying organization that issued the securities. In addition, general economic conditions of the markets in which such organizations operate change, thereby exposing the Institute to fluctuations in the value of investments. The Audit and Investment Committee has authority to change fund managers or make certain changes to the asset mix as needed in order to mitigate equity risk.

The Institute does not directly enter into any derivative financial instruments however the professionally managed pooled funds may contain certain derivative instruments from time to time that are used exclusively for hedging purposes. No use of leverage is permitted.

#### Liquidity risk

In the current economic environment, the Institute may be subject to liquidity risk if required to realize its long-term investments in the near term. This risk is mitigated by the fact that the investment portfolio consists of marketable securities traded on major national and international exchanges.

#### Interest rate risk

The Institute is exposed to interest rate risk given that its fixed income investments have varying maturity dates. Accordingly, if interest rates decline, the Institute may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing thereby causing fluctuations in investment income. This is mitigated by the fact that the Institute's pooled fund investments are managed by an experienced fund manager.

The Institute is also subject to interest rate risk given that its bank indebtedness and demand bank loan are at a floating rate of interest. Accordingly, the Institute is susceptible to fluctuations in the bank's prime interest rate.

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 3. Significant accounting policies and reporting practices (continued)

#### g) *Financial instruments (continued)*

##### Foreign exchange risk

Because a portion of the Institute's investment portfolio and cash accounts are denominated in foreign currencies, the Institute is exposed to fluctuations in those currencies. At March 31, 2014, the foreign content of the managed portfolio was 34.8% (2013 - 31.0%) (Note 6).

##### Credit risk

The Institute's major source of contract revenue is from the Government of Alberta which is received in monthly instalments as a direct deposit to the Institute's bank account. Sponsorships, grants and pledges receivable are not concentrated in one particular sector or group, but are from a broad variety of individuals and organizations. Therefore management is of the opinion that the Institute is not substantially exposed to credit risk.

#### h) *Use of estimates*

The preparation of financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, as well as disclosures of contingent assets and liabilities. The most significant of these estimates are related to the allowances for amounts receivable, valuation of merchandise held for sale, the accrual of liabilities, and the amortization period and potential impairment of tangible capital assets. Actual results could differ from these estimates.

### 4. Externally restricted cash balances

Externally restricted cash of \$20,000 (2013 - \$20,000) consists of the unexpended portion of a grant from the Alberta Museums Association for a community engagement project. The project is scheduled to be completed by August 31, 2014.

### 5. Government remittances recoverable and payable

Included in amounts receivable are government remittances recoverable aggregating \$3,782 (2013 - \$13,997). Included in accounts payable and accrued liabilities are government remittances payable aggregating \$40,261 (2013 - \$33,071).

### 6. Investments

The investments have been recorded at fair market value as follows:

	2014	2013
	\$	\$
Operating Fund	1,734,943	-
Restricted Funds		
Founding Fund	17,029,778	13,549,076
Legacy Fund	620,227	5,507,802
Collections Fund	5,552,371	4,418,001
Library Fund	2,633,297	2,085,193
Mavericks Fund	1,647,903	1,308,248
	<u>27,483,576</u>	<u>26,868,320</u>
	<u>29,218,519</u>	<u>26,868,320</u>

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

### 6. Investments (continued)

The entire portfolio was externally managed with weightings as follows:

	2014	2013
	%	%
Cash	5.5	4.2
Fixed income	29.8	33.4
Equities		
Canadian	29.9	31.4
United States	15.3	14.5
International	19.5	16.5
	<b>100.0</b>	<b>100.0</b>

### 7. Loan from Restricted Funds and loan to Operating Fund

	2014	2013
	\$	\$
Inter-fund loans bearing interest at bank prime plus 1% per annum with no specified terms of repayment	-	3,550,000

Inter-fund loans had been approved by the Board to assist the Operating Fund in financing the difference between the cost of providing curatorial care of and reasonable public access to the provincially owned collections, and the amount of fees provided by the province for this purpose. In 2014, interest totalling \$Nil (2013 - \$133,518) was accrued on the loans. During the year, the Board removed all internal restrictions on Legacy Fund assets and transferred \$4,538,847 (2013 - \$Nil) to the Operating Fund to eliminate outstanding inter-fund loans and related accrued interest at March 31, 2013 as well as \$700,000 of loans advanced in the current year.

### 8. Tangible capital assets

	2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture and equipment	8,006,282	7,726,254	280,028
Leasehold improvements	3,608,209	3,483,774	124,435
Permanent exhibitions	5,405,173	3,723,947	1,681,226
	<b>17,019,664</b>	<b>14,933,975</b>	<b>2,085,689</b>
			2013
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture and equipment	7,901,668	7,392,074	509,594
Leasehold improvements	3,608,209	3,445,479	162,730
Permanent exhibitions	5,405,173	3,248,123	2,157,050
	<b>16,915,050</b>	<b>14,085,676</b>	<b>2,829,374</b>

# Glenbow-Alberta Institute

## Notes to the financial statements

March 31, 2014

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### 9. Bank indebtedness and demand bank loan

Bank indebtedness is composed of the Institute's demand credit facility to a maximum of \$500,000 (2013 - \$500,000) with a Canadian chartered bank. The facility bears interest at the bank's prime interest rate plus 1% (2013 - prime interest rate plus 1%) per annum and is provided on an unsecured basis.

The bank loan is unsecured, bears interest at the bank's prime rate plus 1% per annum and is due on demand. Under the terms of the loan, the Institute must make annual payments of not less than \$200,000 plus interest (with a minimum of \$10,000 in monthly principal payments). The loan is to be fully repaid by September 30, 2017. The bank has indicated that it does not anticipate calling the loan, and therefore \$500,000 (2013 - \$700,000) has been classified as long-term.

The demand bank loan has covenants, as defined in the Institute's credit facility agreement, that require the Institute to remain compliant with the GAI Act and not repay or reduce inter-fund loan balances without the approval of the bank or full repayment of the demand instalment loan. During the year, the bank authorized repayment of inter-fund loans as described in Note 7.

As of March 31, 2014, the Institute was in compliance with all of its debt covenants.

### 10. Deferred capital contributions

Deferred capital contributions comprise the unamortized balance of contributions received by the Institute for the acquisition of tangible capital assets. The amount received is initially deferred and then recognized as revenue over the life of the related asset. During the year, \$493,443 (2013 - \$493,443) was amortized and recognized as revenue.

### 11. Pension obligations

The Institute has a defined contribution plan which is available to all full-time and permanent part-time employees. Under the terms of the plan, the Institute matches contributions of up to 5% of employee earnings. During the year, the Institute contributed \$168,850 (2013 - \$174,840) in connection with the plan.

### 12. Building lease

The Glenbow Centre is leased to The City of Calgary by the Government of Alberta for a nominal amount. The City of Calgary, in turn, subleases the building to the Institute for \$1 per year. Fair market value of the sublease has not been determined. Under the sublease, The City of Calgary provides janitorial, maintenance and utility services for the Glenbow Centre at no cost to the Institute. The value of these services as determined by The City of Calgary for the year was \$1,607,651 (2013 - \$1,529,408) and has not been included in these financial statements.

### 13. Contingencies and commitments

From year to year, legal actions may be brought against the Institute in the normal course of business. Management represents that there are currently no known claims outstanding against the Institute as at March 31, 2014.

The Institute entered into agreements with terms of one to five years for photocopy, internet and cell phone services and warehouse rent which expire from April 2013 to January 2018.

# Glenbow-Alberta Institute

Notes to the financial statements

March 31, 2014

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## 13. Contingencies and commitments (continued)

The Institute is committed to payments under these agreements for the next four years as follows:

	\$
2015	87,186
2016	87,186
2017	69,171
2018	24,387
	<hr/>
	267,930

## 14. Comparative figures

Certain 2013 figures have been reclassified in order to conform to the current year's presentation.

**Glenbow**

[www.glenbow.org](http://www.glenbow.org)