financial statements

March 31, 2013

Glenbow-Alberta Institute

Financial statements of

Glenbow-Alberta Institute

March 31, 2013, March 31, 2012 and April 1, 2011

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March 31, 2013, March 31, 2012 and April 1, 2011

Table of contents

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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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of Operating Fund, operations and changes in Internally Restricted, Endowment and Designated Fund balances, and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits 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, 2013, March 31, 2012 and April 1, 2011 and the result of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Accountants
July 22, 2013

Glenbow-Alberta Institute

Statements of financial position
as at March 31, 2013, March 31, 2012 and April 1, 2011

	Operating Fund	Internally Restricted, Endowment and Designated Funds	March 31, 2013 Total	March 31, 2012 Total	April 1, 2011 Total
	$	$	$	$	
Assets					
Current assets					
Cash	**527,698**	**-**	**527,698**	589,967	160,741
Restricted cash (Note 5)	**20,000**	**-**	**20,000**	225,000	225,000
Due from Operating Fund	**-**	**315,177**	**315,177**	179,639	90,673
Merchandise for resale	**224,387**	**-**	**224,387**	211,649	209,888
Grants and pledges receivable	**2,004**	**-**	**2,004**	50,390	280,089
Accounts receivable and accrued interest (Note 4l)	**123,424**	**-**	**123,424**	119,142	90,961
Prepaid expenses	**61,170**	**-**	**61,170**	74,217	167,173
	958,683	**315,177**	**1,273,860**	1,450,004	1,224,525
Tangible capital assets (Note 6)	**2,829,374**	**-**	**2,829,374**	3,501,472	4,273,077
Loan to Operating Fund (Note 11)	**-**	**3,550,000**	**3,550,000**	2,950,000	1,425,000
Investments (Note 7)	**-**	**26,868,320**	**26,868,320**	26,423,027	29,020,311
	3,788,057	**30,733,497**	**34,521,554**	34,324,503	35,942,913
Liabilities					
Current liabilities					
Bank indebtedness (Note 8)	**371,272**	**-**	**371,272**	1,471,215	1,291,233
Accounts payable and accrued liabilities (Note 4l)	**962,185**	**-**	**962,185**	950,876	1,249,835
Demand bank loan (Note 8)	**900,000**	**-**	**900,000**	-	-
Due to Restricted Funds	**315,177**	**-**	**315,177**	179,639	90,673
Deferred revenue (Notes 9 and 10)	**774,167**	**-**	**774,167**	1,243,484	1,171,795
	3,322,801	**-**	**3,322,801**	3,845,214	3,803,536
Deferred revenue (Notes 9 and 10)	**1,458,145**	**-**	**1,458,145**	2,123,337	2,653,908
Loan from Restricted Funds (Note 11)	**3,550,000**	**-**	**3,550,000**	2,950,000	1,425,000
	8,330,946	**-**	**8,330,946**	8,918,551	7,882,444
Contingencies and commitments (Note 18)					
Fund balances					
Unrestricted (Note 12)	**(4,542,889)**	**-**	**(4,542,889)**	(4,146,714)	(2,475,515)
Internally Restricted, Endowment and Designated	**-**	**30,733,497**	**30,733,497**	29,552,666	30,535,984
	3,788,057	**30,733,497**	**34,521,554**	34,324,503	35,942,913

On behalf of the Board of Governors

Jack Thrasher

Mr. Jack Thrasher
Chairman of the Board

Mr. Michael J. Robinson
Governor

Glenbow-Alberta Institute

Statements of Operating Fund
years ended March 31, 2013 and March 31, 2012

	2013	2012
	$	$
Revenue		
Province of Alberta	**3,176,000**	2,966,000
Investment income	**6,922**	5,661
Allocation of unrestricted investment income from Founding, Legacy, Collections, Library and Designated Funds (Note 16)	**1,843,000**	1,576,318
Fundraising (Note 13)	**2,068,248**	2,121,128
Admissions	**736,462**	815,382
Memberships	**123,323**	152,469
Museum shop	**587,454**	489,860
Commercial activities	**441,694**	355,482
Miscellaneous	**3,350**	1,806
Amortization of deferred revenue - tangible capital assets (Notes 10 and 13)	**493,443**	496,154
	9,479,896	8,980,260
Expenses		
Amortization	**919,818**	1,038,672
Central services	**2,516,166**	2,374,130
Collections	**923,889**	1,172,746
Fund development	**771,512**	882,334
Library and archives	**534,838**	567,352
Marketing and communications	**545,510**	679,596
Museum shop	**573,988**	515,743
President’s office	**667,988**	511,844
Program and exhibit development	**2,422,362**	2,909,042
	9,876,071	10,651,459
Deficiency of revenue over expenses	**(396,175)**	(1,671,199)

The accompanying notes are an integral part of these financial statements.

Glenbow-Alberta Institute

Statements of operations and changes in Internally Restricted, Endowment and Designated Fund balances
years ended March 31, 2013 and March 31, 2012

	Founding Fund	Legacy Fund	Collections Fund	Library Fund	Mavericks Fund	Internally Restricted and Endowment Funds 2013 Total	Internally Restricted and Endowment Funds 2012 Total	Designated Funds 2013 Total	Designated Funds 2012 Total
	$	$	$	$	$	$	$	$	$
Revenue									
Investment income									
Interest, dividends, capital gains and losses	781,739	325,031	260,476	123,310	77,281	1,567,837	1,975,716	-	-
Unrealized gain (loss) on investments	776,038	308,520	247,528	116,761	73,230	1,522,077	(1,313,969)	-	-
Allocation of unrestricted income to Operating Fund (Note 16)	(929,000)	(377,710)	(302,160)	(143,580)	(90,550)	(1,843,000)	(1,576,318)	-	-
Donations (Note 13)	-	400	-	-	-	400	900	-	-
Miscellaneous	-	-	-	-	-	-	325	-	-
	628,777	256,241	205,844	96,491	59,961	1,247,314	(913,346)	-	-
Expenses									
Investment	33,525	13,628	10,930	5,161	3,239	66,483	69,972	-	-
Excess (deficiency) of revenue over expenses	595,252	242,613	194,914	91,330	56,722	1,180,831	(983,318)	-	-
Fund balances, beginning of year	14,877,068	6,056,689	4,849,661	2,301,752	1,441,166	29,526,336	30,509,654	26,330	26,330
Fund balances, end 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

The accompanying notes are an integral part of these financial statements.

Glenbow-Alberta Institute

Statements of cash flows
years ended March 31, 2013 and March 31, 2012

	Operating Fund		Restricted Funds	
	2013	2012	**2013**	2012
	$	$	**$**	$
Operating activities				
(Deficiency) excess of revenue over expenses	**(396,175)**	(1,671,199)	**1,180,831**	(983,318)
Items not affecting cash				
Unrealized (gain) loss on investments	**-**	-	**(1,522,077)**	1,313,969
Amortization of tangible capital assets	**919,818**	1,038,672	**-**	-
Amortization of deferred revenue - tangible capital assets	**(493,443)**	(496,154)	**-**	-
	30,200	(1,128,681)	**(341,246)**	330,651
Changes in non-cash working capital				
Merchandise for resale	**(12,738)**	(1,761)	**-**	-
Grants and pledges receivable	**48,386**	229,699	**-**	-
Accounts receivable and accrued interest	**(4,282)**	(28,181)	**-**	-
Prepaid expenses	**13,046**	92,956	**-**	-
Accounts payable and accrued liabilities	**11,309**	(298,959)	**-**	-
Due to Restricted Funds	**135,540**	88,966	**-**	-
Due from Operating Fund	**-**	-	**(135,540)**	(88,966)
Deferred revenue (Notes 9 and 10)	**(641,067)**	37,272	**-**	-
	(419,606)	(1,008,689)	**(476,786)**	241,685
Investing activities				
Change in restricted cash	**205,000**	-	**-**	**-**
Proceeds on sale of investments, net of purchases	**-**	-	**1,076,786**	1,283,315
Repayments on bank indebtedness, net of proceeds	**(1,099,943)**	179,982	**-**	-
Purchase of tangible capital assets, net of proceeds on disposition	**(247,720)**	(267,067)	**-**	-
	(1,142,663)	(87,085)	**1,076,786**	1,283,315
Financing activities				
Advances from Restricted Funds	**600,000**	1,525,000	**-**	-
Advances to Operating Fund	**-**	-	**(600,000)**	(1,525,000)
Advances from demand bank loan	**900,000**	-	**-**	-
	1,500,000	1,525,000	**(600,000)**	(1,525,000)
Net (decrease) increase in cash	**(62,269)**	429,226	**-**	-
Cash, beginning of year	**589,967**	160,741	**-**	-
Cash, end of year	**527,698**	589,967	**-**	-

The accompanying notes are an integral part of these financial statements.

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 Institute is registered as a charity under the Income Tax Act and is exempt from income tax.

Ownership of the majority of the collections is held by the province of Alberta. The Institute is responsible for caring for the collection and providing public access. Accordingly, the collection is not included in the Institute's financial statements.

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

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 province of Alberta.

2. Nature of operations and description of the Institute

The nature and business 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 upon the ability of the Institute to obtain sufficient funding.

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

The President's office carries out the functions of the overall administration of the Institute, including human resources.

Central services provides board services, accounting, budgeting and financial services, computer services, photography, purchasing, security and building services, volunteer services and carries other unallocated costs such as photocopier leases and communications.

Collections makes recommendations on the purchase and acceptance of gifts of art and artifacts and the deaccessioning of collection items, stores and conserves collection items and makes the collection available for display to the public.

Program and exhibit development plans, facilitates, coordinates and produces all aspects of the Institute's activities for the public. It also includes the development of 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, preserves and makes available to the public and staff published and archival material relating to the history of southern Alberta and Western Canada.

The museum shop provides retail services to members, visitors and the general public.

Fund development is a division of the Institute responsible for fundraising, facility rental and grant applications.

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.

3. Adoption of new accounting framework

During the year ended March 31, 2013, the Institute adopted the new accounting standards for not-for-profit organizations (the "new standards" or "ASNPO") issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") and set out in Part III of the CICA Handbook. In accordance with Section 1501 of Part III the CICA Handbook, First-time Adoption, ("Section 1501"), the date of transition to the new standards is April 1, 2011. The Institute has prepared and presented an opening statement of financial position as at April 1, 2011, the date of transition to the new standards for the Institute. This opening statement of financial position is the starting point for the Institute's accounting under the new standards. In its opening statement of financial position under the recommendations of Section 1501, the Institute:

(a) recognized all assets and liabilities whose recognition is required by the new standards;

(b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;

3. Adoption of new accounting framework (continued)

(c) reclassified items that it recognized previously as one type of asset, liability or component of fund balances, but are recognized as a different type of asset, liability or component of fund balances under the new standards; and

(d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 4 have been consistently applied to all years presented. Adjustments resulting from the adoption of the new standards have been applied retrospectively, excluding cases where optional exemptions available under Section 1501 have been applied. No such exemptions have been applied.

The adoption of the new standards had no impact on these financial statements.

4. Significant accounting policies and reporting practices

These financial statements have been prepared by management in accordance with ASNPO and include the following significant accounting policies:

a) Fund accounting

The Institute follows the restricted fund method of accounting for contributions. Loans and advances between the funds are recorded in each fund and are not eliminated in the fund totals on the statements of financial position.

i) Operating Fund

The Operating Fund accounts for the Institute's administration activities, fundraising and the costs of maintaining and allowing public access to the collections.

ii) Internally Restricted and Endowment Funds

The Founding Fund contains the Devonian Foundation Gift and the Province of Alberta Gift: initially $5,000,000 each. Both gifts are invested in marketable securities and interest bearing deposits. A portion of the investment income earned annually thereon is required by the Glenbow-Alberta Institute Amendment Act, 1996 (the "Act") to be reinvested in order to maintain the value of the gifts, adjusted for inflation as required by the Act. Investment income, including capital gains, in excess of the inflation adjusted value of each gift may be retained in the Fund or may be used at the discretion of the Board toward the operating expenses of the Institute, for reinvestment, or to further the general objects of the Institute. If the value of a gift falls below its inflation adjusted amount under the Act, the income of each gift must be reinvested, unless the Board, having complied with Section 17 of the Act, approves another use of that income. The Board, having complied with the requirements of Section 17 of the Act, has passed a motion that allows the investment income to be used for the purposes of meeting the capital and operating expenses of the Glenbow Museum, notwithstanding that the value of each gift is less than its inflation adjusted amount in accordance with the Act. Such use would still be subject to compliance with Subsection 16(4) of the Act in the case of the Province of Alberta Gift.

The Legacy Fund was established by the Board and is invested in marketable securities and interest bearing deposits. The Board has specified that an amount of investment income earned thereon must be retained in the Legacy Fund in order to maintain the value of the fund, increased by inflation. Any remaining unexpended investment income may be retained in the fund or allocated to the Operating Fund at the Board's discretion.

During 2006, additional endowment gifts were received for the development and maintenance of the Mavericks Gallery and to permanently preserve the Imperial Oil Archival Collection. The Board has specified that an amount of investment income earned thereon must be retained in the Mavericks Fund in order to maintain the value of the fund, increased by inflation. Any remaining unexpended investment income may be retained in the fund or allocated to the Operating Fund at the Board's discretion.

4. Significant accounting policies and reporting practices (continued)

a) Fund accounting (continued)

ii) Internally Restricted and Endowment Funds (continued)

Proceeds of a 2002 deaccessioning program of selected items which were not part of the Institute's core mandate, or were duplicates of items accessible in the local community are included in the Library Fund. The Board has specified that an amount of investment income earned thereon must be retained in the Library Fund in order to maintain the value of the fund, increased by inflation. Any remaining unexpended investment income may be retained in the fund or allocated to the Operating Fund at the Board's discretion.

The Collections Fund was established from the proceeds of a 1995 deaccessioning program for selected international collection items which are not part of the Institute's core mandate. The net proceeds of the deaccessioned items were credited to the Collections Fund. Expenditures from the capital are internally restricted to the purchase of collection items. The Board has specified that an amount of investment income earned on the Collections Fund must be retained in the fund in order to maintain the value of the fund, increased by inflation. Any remaining unexpended investment income may be retained in the fund or allocated to the Operating Fund at the discretion of the Board for "the care and maintenance of the collection".

iii) Designated Funds

The Institute receives other funds which are designated for special use by donors or by the Board. It is the Institute's policy to maintain these funds separately as Designated Funds. Transfers for tangible capital asset acquisitions are made annually to the Operating Fund to the extent that Designated Funds have been expended on tangible capital assets. Designated Funds include grants received from various government and private agencies to finance specific projects and proceeds from the sale of Glenbow-Alberta Institute publications.

b) Revenue recognition

Internally restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recorded directly to the appropriate restricted fund when received.

Revenue from admissions and memberships, museum shop and commercial activities are recognized when the service has been provided or persuasive evidence of an arrangement exists, the price to the consumer is fixed or determinable and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Operating grants are recognized as revenue in the period when receivable. Operating grants received for a future period are deferred until that future period.

Contributions to Endowment Funds are recognized as revenue in the Endowment Funds.

Investment income earned on Endowment Fund resources is recognized in the Endowment Fund. Funds are transferred to the Operating Fund in accordance with terms approved by the Board.

Other investment income is recognized as revenue of the Operating or Designated Funds when earned.

Net revenues from the deaccessioning of collections items are forwarded to the province of Alberta on receipt for deposit into a designated account for Glenbow Museum held collections which form part of the Historic Resources Fund of Alberta Community Development. Revenues from the deaccessioning of library items are allocated to the Legacy Fund which includes the T.R. Pat McCloy Library Fund. Expenses of deaccessioning are paid from sale proceeds.

4. Significant accounting policies and reporting practices (continued)

c) *Donated services*

A substantial number of unpaid volunteers have made significant contributions of their time to the Institute's programs. The value of this contributed time is not included in these financial statements, since objective measurement of valuation is indeterminable.

d) *Collections*

The Institute's collections, acquired through purchase and contributions, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded in the year in which the items were acquired as expenses of the Institute. Contributed collection items are not reflected in the financial statements.

e) *Donations of books and publications*

Donated books and publications that would otherwise be paid for by the Institute are recorded at fair value when provided. Because of the difficulty of determining their fair value, certain donated items are not recognized in these financial statements.

f) *Grants and pledges receivable*

Grants and pledges are receivable when signed documents are received or other documents are available to provide reasonable evidence of a valid grant or pledge. Allowances are provided for amounts estimated to be uncollectible.

g) *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, 2013, the sale of merchandise held for resale resulted in the recognition of expenses aggregating $292,769 (2012 - $266,408).

h) *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: 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 assets and their carrying value.

i) *Investments*

Investments are recorded at fair value. Any changes in fair value are recognized in income for the period and are accordingly reflected in the statements of operations and changes in Internally Restricted, Endowment and Designated Fund balances.

4. Significant accounting policies and reporting practices (continued)

j) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Institute has elected to carry all investments at fair value.

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 (deficiency) of revenue over expenses as investment income.

With respect to financial assets measured at cost or amortized cost, the Institute recognizes in the excess (deficiency) 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 (deficiency) of revenue over expenses in the period the reversal occurs.

The Institute does not enter into any derivative financial instrument arrangements.

The Institute’s financial risks are as follows:

Equity risk

The Institute’s Endowment and Designated Fund assets include a large portion of equities. These assets are invested in pooled funds managed professionally by a fund manager appointed by the Board. The fund manager is governed by an Investment Policy of the Board, which places certain parameters on investments. The performance of the fund manager is routinely assessed by the Audit and Investment Committee of the Board. The Audit and Investment Committee has authority to make certain changes to asset mix to ensure that the investments are as secure as possible. The value of equities 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 fair market value of the managed portfolio at March 31, 2013 is $26,868,320 (March 31, 2012 - $26,423,027, April 1, 2011 - $29,020,311), with 62.4% (March 31, 2012 - 61.7%, April 1, 2011 - 61.0%) invested in equities (Note 7).

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 investments are not intended to be realized in the short-term.

Interest rate risk

The Institute is exposed to interest rate risk given that its 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.

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.

4. Significant accounting policies and reporting practices (continued)

j) 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, 2013, the foreign content of the managed portfolio was 31.0% (March 31, 2012 - 29.6%, April 1, 2011 - 27.6%) (Note 7).

Credit risk

Management is of the opinion that the Institute is not exposed to credit risk. The Institute's ability to fundraise may fluctuate over time, however the Institute's grants and pledges receivable are not concentrated in one particular sector or group, but are received from a broad variety of individuals and organizations.

k) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. The most significant of these estimates are related to the allowances for doubtful grants, pledges and accounts receivable, amortization period and potential impairment of tangible capital assets, the accrual of interest and accrued liabilities. Actual results could differ significantly from these estimates.

l) Government remittances recoverable and payable

Included in accounts receivable and accrued interest is government remittances recoverable aggregating $13,997 (March 31, 2012 - $3,470; April 1, 2011 - $16,263). Included in accounts payable and accrued liabilities is government remittances payable aggregating $33,071 (March 31, 2012 - $35,799 April 1, 2011 - $37,047).

5. Externally restricted cash balances

Major categories of externally imposed restrictions on cash balances are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
		$	$
Restricted for "The Warrior Emperor and China's Terracotta Army" exhibition	**20,000**	225,000	225,000

In April 2012, the Institute finalized arrangements to release $112,500 of these funds to the Alberta Museum Association in accordance with the signed agreements. The balance of these funds in the amount of $112,500 was approved for use by the Institute during the 2013 fiscal year for a community engagement project.

6. Tangible capital assets

			March 31, 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**
	16,915,050	**14,085,676**	**2,829,374**

			March 31, 2012
	Cost	Accumulated amortization	Net book value
	$	$	$
Furniture and equipment	7,592,676	6,995,370	597,306
Leasehold improvements	3,634,130	3,398,190	235,940
Permanent exhibitions	5,440,525	2,772,299	2,668,226
	16,667,331	13,165,859	3,501,472

			April 1, 2011
	Cost	Accumulated amortization	Net book value
	$	$	$
Furniture and equipment	7,480,176	6,566,666	913,510
Leasehold improvements	3,536,854	3,292,324	244,530
Permanent exhibitions	5,411,512	2,296,475	3,115,037
	16,428,542	12,155,465	4,273,077

7. Investments

			Market value
	March 31, 2013	March 31, 2012	April 1, 2011
	$	$	$
Founding Fund	**13,549,076**	13,323,993	14,632,569
Legacy Fund	**5,507,802**	5,416,435	5,949,629
Collections Fund	**4,418,001**	4,343,666	4,769,927
Library Fund	**2,085,193**	2,051,394	2,253,627
Mavericks Fund	**1,308,248**	1,287,539	1,414,559
	26,868,320	26,423,027	29,020,311

The entire portfolio as at March 31, 2013, March 31, 2012 and April 1, 2011 was externally managed with weightings as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
	%	%	%
Pooled bonds and cash	**37.6**	38.3	39.0
Equities			
Canadian	**31.4**	32.1	33.4
United States	**14.5**	15.6	13.7
Other	**16.5**	14.0	13.9
	100.0	100.0	100.0

8. Bank indebtedness and demand bank loan

Bank indebtedness is composed of the Institute's demand credit facility to a maximum of $500,000 (March 31, 2012 and April 1, 2011 - $1,500,000) with a Canadian chartered bank. The facility bears interest at the bank's prime interest rate plus 1% per annum (March 31, 2012 and April 1, 2011 - prime interest rate plus 1% per annum) and is provided on an unsecured basis.

The demand bank loan is composed of the Institute's demand installment loan to a maximum of $1,000,000 with a Canadian chartered bank. The installment loan bears interest at the bank's prime interest rate plus 1% per annum. Under the terms of the loan, the Institute must make annual principal repayment of not less than $200,000 plus interest with a minimum of $10,000 in monthly principal payments between April 1 and March 31 of each year to reduce the principal amount outstanding to no more than $700,000 by March 31, 2014, $500,000 by March 31, 2015, $300,000 by March 31, 2016, $100,000 by March 31, 2017 and to be fully repaid by September 30, 2017. All credits are provided on an unsecured basis.

The demand bank loan has covenants, as defined in the Institute's credit facility agreement, that requires the Institute to maintain the status and compliance with the Glenbow-Alberta Institute Act and the Institute will not repay or reduce loan balances from the Restricted Funds without the approval of the bank or full repayment of the demand installment loan.

As of March 31, 2013, the Institute was in compliance with all of its debt covenants.

9. Deferred revenue - expenses of future periods

Deferred revenue consists of contributions which the donor has restricted for a specific purpose. These amounts are only recognized in deficiency of revenue over expenses when expenditures meeting the restriction are made. The Institute complies with these external restrictions.

	March 31, 2013	March 31, 2012	April 1, 2011
	$	$	$
Balance, beginning of year	**953,762**	1,012,165	357,109
Plus: contributions received	**743,027**	1,256,523	1,677,475
Less: amount recognized as revenue during the year	**(1,384,093)**	(1,314,926)	(1,022,419)
Balance, end of year	**312,696**	953,762	1,012,165

Deferred revenue related to expenses of future periods which will be recognized as revenue in less than 12 months is $280,724 (March 31, 2012 - $761,423, April 1, 2011 - $665,998). The amount which will be recognized in more than 12 months is $31,972 (March 31, 2012 - $192,339, April 1, 2011 - $346,167).

10. Deferred revenue - tangible capital assets

Deferred revenue related to tangible capital assets represents unamortized amounts of tangible capital assets which have been donated to the Institute.

Changes in deferred revenue - tangible capital assets are:

	March 31, 2013	March 31, 2012	April 1, 2011
	$	$	$
Balance, beginning of year	**2,413,059**	2,813,538	3,320,394
Plus: contributions received	**-**	95,675	-
Less: amount recognized as revenue during the year	**(493,443)**	(496,154)	(506,856)
Balance, end of year	**1,919,616**	2,413,059	2,813,538

Deferred revenue related to tangible capital assets which will be recognized as revenue in less than 12 months is $493,443 (March 31, 2012 - $482,061, April 1, 2011 - $505,797). The amount which will be recognized in more than 12 months is $1,426,173 (March 31, 2012 - $1,930,998, April 1, 2011 - $2,307,741).

11. Loan from restricted funds and loan to operating fund

	March 31, 2013	March 31, 2012	April 1, 2011
	$	$	$
Unrestricted loan from the Internally Restricted, Endowment and Designated Funds bearing interest at the Bank of Canada's prime rate plus 1% per annum.	**(3,550,000)**	(2,950,000)	(1,425,000)

This loan has no specified terms of repayment. For the year ended March 31, 2013, $133,518 (March 31, 2012 - $85,255) interest has been accrued on this loan.

12. Changes in operating fund balances

Changes in operating fund balances were as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
	$	$	$
Balance, beginning of year	**(4,146,714)**	(2,475,515)	(1,082,073)
Deficiency of revenue over expenses	**(396,175)**	(1,671,199)	(1,393,442)
Balance, end of year	**(4,542,889)**	(4,146,714)	(2,475,515)

13. Fundraising

Fundraising revenues including amortization of deferred revenue - tangible capital assets of $2,561,691 (2012 - $2,617,282) in the Operating Fund and $400 (2012 - $900) in the Endowment and Restricted Funds include cash donations to the Institute and do not include donations of art, artifacts and archival material to the collections, of which the majority are owned by the province of Alberta.

All contributions received were applied to the charitable activities and the associated operating overheads of the Institute. Contributions in excess of 10% of the total gross contributions recognized as revenue during the year amounted to $402,072 (2012 - $401,974) and was applied to the redevelopment of the permanent galleries on the third floor and the collections access digitization initiative.

The expenses incurred for the purposes of soliciting contributions were $275,148 (2012 - $289,107). Remuneration to employees whose principal duties involve fundraising amounted to $235,268 (2012 - $245,421).

The approximate dollar amount of the tax receipts issued by the Institute for items donated to the collection in fiscal 2013 amounted to $334,537 (2012 - $408,097). Tax receipts for amounts greater than $1,000 are supported by independent appraisals.

14. 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. In fiscal 2013, the Institute contributed $174,840 (2012 - $192,402) in connection with the plan.

15. Donated services

The Glenbow Centre is leased to The City of Calgary by the province of Alberta for a nominal amount of one dollar per year. The City of Calgary, in turn, subleases it to the Institute for the same amount per year. Fair market value of the rental has not been determined. The City of Calgary also provides janitorial, maintenance and utility services for the Glenbow Centre at no cost to the Institute. The value of the services as determined by The City of Calgary based on actual costs was $1,529,408 for the year ended March 31, 2013 (2012 - $1,348,380) based on actual costs as reported to the Institute by The City of Calgary. These amounts have not been included in the statements of Operating Fund.

16. Allocation of unrestricted investment income

Any income that is not restricted to its use by the donor is subject to the direction of the Board and is considered internally restricted. The Board has determined that any investment income be distributed to the Operating Fund at an annual rate of 5% to 5.5%. Any investment income above this amount will be retained within the Internally Restricted Endowment and Designated Funds. Investment income refers to the combination of interest and dividend income and appreciation or depreciation in the fund’s value. That actual percentage of distribution is at the discretion of the Board.

16. Allocation of unrestricted investment income (continued)

Section 16 (1) of the Glenbow-Alberta Institute Act requires that any capital deficiency in the Founding Fund must be addressed. To this end, the Board, in accordance with Section 17 of the Glenbow-Alberta Institute Act, has addressed this deficiency by passing a board motion at a meeting of the Board on February 3, 2010. This motion allows the income from each of the funds to continue to be applied for the purpose of meeting the capital and operating expenses of the Glenbow Museum rather than being applied to meet the capital deficiency of the Founding Fund.

During the year, a total of $1,843,000 (2012 - $1,576,318) was allocated from the Internally Restricted and Endowment Funds to the Operating Fund, which included a special draw to cover severance and restructuring charges. As this source of funding is a large component of the general operating budget, management must formulate a long-term strategy to achieve the goals of reducing the deficiency in the Capital Fund while maintaining operations. Management is in the process of developing this strategy. The allocations from the funds to general operations have continued after year-end. The estimated amount, being the capital deficiency of the funds, has not been reflected on the statements of financial position. The estimated capital deficiency will fluctuate from time to time based on the market fluctuations and investment portfolio performance.

17. Management of capital

The Institute defines its capital as the amounts included in its fund balances. The Institute sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Institute’s objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its members and stakeholders.

A proportion of the Institute’s capital is restricted in that the Institute is required to meet certain requirements to utilize its Endowment Fund balances (Note 16). The Institute has internal control procedures in place to ensure the restrictions are met prior to utilization of these resources and has been putting measures in place to ensure that it remains in compliance with these restrictions throughout the year.

Management and the Board carefully considers fundraising campaigns, grants, sponsorship, investment income and the Institute’s contractual relationship with the province of Alberta to ensure that sufficient funds will be available to meet the Institute’s short and long-term objectives.

The Institute monitors its financial performance against an annual budget. Surpluses from unspent operational activities are accumulated under Unrestricted Fund balances. In the event that revenues decline, the Institute will budget for reduced distributions and reduced operational expenditures. While an annual budget deficit may periodically arise, no such deficit shall be allowed to exceed the total funds available under the Unrestricted Fund balances.

18. 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, 2013.

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.

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

	$
2014	98,066
2015	87,186
2016	87,186
2017	69,171
2018	24,387
	365,996

Glenbow Museum