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2 Session, 24 Legislature



LIBRARY
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A N N U A L

R E P O R T

COMMUNITY

DEVELOPMENT

FOR THE FISCAL YEAR ENDED

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addictions; and research, information and monitoring services that provide accurate and current information on issues, trends and research in the addictions.

Seniors Advisory Council for Alberta

The Seniors Advisory Council for Alberta brings the views of seniors to the attention of government. The council makes recommendations to the government on the coordination of policies and programs relating to seniors. The council also responds to government reports and specific requests for advice.

Human Rights, Citizenship and Multiculturalism Education Fund Advisory Committee

The advisory committee oversees and makes recommendations on the use of the Human Rights, Citizenship and Multiculturalism Education Fund. The fund provides financial support for educational initiatives in all aspects of human rights, citizenship and multiculturalism.

Alberta Human Rights and Citizenship Commission

The Alberta Human Rights and Citizenship Commission protects Albertans from acts of discrimination and fosters equality so all Albertans can have the opportunity to participate fully in the social, economic and cultural life of the province.

Alberta Foundation for the Arts

The Alberta Foundation for the Arts assists the development of culture and the arts, which are fundamental to Alberta's quality of life. The foundation provides financial assistance to artists and arts organizations, encourages public access to the arts, and assists in creating opportunities for children and youth to participate in the arts.

Alberta Sport, Recreation, Parks and Wildlife Foundation

The Alberta Sport, Recreation, Parks and Wildlife Foundation supports the development of recreation, sport, parks and wildlife activities in the province. The foundation provides financial assistance to provincial recreation and sport organizations, sponsors major games, supports the development of active lifestyles and receives donations in support of land conservation and other programs.

Alberta Historical Resources Foundation

The Alberta Historical Resources Foundation sponsors community-based heritage initiatives across the province and manages the Alberta Main Street program. Projects funded by the foundation typically range from restoration of historical buildings and heritage districts, to the development of interpretative markers, publications and educational projects.

MEASURE: Percentage of population participating in sport, recreation and physical activity

This measure replaces the previous measure of actual participation, which was not cost-effective. When developing this current measure, the ministry used the 1992 and 1996 general recreation surveys to assist in identifying Albertans' participation in some form of physical activity. These surveys indicated an 83% and 89% participation level, respectively. The frequency of this survey, which is conducted every four years, is not conducive to the establishment of a proxy measure that provides a societal indicator of participation in sport, recreation and physical activity.

The results for the percentage of population participating in sport, recreation and physical activity measure were determined by an annual province-wide telephone survey of 1,000 adult Albertans. Field supervisors were present at all times to ensure accurate interviewing and recording of responses. Each interviewer's work was monitored for quality control in accordance with the standards set out by the Canadian Association of Marketing Research Organizations.

In 1996-97 this survey indicated that 80% of Alberta's population participated in sport, recreation and physical activities. In 1997-98, the percentage was 86%. The ministry's target is to increase participation in these activities to 90%.

MEASURE: Percentage of private sector funding provided to arts and cultural groups

This new measure shows the percentage of revenue for arts and cultural groups provided by the private sector. The "Client Statistics Report," provided to all clients excluding educational institutions/schools and individuals who received study grants, was the source of the data. Clients included non-profit organizations (exclusively) and individual artists. Approximately 700 organizations were mailed questionnaires and telephoned to encourage their participation.

The results showed that arts organizations raised 73% of their revenues from the private sector during 1995-96 and 74% during 1996-97. Data for 1997-98 will not be available until the fall of 1998 because the Client Statistics Report is based upon reporting organizations' last fiscal year. The 1997-98 percentage of private sector funding will be reported in the 1998-99 annual report. The ministry target was that arts and cultural groups receive 75% of their funding from the private sector and the remaining 25% from grant revenue. Grant revenue consists of Alberta Foundation for the Arts funding, federal, provincial and municipal grants.

Beginning in 1998-99, all organizations receiving Alberta Foundation for the Arts funding must complete a Client Statistics Report as a mandatory reporting requirement. Individuals receiving funding are exempt from mandatory report submission.

MEASURE: Level of economic activity in the arts and cultural industries

At the time when this performance measure was developed, Statistics Canada was the only source of these data. Consequently, the 1997-98 to 1999-2000 and 1998-99 to 2000-01 ministry business plans identified Statistics Canada data as the source of data and the target as \$2.25 billion. However, the *Regional Economic Impact on the Arts and Cultural Sector* report produced by Statistics Canada is no longer published on a regular basis. Since this measure was first published, the Arts and Libraries Branch of the ministry developed the Client Statistics Report. This report does not address the breadth of the sector as Statistics Canada does; however, it focuses on specific clients that are served by the ministry.

Alberta Foundation for the Arts funding recipients (organizations) report their annual revenues in the Client Statistics Report, providing the ministry with annual data. Using the Client Statistics Report and an industry standard multiplier of 1.49857 (supplied by Environics West), the ministry is able to calculate economic activity in the arts and cultural industries in Alberta relative to organization funding from the Alberta Foundation for the Arts. In 1995-96, the economic impact related to the foundation was \$254 million. In 1996-97, the impact was \$236 million. The ministry target is \$256 million. Data for 1997-98 will not be available until the fall of 1998 because the Client Statistics Report is based upon reporting organizations' last fiscal year. The 1997-98 economic impact relative to the Alberta Foundation for the Arts will be reported in the 1998-99 annual report.

Response to the Client Statistics Report in 1995-96 and 1996-97 by organizations was voluntary, resulting in fluctuating numbers. Starting in 1998-99, completion of the Client Statistics Report will be compulsory.

Alberta Foundation for the Arts

Financial Statements

March 31, 1998

ALBERTA FOUNDATION FOR THE ARTS

FINANCIAL STATEMENTS

MARCH 31, 1998

Auditor's Report

Balance Sheet

Statement of Revenues, Expenses and Fund Balance

Statement of Equity in Artworks

Statement of Changes in Financial Position

Notes to the Financial Statements



AUDITOR'S REPORT

To the Members of The Alberta Foundation for the Arts

I have audited the balance sheet of The Alberta Foundation for the Arts as at March 31, 1998 and the statements of revenues, expenses and fund balances, and changes in financial position for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Foundation is required to follow the corporate government accounting policies and reporting practices established by Alberta Treasury, including the following policy that is an exception from generally accepted accounting principles. As disclosed in Note 3, certain salary, accommodation and other costs incurred in the operation of the Foundation have not been included in expenses. These costs, estimated at \$710,000 are recorded by the departments that paid the expenses on behalf of the Foundation.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valente FCA
Auditor General

Edmonton, Alberta
May 22, 1998

ALBERTA FOUNDATION FOR THE ARTS
BALANCE SHEET
AS AT MARCH 31, 1998

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Current assets:		
Cash and short-term investments (Note 4)	\$ 1,556,724	\$ 1,338,922
Accrued interest	149,500	158,771
Accounts receivable and prepaid expenses	3,059	11,790
Loans and advances	-	250,000
	<u>1,709,283</u>	<u>1,759,483</u>
Long-term investments (Note 5)	<u>2,866,746</u>	<u>2,866,746</u>
Capital assets (Note 6)	<u>17,260</u>	<u>68,273</u>
Artworks:		
Purchased	4,348,134	4,095,874
Donated	<u>1,101,651</u>	<u>976,126</u>
	<u>5,449,785</u>	<u>5,072,000</u>
	<u>\$ 10,043,074</u>	<u>\$ 9,766,502</u>
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Grants payable	\$ 525,174	\$ 510,472
Accounts payable	<u>233,129</u>	<u>66,256</u>
	<u>758,303</u>	<u>576,728</u>
Long-term grant payable (Note 7)	<u>500,000</u>	<u>1,000,000</u>
Equity:		
Equity in artworks	5,449,785	5,072,000
General reserve (Note 8)	2,866,746	2,866,746
Fund balance	<u>468,240</u>	<u>251,028</u>
	<u>8,784,771</u>	<u>8,189,774</u>
	<u>\$ 10,043,074</u>	<u>\$ 9,766,502</u>

ALBERTA FOUNDATION FOR THE ARTS

STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 1998

	<u>1998</u>		<u>1997</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 10)		
<u>REVENUES</u>			
Contributions from the Lottery Fund, a related party	\$ 16,104,000	\$ 16,104,000	\$ 16,104,000
Interest	375,000	332,857	460,404
Miscellaneous	1,000	2,685	428
	<u>16,480,000</u>	<u>16,439,542</u>	<u>16,564,832</u>
<u>EXPENSES</u>			
Grant programs:			
Operating assistance (Note 11)	12,364,500	12,471,614	12,818,810
Project support (Note 12)	2,392,300	2,285,933	2,329,286
Special	-	-	1,200,000
Other	35,500	56,000	25,500
	<u>14,792,300</u>	<u>14,813,547</u>	<u>16,373,596</u>
Art programs:			
Provincial traveling exhibition	233,000	233,000	260,000
Summer schools	250,000	252,555	241,400
Other	136,700	94,772	89,489
	<u>619,700</u>	<u>580,327</u>	<u>590,889</u>
Program costs	<u>15,412,000</u>	<u>15,393,874</u>	<u>16,964,485</u>
Administration (Notes 3 and 13)	<u>502,000</u>	<u>576,196</u>	<u>399,485</u>
	<u>15,914,000</u>	<u>15,970,070</u>	<u>17,363,970</u>
Excess (deficiency) of revenues over expenses for the year	566,000	469,472	(799,138)
Transfers from (to) equity in artworks:			
Artwork purchases	(273,000)	(277,010)	(231,710)
De-accessions - artworks donated, damaged, other	-	24,750	2,000
Change in fund balance during the year	<u>\$ 293,000</u>	217,212	(1,028,848)
Fund balance at beginning of year		<u>251,028</u>	<u>1,279,876</u>
Fund balance at end of year		<u>\$ 468,240</u>	<u>\$ 251,028</u>

ALBERTA FOUNDATION FOR THE ARTS

STATEMENT OF EQUITY IN ARTWORKS

MARCH 31, 1998

	1998		1997
	<u>Budget</u> (Note 10)	<u>Actual</u>	<u>Actual</u>
Equity in artworks at beginning of year		\$ 5,072,000	\$ 4,791,290
Additions:			
Purchases	<u>\$ 273,000</u>	277,010	231,710
Donations		<u>125,525</u>	<u>51,000</u>
		5,474,535	5,074,000
De-accessions -			
Donated to museum		(24,500)	-
Other		(250)	-
Damaged		<u>-</u>	<u>(2,000)</u>
Equity in artworks at end of year		<u>\$ 5,449,785</u>	<u>\$ 5,072,000</u>

ALBERTA FOUNDATION FOR THE ARTS

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 1998

	<u>1998</u>	<u>1997</u>
Operating transactions:		
Excess (deficiency) of revenues over expenses for the year	\$ 469,472	\$ (799,138)
Non-cash items included in excess (deficiency) of revenues over expenses:		
Write-down of capital assets	44,461	-
Loss on de-accession of artworks	250	2,000
Amortization of capital assets	6,552	21,337
Amortization of discount on investments	(343)	(360)
	<u>520,392</u>	<u>(776,161)</u>
Decrease in accrued interest	9,614	6,052
Decrease in accounts receivable and prepaid expenses	8,731	38,360
Decrease in loans and advances	250,000	974,506
Increase (decrease) in grants payable	14,702	(117,792)
Increase in accounts payable	<u>166,873</u>	<u>8,073</u>
Cash provided by (used in) operating activities	<u>970,312</u>	<u>133,038</u>
Investing transactions:		
Proceeds from disposals of investments	600,000	921,687
Increase in cash appropriated for non-current use	(600,000)	(878,128)
Acquisitions of artworks	(402,535)	(282,710)
Artworks donated to museums	24,500	-
Purchases of investments	-	(43,199)
Purchases of capital assets	-	(24,574)
Proceeds on disposal of capital assets	<u>-</u>	<u>1,057</u>
Cash used in investing activities	<u>(378,035)</u>	<u>(305,867)</u>
Financing transactions:		
Decrease in long-term grant payable	(500,000)	(500,000)
Donations of artworks	<u>125,525</u>	<u>51,000</u>
Cash used in financing activities	<u>(374,475)</u>	<u>(449,000)</u>
Increase (decrease) in cash and short-term investments	217,802	(621,829)
Cash and short-term investments at beginning of year	<u>1,338,922</u>	<u>1,960,751</u>
Cash and short-term investments at end of year	<u>\$ 1,556,724</u>	<u>\$ 1,338,922</u>

ALBERTA FOUNDATION FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1998

Note 1 Authority and Purpose

The Alberta Foundation for the Arts (the "Foundation") operates under the authority of the Alberta Foundation for the Arts Act, Chapter A-21.5, Statutes of Alberta 1991.

The purposes of the Foundation are:

- to support and contribute to the development of and to promote the arts in Alberta;
- to provide persons and organizations with the opportunity to participate in the arts in Alberta;
- to foster and promote the enjoyment of works of art by Alberta artists;
- to collect, preserve and display works of art by Alberta artists; and
- to encourage artists resident 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 Significant Accounting Policies and Reporting Practices

(a) Revenue Recognition

Operating grants are recognized as revenue in the period receivable.

Donated artworks are recorded as direct increases in net assets at appraised values at the date of acquisition.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

(b) Investments

Investments are recorded at cost or amortized cost, where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date. Where there has been a loss in the value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the capital assets on a straight-line basis using the following annual rates:

Office furniture, equipment and furnishings	15%
Computer equipment	25%

(d) Artworks

Purchased artworks are recorded at cost. Artworks are not amortized. 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.

(e) Expenses

Grants are recorded as expenses when authorized by the Foundation's Members and when eligibility conditions for the grants have been satisfied.

Note 3 Excluded Direct Costs

Certain salary, accommodation and other overhead costs, estimated by management to be approximately \$710,000 (1997 \$625,000), incurred in the administration of the Foundation have not been included in the Foundation's expenses. These costs are incurred by and recorded in the financial statements of the Departments of Community Development and Public Works, Supply and Services.

Note 4 Cash and Short-Term Investments

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is being managed with the objective of providing competitive interest income to depositors while maintaining maximum 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 five years. The Foundation earns interest on its daily cash balance at the average rate of interest earned by the Fund, which varies depending on prevailing market interest rates.

Note 4 Cash and Short-Term Investments (continued)

Short-term investments consists of deposits with life insurance companies that mature within one year.

The year end balance consists of:

	<u>1998</u>	<u>1997</u>
Cash	\$ 2,723,470	\$ 1,583,981
Short-term investments	<u>600,000</u>	<u>921,687</u>
	3,323,470	2,505,668
Less appropriated for non-current use	<u>1,766,746</u>	<u>1,166,746</u>
	<u>\$ 1,556,724</u>	<u>\$ 1,338,922</u>

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

Note 5 Long-Term Investments

Long-term investments consist of the following:

	<u>1998</u>			<u>1997</u>	
	<u>Effective Interest Rate</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Deposits					
life insurance companies ^(a)	11.10%	\$ 1,100,000	\$ 1,100,000	\$ 1,700,000	\$ 1,700,000
Cash and short-term investments appropriated for non-current use		<u>1,766,746</u>		<u>1,166,746</u>	
		<u>\$ 2,866,746</u>		<u>\$ 2,866,746</u>	

^(a) The deposits with life insurance companies can be realized prior to maturity dates only with the payment of penalties.

Note 6 Capital Assets

	1998		1997
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer equipment	\$57,977	\$ 50,449	\$ 7,528
Office furniture, equipment and furnishings	<u>14,158</u>	<u>4,426</u>	<u>9,732</u>
	<u>\$72,135</u>	<u>\$ 54,875</u>	<u>\$17,260</u>
			<u>\$68,273</u>

Note 7 Long-Term Grant Payable

On March 10, 1995, the Foundation signed an agreement to give \$2,500,000 over a period of three to five years to the Alberta Performing Arts Stabilization Fund ("Stabilization Fund"), a corporation that will provide grants and technical and management assistance to performing arts organizations in Alberta. At the year end, the Foundation had paid the Stabilization Fund \$1,500,000. The amount payable in 1998-99 of \$500,000 has been recorded as a current liability and included in grants payable.

Note 8 General Reserve

The general reserve has been established by appropriation from fund balance. The reserve is not available to the Foundation for use in its operations unless written approval is received from the Minister of Community Development.

Interest earned on the reserve amount is reported as operating revenue.

Note 9 Commitments

At March 31, 1998, the Foundation had commitments in the amount of \$678,859 (1997 \$692,558) for grants approved but not expended, pending fulfillment of eligibility conditions.

The Foundation is also committed to supporting the Information Network for Libraries initiative of The Alberta Library with \$1,200,000 in each of 1998-99 and 1999-2000. The Alberta Library has been incorporated by the major libraries in the Province of Alberta to help implement an electronic library network among the public libraries in Alberta.

Note 10 Budget

The budget for the Foundation, shown in the 1997-98 Government Estimates, has been reconciled, below, to the budget approved by management on March 6, 1997, and is presented on the statement of revenues, expenses and fund balance. The statement of revenues, expenses and fund balance and the notes to the financial statements also contain other detailed budget amounts that were approved by management.

Note 10 Budget (continued)

	Management Budget for 1997-98	Adjustments	Budget per the 1997-98 Government Estimates
Revenues:			
Contributions from the Lottery Fund	\$ 16,104,000	\$ -	\$ 16,104,000
Interest	375,000	-	375,000
Miscellaneous	1,000	-	1,000
Total revenues	<u>16,480,000</u>	<u>-</u>	<u>16,480,000</u>
Expenses:			
Programs	15,682,300	(270,300) ^(a)	15,412,000
Administration	474,700	(700)	474,000
Amortization	-	28,000	28,000
Total expenses	<u>16,157,000</u>	<u>(243,000)</u>	<u>15,914,000</u>
Excess of revenues over expenses	<u>\$ 323,000</u>	<u>\$ 243,000</u>	<u>\$ 566,000</u>
Acquisition of artworks	<u>\$ 273,000</u>		<u>\$ 273,000</u>

^(a) The reduction in the 1997-98 Government Estimates for program expenses has been applied by management to reduce the project support grants for performing arts.

Note 11 Operating Assistance Grants

Operating assistance grants are primarily paid to organizations to assist them in meeting a portion of their operating expenses. The Foundation's grants enable organizations to carry out their mandates and to attract other funding. Grants have been paid to organizations in the following major groupings:

	1998		1997
	Budget (Note 10)	Actual	Actual
Professional performing arts organizations	\$ 5,520,000	\$ 5,608,220	\$ 5,577,784
Art galleries	1,426,000	1,426,797	1,432,367
Provincial organizations	1,103,000	1,103,000	1,073,300
Major facilities	750,000	750,000	1,000,000
Festivals	906,000	925,862	965,911
Amateur operating assistance	770,000	841,652	863,046
Community series	720,000	682,632	733,384
Film and video	520,000	520,031	579,000
Publishing	447,000	448,420	445,068
Cultural components ^(a)	162,500	125,000	103,950
Literary organizations	40,000	40,000	45,000
	<u>\$ 12,364,500</u>	<u>\$ 12,471,614</u>	<u>\$ 12,818,810</u>

^(a) The Foundation provided these grants to the Alberta Sport, Recreation, Parks and Wildlife Foundation, a related party. The grants are for staging cultural components at Alberta Games and at Alberta Future Leaders Program events.

Note 12 Project Support Grants

Project support grants are paid to individuals and organizations to meet a portion of the expenses required to complete specific projects. Grants have been paid in the following major groupings:

	1998		1997
	Budget (Note 10)	Actual	Actual
Performing arts	\$ 590,000	\$ 477,807	\$ 474,031
Visual arts	349,000	420,422	397,766
Educational touring	263,000	313,509	234,802
Writers	239,000	239,584	226,062
Artists in schools residency	205,000	180,566	191,045
Commissioning public art	150,000	131,686	186,541
Film and video projects	127,000	137,842	139,437
Art study	136,000	59,924	135,980
Literary Organizations	119,000	104,112	124,332
In-Province touring	100,000	87,558	85,837
Alberta Heritage Scholarship Fund	50,000	50,000	50,000
Multidisciplinary	40,000	26,589	38,080
Development	24,300	56,334	30,000
Public art purchase	-	-	8,350
Libraries	-	-	7,023
	<u>\$ 2,392,300</u>	<u>\$ 2,285,933</u>	<u>\$ 2,329,286</u>

Note 13 Administration Expenses

Administration expenses can be borne by the Foundation or by the Departments of Community Development and Public Works, Supply and Services (see Note 3). Administration expenses borne by the Foundation consist of:

	<u>1998</u>		<u>1997</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 10)		
Salaries, wages, and employee benefits (Note 14)	\$ 136,000	\$ 109,029	\$ 130,140
Supplies and services	338,000	412,862	246,008
Write-down of capital assets	-	44,461	-
Amortization	28,000	6,552	21,337
Loss on de-accession of artworks	-	250	2,000
Other	-	3,042	-
	<u>\$ 502,000</u>	<u>\$ 576,196</u>	<u>\$ 399,485</u>

Note 14 Salaries, Honoraria and Benefits

Salaries and benefits paid to employees and honoraria paid to Foundation Members and adjudicators are as follows:

	1998			1997		
	Number of Individuals	Salaries and Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Number of Individuals	Total
Foundation ^(c) :						
Chair	1	\$ 5,055	\$ -	\$ 5,055	1	\$ 4,749
Other Members	8	17,353	-	17,353	8	5,470
Honoraria	9	22,408	-	22,408	9	10,219
Adjudicators' fees ^(d) (average 1998 \$590, 1997 \$485)	72	42,513	-	42,513	81	39,275
	Full-time Equivalents				Full-time Equivalents	
Executive Director ^(e)	1.0	-	-	-	1.0	-
Administrator	-	-	-	-	1.0	59,734
Other salaried staff (average 1998 \$42,259, 1997 \$35,203)	2.6	88,847	20,182	109,029	2.0	70,406
Total salaries and employee benefits		88,847	20,182	109,029		130,140
Increase (decrease) in accrued vacation pay				(1,175)		(2,602)
Staff salaries, benefits and allowances		88,847	20,182	107,854		127,538
		\$ 153,768	\$ 20,182	\$ 172,775		\$ 177,032

- (a) Honoraria and salaries include regular base pay, achievement bonus awards, overtime, lump sum payments, and any other direct cash remuneration.
- (b) Benefits and allowances include the employer's contributions for employee benefits including health care, life and disability insurance, dental coverage, vacation payments, and contributions to individual employee controlled registered retirement savings plans.
- (c) Members appointed to the Foundation are paid for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, travel time to attend out-of-town meetings and for attending to other Foundation duties.
- (d) Adjudicators are paid an honorarium on a per diem basis. No adjudicator received more than \$1,500 in the year.
- (e) The Executive Director of the Foundation is paid by the Department of Community Development (see Note 3). Information on his salary and benefits, required under Treasury Board Directive 01/94, as amended, is included in the financial statements of the Department of Community Development.

Note 15 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the applicable year. Government computer programs that have date sensitive software, which are used by the Foundation, may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or systems failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failures that could affect the ability to conduct some Foundation operations.

The government is currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by the government's computerized information systems in a timely manner. Despite the government's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 issue affecting the Foundation, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved on a timely basis.

Note 16 Comparative Figures

Certain 1997 figures have been reclassified to conform to 1998 presentation.

Note 17 Approval of Financial Statements

These financial statements have been approved by the Board of Directors.