



Alberta
Foundation
for the **Arts**

Annual Report
2007-2008

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Board Mandate

The Alberta Foundation for the Arts (AFA) was established in 1991 as a crown agency of the Government of Alberta, with a mandate to support and contribute to the development of the arts in Alberta.

The purposes of the Foundation, as stipulated in The Alberta Foundation for the Arts Act, are

- (a) to support and contribute to the development of and to promote the arts in Alberta;
- (b) to provide persons and organizations with the opportunity to participate in the arts in Alberta;
- (c) to foster and promote the enjoyment of works of art by Alberta artists;
- (d) to collect, preserve and display works of art by Alberta artists;
- (e) to encourage artists resident in Alberta in their work.

Board Vision

An Alberta where a vibrant arts community inspires creativity and innovation and is part of the fabric of how we live and work.

Board Mission

Over the next three years, the AFA is committed to the following four-part mission as a means to achieve its vision:

- Communicate about how the arts contribute to Alberta's culture and the impact of AFA funding, and position the AFA as the primary Arts resource in the Province
- Complete a comprehensive evaluation of all AFA programming to review and revise funding priorities and understand the needs of Alberta artists and arts organizations
- Build capacity in the arts sector by supporting individual artists and using the AFA Art Collection as a strategic resource
- Establish and distribute tools to promote and support healthy arts organizations in recognition of the shared interests of arts funders and arts organizations

AFA Board Membership for 2007-08

Audrey Luft, Edmonton

Member since March 2000, Chair since Mar 2004, Chair of Executive Committee,
Member of Finance Committee

Gregor J. Allan, Edmonton

Member since February 2006, Vice Chair since September 2007, Member of Finance
Committee and Grants Committee

Eric Fechter, Calgary

Member since August 2007, Chair of Finance Committee, Member of Grants Committee
and Executive Committee

Karen Kryczka, Calgary

Member since October 2005, Member of Grants Committee

Bob Maskell, Edmonton

Member since February 2006, Chair of Collection Committee, Member of Executive
Committee

Judy Dreeschen, Central Alberta

Member since March 2003, Member of Collection Committee

Dan Westwood, Southwest Alberta

Member since January 2006, Member of Collection Committee

Dr. Douglas Abel, Northeast Alberta

Member since September 04, Chair of Grants Committee, Member of Executive
Committee

Dr. Mike Bregazzi, Calgary

Member since October 2006, Member of Grants Committee

Jeffrey Welling, Southeast Alberta

Member since October 2006, Member of Collection Committee

Kristina Kowalski, Northwest Alberta

Member since August 2002, Member of Finance Committee

Jeffrey Anderson, Executive Director

Sue Bohaichuk, Secretary

Board Committees

The following standing committees carry out the work of the AFA:

The **Executive Committee** reviews and recommends new or revised policy, provides direction for planning, and makes decisions, subject to board ratification, on extraordinary funding requests and program issues between scheduled board meetings.

The **Finance Committee** is responsible to the Board on all financial and business planning matters. The Committee's function is to assist the AFA Board of Directors by reviewing, reporting and making recommendations on:

- The AFA budget, budget status, and year end accountability and financial reports provided by the AFA to the Minister of Tourism, Parks, Recreation, and Culture
- The Foundation's system of internal controls regarding accountability that the Executive Director and the Board have established
- AFA accounting and financial reporting processes

The **Grants Committee** approves grants and other adjudication matters for Board ratification and recommends new policy as required.

The **Collection Committee** recommends new policy, reviews and recommends revisions to the existing AFA collection policy, ensures the appropriateness of programs and services according to policy, provides direction to the Board on planning, and approves – subject to board ratification - or recommends, the acquisition of artworks for the AFA art collection.

Board Attendance

In 2007-08, the Board and Committees each met quarterly. Board attendance for the year was 90 per cent.

Governance Practices

The Board has adopted a governance framework that defines accountability between the Board and the Minister. To achieve greater efficiency across the Foundation, the Board provides the oversight and strategic decision making for the Foundation while delegating the day-to-day management of the operations to the Arts Branch of the Ministry of Tourism, Parks, Recreation, and Culture.

The AFA Board has policies to support its commitment to governance practices including:

- Broad written governance guidelines and Board-management delegation policies
- Continual Board development, including an orientation program for new Board members on Board and corporate operations
- Rules of Order
- Accountability to the Shareholder, the Government of Alberta
- Board job descriptions
- Guidelines for agendas and annual planning
- A Board Members' Code of Ethics covering conflict of interest and fiduciary responsibilities, including an annual affirmation by Board members on compliance with the policy
- Terms of Reference for each Board Committee

Responsibilities of the AFA Board (from *the Memorandum of Understanding between the Alberta Foundation for the Arts and the Ministry of Tourism, Parks, Recreation, and Culture*)

In response to strategic direction from the Minister, the AFA board will:

Establish policies for the provision of funding to, and the administration of programs for, the development of the arts in Alberta.

Within these policies, develop a three-year strategic plan, within the context of the Ministry Business Plan, for the funding of programs for the development of the arts in Alberta.

Allocate funding and estimate revenues in accordance with the strategic plan.

Oversee and evaluate the implementation and execution of the strategic plan.

Establish performance measures and report on outcomes.

Follow established internal controls and comply with management information systems requirements to ensure integrity and accountability of financial information.

Evaluate and report on the board's performance against the AFA's strategic plan goals and performance outcomes, using criteria agreed upon between the Minister and the board.

Reporting on the Accomplishments of the AFA

Reporting Requirements

The Alberta Foundation for the Arts met all the reporting requirements for 2007-08 as outlined under the Memorandum of Understanding between the Foundation and the Minister of Tourism, Parks, Recreation, and Culture including:

- Annual Reporting
- Audited Financial Statements
- Performance Measures

This section includes accomplishments from the Ministry 2007-10 Business Plan, accomplishments of Strategic Objectives from the Alberta Foundation for the Arts 2007-10 Strategic Plan, as well as an overview of grants awarded in the 2007-08 fiscal year. Audited Financial Statements follow at the end of the document.

Accomplishment of Goals from the Ministry 2007 – 2010 Business Plan (Tourism, Parks, Recreation, and Culture)

The Ministry Business Plan for 2007-10 stated the following ways in which the AFA may contribute to the goal of promoting Alberta's rich culture. The bolded statements summarize how this was achieved-- detailed information follows in the *Accomplishment of Goals from the AFA Strategic Plan*.

Core Business Three: Promote Alberta's rich culture, including its arts and heritage

Goal: Cultural, community and voluntary activities are supported

What it means: Promoting participation in, and fostering appreciation of, the arts through the Alberta Foundation for the Arts. ***The Foundation granted in excess of \$25 million dollars to individual artists and arts organizations in Alberta.***

Strategy: Work with clients and stakeholders to foster sustainability of the arts by improving key programs and services such as the granting process. ***The AFA Program Evaluation is in its second year of a three year process—see next section for details.***

Performance measure: % of adult Albertans participating in the arts and attending arts events (see following table)

Public Participation & Perceptions of the Arts Arts Branch 2007/08	
% of adult Albertans participating in the arts and attending arts events	87%
% of adult Albertans participating in the arts (e.g., playing a musical instrument, performing, etc.)	59%
% of adult Albertans attending arts events and activities	82%
% of adult Albertans who feel the arts are important to quality of life	88%
% of adult Albertans who feel it is important to fund and support the arts	88%

Source: Annual Survey of Albertans 2008

Accomplishment of Strategic Objectives from the AFA Strategic Plan

The following Performance Indicators are based on the AFA 2007-2010 Strategic Plan.

Performance Indicators for Strategic Objectives

To monitor the Foundation's strategic objectives, the following performance indicators are tracked and reported:

1. Use of AFA information resources, contacts and research
2. Review and revise funding priorities
3. Encourage and support individual artists
4. Build, maintain and use the AFA art collection
5. Establish tools to Support and encourage healthy and sustainable arts organizations

1. Use of AFA information resources, contacts and research

Key messages about the impact of AFA funding were developed and communicated to various audiences through AFA Newswires-- bulletins sent electronically to approximately 4000 subscribers-- and through the AFA website, which was relaunched with a new identity and features in 2007.

The website was expanded to include online application forms, facts about the arts in Alberta and AFA funding, research and statistics about the arts, and the *Healthy Agencies Toolkit*, designed to help arts organizations maintain and increase their capacity in governance, financial accountability, and planning.

AFA corporate communication materials were developed and distributed (brochures, posters, displays, and key message cards) to better publicize the role of the AFA.

AFA grant information disseminated for public access through the web and print publication of the *Year in Review*, the web publication of the *Report to the Community*, and through the Alberta Lotteries Foundation website.

2. Review and revise funding priorities

The three-year AFA Program Evaluation continued in its second year in 2007/08. Reports were presented to the AFA summarizing extensive client consultation by professional research companies for the following grant program areas:

- Art Exhibition and Purchase by Application
- Post-Secondary Institutions
- Artists and Education
- Performing Arts Organizations
- Community Presenting
- Arts Festivals
- Arts Summer Schools Program
- Provincial Arts Service Organizations
- Funding for Individual Artists

In addition, two research reports were completed on *Trends in the Arts and Arts Funding*—one based on primary research conducted in Alberta, in Canada, and internationally-- and the other using secondary research from the literature. All of the research reports are available on the AFA website. The findings from the extensive client consultations and other arts funding research are used by the AFA Program Evaluation Steering Committee, who will make recommendations for program restructuring to the AFA Board at the end of the three year evaluation process.

3. Encourage and support individual artists

In 2007-08, for the first time, direct support to individual artists exceeded 10% of the funds awarded by the AFA.

In 2007, the Alberta Creative Development Initiative (ACDI), a \$6-million grant program, was launched by Alberta Foundation for the Arts and the Canada Council for the Arts (developed in collaboration with the Calgary Arts Development Authority and the Edmonton Arts Council) to further support the development of the arts in Alberta over the following three years. Information sessions about the new program were offered in 5 communities in various areas of the province.

470 individual artists in Alberta were awarded approximately \$ 2.6 million through AFA project grants in dance, film/video, multi-disciplinary, music, theatre, writing and visual arts. These grants support creation and production, marketing and travel, research and training and career development. In addition, the AFA also purchased artwork from individual artists or private collectors through their acquisition program.

Grant writing workshops were offered on 23 occasions by Arts Branch staff to provide guidance to potential AFA applicants.

Grant Writing Workshops Arts Branch 2007/08	
# of workshops	23
Total attendance	407
Client satisfaction (from client evaluations)	99%

4. Build, maintain and use the AFA art collection

Building and Maintaining the AFA Art Collection

The following tables summarize AFA Art Collection activity for 2007-08. The Collection gained 147 new artworks by 83 artists in 2007-08, and, as of 2007, is housed in its new location at the Capital Arts Building in Edmonton.

AFA Art Collection 2007-08	
# of artworks in AFA collection	7,641

Art Acquisition by Application, 2007-08	October 2007	April 2008	Total
# of artworks purchased	56	30	86
# of artists – purchased works	35	21	56
# of artworks submitted for consideration	115	34	149
# of artists – submitted works	57	22	79
# of communities – purchased artworks	6	4	10
# of communities – submitted artworks	11	8	19

Art Acquisition – Curatorial 2007-08	Results
# of artworks purchased – curatorial	46
# of artists – purchased works – curatorial	16

Art Donations 2007-08	Results
# of artworks donated	15
# of artists – donated works	11

Helping Albertans Make Use of the AFA Art Collection

The AFA Art Collection was made accessible to Albertans through 17 public exhibitions— 4 exhibitions at 161 venues which were part of the Traveling Exhibition Program, and 13 exhibitions which were in public and private galleries.

The Traveling Exhibition Program served 94 rural communities with over 360,000 Albertans visiting the exhibition venues. There were 103 artworks from the Collection on loan to public and private galleries, and two extended/permanent loans of artwork were made to galleries in 2007-08. Art from the Collection is also made accessible in Government and not-for-profit offices through the Art Placement Program, with nearly 2,500 artworks on loan.

Art Placement Program 2007-08		Results
Total # of artworks on placement		2,488
# of artworks placed in Government offices		1,400
# of artworks placed in non-Government areas		1,100
# of active clients in Art Placement Program (current fiscal)		185
# of pending requests for Art Placement		53

5. Establish tools to support and encourage healthy and sustainable arts organizations

A statement of Governance Principles was implemented for all operating grants in 2007-08. The Governance Principles require individual board members of grant recipients to confirm that certain practices that support sustainability are followed in the recipient organization. Governance training materials for client groups were published and distributed through a series of workshops in various communities, and the *Healthy Agencies Toolkit* is available on the AFA website.

Governance Principles Workshops Arts Branch 2007/08	
# of workshops	5
Total attendance	131
Client satisfaction (from client evaluations)	96%

Arts Grants

In 2007/08, the AFA received a total of about \$27.3 million dollars through the Alberta Lottery Fund – approximately a 24% increase from 2006/07. More than \$25 million worth of grants were awarded in this period, with 92% of the AFA's total budget going directly to organizations, individuals and groups working in the arts. Grants are awarded through 34 funding programs within four broad categories – Creation and Production, Arts Participation, Arts Promotion and Collection and Display. In 2007/08 a total of 1,395 grants were awarded by the AFA – valued at \$25,199,899.

Of 1,395 grants awarded:

- 434 grants were awarded to individuals, groups and organizations in Calgary & Area, 457 in Edmonton and Area, 166 to mid-size cities and towns, and 245 to rural communities throughout the province.
- 531 grants were awarded to not-for-profit organizations ranging from large professional arts organizations (including theatres, art galleries, operas and symphonies), smaller professional arts organizations, amateur and community-based groups – as well as service organizations supporting the arts or using arts activities as key ways to enhance and improve the services they provide to Albertans. Grants awarded to these not-for-profit groups equal \$ 17, 471, 201.
- 33 grants were awarded to businesses working in the cultural industries – including book publishing, film production, magazine publishing and sound recording – receiving support from the AFA valued at \$ 935, 681.
- 250 schools across Alberta received funds to support the arts and creativity in educational settings. In addition, the AFA awarded 21 post-secondary institutions grants valued at \$ 977, 819. Three libraries received \$5, 614 for arts activities in their venues.
- 15 smaller municipalities received \$ 340, 565 for arts activities that provide access and opportunities to participate in arts-based events and activities.

- 2,402 Alberta youth were able to participate in arts programming over the summer months in a variety of disciplines (dance, instrumental music, writing, film and video production, and traditional Aboriginal arts). 1,600 school age youth participated in Arts Camps in Aboriginal communities, and 800 participated in summer school programming.
- 18 not-for-profit public galleries received \$1,799,997 in grants. In addition, original Alberta artworks were purchased from 10 art galleries for a total value of \$188,000.
- One special project was supported in partnership with the Canada Council for the Arts valued at \$1,355,000.
- One provincial foundation – the Alberta Sport, Recreation, Parks & Wildlife Foundation – was granted \$148,000 to support the cultural component of Alberta Games.

Summary of Grants Awarded in 2007-08

Program	# of Awards	Value (\$)
Creation and Production		
Alberta Major Performing Arts Companies	10	5,500,000
Book Publishers	10	360,000
Community Performing Arts Organizations	129	1,055,000
Cultural Industries – Projects	11	100,000
Cultural Relations	12	76,384
Magazine Publishers	8	184,999
Professional Performing Arts Companies	38	1,900,000
Sound Recording	3	100,000
SUB-TOTAL	221	9,276,383
Arts Promotion		
Aboriginal Arts Organizations Project	9	85,551
Alberta Games–Alberta Sport, Recreation, Parks & Wildlife Foundation	1	148,000
Arts Partnerships	4	46,635
Community Support Organizations – Operating	118	1,980,868
Community Support Organizations – Projects	12	85,000
Designated Arts Organizations	4	174,632
Projects Development	5	1,730,000
Projects - Dance	64	281,635

Summary of Grants Awarded in 2007-08, continued		
Projects - Film/Video	45	271,246
Projects - Multidisciplinary	16	83,492
Projects - Music	113	560,626
Projects - Theatre	75	310,859
Projects - Visual Arts	92	539,513
Projects - Writing	65	310,983
Provincial Arts Service Organizations	11	1,599,998
SUB-TOTAL	635	8,212,038
Arts Participation		
Artists & Education	251	1,038,731
Arts Festivals	64	1,150,000
Community Presenting	119	1,150,000
Major Facilities	2	750,000
Post-Secondary Institutions	16	700,000
Summer Schools	4	320,000
SUB-TOTAL	456	5,108,731
Collection and Display		
Art Acquisition by Application	42	214,750
Art Acquisition - Curatorial	18	188,000
Public Galleries	18	1,799,997
Travelling Exhibition Program	5	400,000
SUB-TOTAL	83	2,602,747
TOTAL	1,395	\$ 25,199,899



Financial Statements

Alberta Foundation for the Arts

Financial Statements

March 31, 2008

**Alberta Foundation for the Arts
Financial Statements
March 31, 2008**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Expenses - Directly Incurred Detailed by Object

Schedule 2 - Related Party Transactions

Schedule 3 - Allocated Costs

**Alberta Foundation for the Arts
Statement of Operations
Year ended March 31, 2008
(thousands of dollars)**

	2008		2007
	Budget	Actual	Actual Restated (Note 3)
Revenues			
Internal Government Transfers			
Transfers from the Department of Tourism, Parks, Recreation and Culture	\$ 26,634	\$ 26,634	\$ 22,134
Investment Income	445	452	413
Other Revenue			
Miscellaneous	60	70	104
Donations of Artworks	145	13	90
	<u>27,284</u>	<u>27,169</u>	<u>22,741</u>
Expenses - Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Arts Creation and Production	9,645	9,433	8,672
Arts Promotion	8,343	8,477	5,903
Arts Participation	5,670	5,880	4,655
Art Collection and Display	3,301	3,062	2,972
Administration	352	341	306
	<u>27,311</u>	<u>27,193</u>	<u>22,508</u>
Net Operating Results	<u>\$ (27)</u>	(24)	233
Fund Balance, Beginning of Year		<u>1,329</u>	<u>1,096</u>
Fund Balance, End of Year		<u>\$ 1,305</u>	<u>\$ 1,329</u>

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

**Alberta Foundation for the Arts
Statement of Financial Position
As at March 31, 2008
(thousands of dollars)**

	2008	2007
Assets		
Cash and Short-Term Investments (Note 4)	\$ 2,153	\$ 1,973
Accrued Interest	15	15
Accounts Receivable (Note 5)	55	6
	2,223	1,994
Cash and Short-Term Investments Appropriated for Non- Current Use (Note 4)	467	467
Tangible Capital Assets (Note 6)	201	228
	\$ 2,891	\$ 2,689
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,119	\$ 893
Fund Balances		
Unrestricted	1,305	1,329
General Reserve - Restricted (Note 8)	467	467
	1,772	1,796
	\$ 2,891	\$ 2,689

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

**Alberta Foundation for the Arts
Statement of Cash Flows
Year ended March 31, 2008
(thousands of dollars)**

	2008	2007
Operating Transactions		
Net Operating Results	\$ (24)	\$ 233
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	27	17
	3	250
(Increase) Decrease in Accounts Receivable	(49)	16
Increase in Accounts Payable and Accrued Liabilities	226	344
Cash Provided by Operating Transactions	180	610
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 6)	-	(207)
Increase in Cash	180	403
Cash, Beginning of Year	1,973	1,570
Cash, End of Year	\$ 2,153	\$ 1,973

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

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008**

Note 1 Authority and Purpose

The Alberta Foundation for the Arts (Foundation) operates under the authority of the *Alberta Foundation for the Arts Act*, Chapter A-19, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To support and contribute to the development of literary, performing, visual and media arts in Alberta;
- To provide both individuals and organizations with opportunities to participate in the arts in Alberta;
- To promote the enjoyment of works of art by Alberta artists;
- To oversee the collection, preservation and display of works of art by Alberta artists; and
- To encourage artists living in Alberta in their work.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Alberta Foundation for the Arts, which is part of the Ministry of Tourism, Parks, Recreation and Culture (Ministry) and for which the Minister of Tourism, Parks and Recreation and the Minister of Culture and Community Spirit (Ministers) are accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Ministers are accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations 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.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008**

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

(b) Basis of Financial Reporting (continued)

Revenues (continued)

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive 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.

Expenses

Directly Incurred

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

Directly incurred expenses include amortization of tangible capital assets.

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

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are disclosed in Schedule 3.

Artworks

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008**

Proceeds from the disposition of artworks can only be used to acquire other items to be added to the collection or for the direct care of existing artworks.

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

Basis of Financial Reporting (continued)

Assets

Financial assets of the Foundation are limited to financial claims, such as receivables from other organizations.

Assets acquired by right are not included. Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is \$5,000.

Investments

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

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008

Note 3 Program Transfer (thousands of dollars)

A Film and Video Schools program transfer between the Department of Tourism, Parks, Recreation and Culture and the Alberta Foundation for the Arts was undertaken and comparatives for 2006-07 have been restated for these transfers. The effect was to increase revenues from \$22,691 to \$22,741 and to increase expenses from \$22,458 to \$22,508.

Note 4 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, 2008, securities held by CCITF have an average effective market yield of 4.81% (2007 - 4.36%) per annum.

Short-term investments consist of deposits in the amount of \$300 (2007 - \$300) with life insurance companies maturing April 4, 2008.

Cash and short-term investments in the amount of \$467 (2007 - \$467) has been internally restricted and is therefore not available to pay for operating expenses of the Foundation (Note 8).

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

Note 5 Accounts Receivable (thousands of dollars)

	2008		2007	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 55	\$ -	\$ 55	\$ 6

Accounts receivable are unsecured and non-interest bearing.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008

Note 6 Tangible Capital Assets (thousands of dollars)

	Equipment	Computer Hardware and Software	2008 Total	2007 Total
Estimated Useful Life	10 years	4 years		
Historical Cost				
Beginning of Year	\$ 268	\$ 33	\$ 301	\$ 100
Additions	-	-	-	207
Disposals	-	(13)	(13)	(6)
	<u>\$ 268</u>	<u>\$ 20</u>	<u>\$ 288</u>	<u>\$ 301</u>
Accumulated Amortization				
Beginning of Year	\$ 40	\$ 33	\$ 73	\$ 62
Amortization Expense	27	-	27	17
Effect of Disposal	-	(13)	(13)	(6)
	<u>\$ 67</u>	<u>\$ 20</u>	<u>\$ 87</u>	<u>\$ 73</u>
Net Book Value at March 31, 2008	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 201</u>	
Net Book Value at March 31, 2007	<u>\$ 228</u>	<u>\$ -</u>		<u>\$ 228</u>

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008

Note 7 Artworks

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 year end, the collection consisted of approximately 7,641 (2007 – 7,510) artworks with an approximate value of \$9,506,000 (2007 – \$9,090,000). During the year, the Foundation purchased 116 (2007 – 48) artworks by Alberta artists at a total cost of \$402,750 (2007 – \$340,500); contributions to the collection included 15 (2007 – 29) artworks with an appraised value of \$13,240 (2007 – \$90,250). There were no artwork dispositions during the year (2007 – Nil).

Note 8 General Reserve

The general reserve has been established by appropriation from the fund balance. The reserve was established for the purpose of retaining an ongoing funding capability. Transfers from the reserve to the operating fund require board approval.

Interest earned on the cash appropriated for the reserve is reported as operating revenue.

Note 9 Contractual Obligations (thousands of dollars)

	2008	2007
Grant Agreements	\$ 6,300	\$ 6,905
Service Contracts	823	34
	<u>\$ 7,123</u>	<u>\$ 6,939</u>

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

	Grant Agreement s	Service Contracts	Total
2009	\$ 6,300	\$ 423	\$ 6,723
2010	-	400	400
	<u>\$ 6,300</u>	<u>\$ 823</u>	<u>\$ 7,123</u>

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2008

Note 10 Honoraria (thousands of dollars)

	2008		2007	
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total
Board ^(c)				
Chair	\$ 3	\$ -	\$ 3	\$ 10
Other Members (9)	26	-	26	27
	\$ 29	\$ -	\$ 29	\$ 37

(a) The Foundation has no employees. Staff of the Department of Tourism, Parks, Recreation and Culture administers the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Directive 03/2004, is included in the financial statements of the Department of Tourism, Parks, Recreation and Culture.

(b) No benefits were provided to Board members.

(c) Members appointed to the Foundation are paid honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

Note 11 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

Alberta Foundation for the Arts
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2008
(thousands of dollars)

	2008		2007
	Budget	Actual	Actual Restated (Note 3)
Grants	\$ 24,258	\$ 24,347	\$ 20,014
Supplies and Services	1,353	1,296	1,044
Supplies and Services from Support Service			
Arrangements with Related Parties ^(a)	1,078	1,078	957
Acquisition of Artworks	400	403	349
Donations of Artworks	145	13	90
Honoraria (Note 10)	50	29	37
Amortization of Tangible Capital Assets	27	27	17
	\$ 27,311	\$ 27,193	\$ 22,508

^(a) The Foundation receives financial and program related administrative services from the Department of Tourism, Parks, Recreation and Culture.

**Alberta Foundation for the Arts
Related Party Transactions
Year ended March 31, 2008
(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.

The Foundation 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 Foundation had the following transactions with related parties recorded in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2008	2007 Restated (Note 3)	2008	2007
Revenues				
Transfers from the Department of Tourism, Parks, Recreation and Culture	\$ 26,634	\$ 22,134	\$ -	\$ -
Expenses - Directly Incurred				
Grants	\$ 148	\$ 123	\$ -	\$ -
Other Services	-	-	18	13
	<u>\$ 148</u>	<u>\$ 123</u>	<u>\$ 18</u>	<u>\$ 13</u>
Accounts Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>
Accounts Payable	<u>\$ 19</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Expenses - Incurred by Others				
Other Services	\$ 341	\$ 225	\$ -	\$ -
Accommodation	-	-	464	492
Legal	-	-	-	6
	<u>\$ 341</u>	<u>\$ 225</u>	<u>\$ 464</u>	<u>\$ 498</u>

**Alberta Foundation for the Arts
Allocated Costs
Year ended March 31, 2008
(thousands of dollars)**

Program	2008			2007	
	Expense s ^(a)	Expenses - Incurred by Others		Total Expenses	Total Expenses Restated (Note 3)
		Accommodation Costs ^(b)	Other Services ^(c)		
Arts Creation and Production	9,433	11	76	9,520	8,732
Arts Promotion	8,4	12	82	8,571	5,973
Arts Participat ion	5,8	13	78	5,971	4,725
Art Collection and Display	3,0	418	25	3,505	3,449
Administra tion	3	10	80	431	352
	<u>\$ 27,1</u>	<u>\$ 464</u>	<u>\$ 341</u>	<u>\$ 27,998</u>	<u>\$ 23,231</u>

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

^(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

^(c) Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.