

ALBERTA CANCER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2011

Statement of Financial Position	1
Statement of Operations and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements.....	4



KPMG LLP
Chartered Accountants
Commerce Place
10125-102 Street
Edmonton Alberta T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Trustees of Alberta Cancer Foundation

We have audited the accompanying financial statements of Alberta Cancer Foundation, which comprise the statement of financial position as at March 31, 2011, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Cancer Foundation as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

June 16, 2011
Edmonton, Canada

ALBERTA CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011

	Unrestricted Fund	Restricted Fund	Endowment Fund	Capital Asset Fund	2011 Total	2010 Total
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents (note 3)	\$ 3,326,375	\$ 17,613,977	\$ -	\$ -	\$ 20,940,352	\$ 13,083,164
Accounts receivable and prepaid expenses	272,750	4,681,830	-	-	4,954,580	1,179,935
Pledges receivable (note 6)	28,207	342,297	1,044,477	-	1,414,981	1,251,285
Other assets (note 4)	62,600				62,600	-
	<u>3,689,932</u>	<u>22,638,104</u>	<u>1,044,477</u>	<u>-</u>	<u>27,372,513</u>	<u>15,514,384</u>
Investments (note 7)	-	18,904,354	71,532,250	-	90,436,604	79,666,237
Capital assets (note 5)	-	-	-	347,618	347,618	361,424
Other assets (note 4)	63,358	-	-	-	63,358	63,358
Accrued benefit asset (note 9)	28,370	-	-	-	28,370	28,370
	<u>\$ 3,781,660</u>	<u>\$ 41,542,458</u>	<u>\$ 72,576,727</u>	<u>\$ 347,618</u>	<u>\$ 118,248,463</u>	<u>\$ 95,633,773</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 575,336	\$ 762,536	\$ -	\$ -	\$ 1,337,872	\$ 843,467
Deferred revenues	85,654	-	-	-	85,654	92,325
Lease inducement	8,244	-	-	-	8,244	8,244
Due to Alberta Health Services	979,673	-	-	-	979,673	466,711
	<u>1,648,907</u>	<u>762,536</u>	<u>-</u>	<u>-</u>	<u>2,411,443</u>	<u>1,410,747</u>
Lease inducement	35,726	-	-	-	35,726	43,970
	<u>1,684,633</u>	<u>762,536</u>	<u>-</u>	<u>-</u>	<u>2,447,169</u>	<u>1,454,717</u>
Fund balances:						
Unrestricted Fund	2,097,027	-	-	-	2,097,027	935,489
Restricted Fund (note 10)		40,779,922			40,779,922	27,380,006
Endowment Fund (note 11)		-	72,576,727		72,576,727	65,502,137
Capital Asset Fund		-	-	347,618	347,618	361,424
Total Fund balances	<u>2,097,027</u>	<u>40,779,922</u>	<u>72,576,727</u>	<u>347,618</u>	<u>115,801,294</u>	<u>94,179,056</u>
Total Liabilities and Fund Balances	<u>\$ 3,781,660</u>	<u>\$ 41,542,458</u>	<u>\$ 72,576,727</u>	<u>\$ 347,618</u>	<u>\$ 118,248,463</u>	<u>\$ 95,633,773</u>

The accompanying notes are part of these financial statements.

Approved by the Trustees

[Original signed by]

John Osler
Chair, Alberta Cancer Foundation

[Original signed by]

Greg Cameron
Chair, ACF Audit & Finance Committee

ALBERTA CANCER FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2011

	2011				2010	
	<u>Unrestricted</u> Fund	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u> Fund	<u>Total</u>	<u>Total</u>
Revenues						
Fundraising	\$ 6,202,224	\$ 10,251,348	\$ 2,839,197	\$ -	\$ 19,292,769	\$ 13,020,785
Strategic events	-	15,351,237	-	-	15,351,237	14,614,483
Lottery (note 13)	4,256,110	-	-	-	4,256,110	4,680,964
Grants (note 12)	-	10,795,356	-	-	10,795,356	-
Returned grants	-	5,441,244	-	-	5,441,244	-
Investment and other income (note 8)	923,670	3,326,097	-	-	4,249,767	3,315,085
Total revenues	11,382,004	45,165,282	2,839,197	-	59,386,483	35,631,317
Grants and expenditures						
Grants awarded during the year	974,682	25,458,982	-	-	26,433,664	11,186,791
Direct fundraising and event expenses	886,743	7,030,808	-	-	7,917,551	9,712,606
Lottery expenses (note 13)	3,716,697	-	-	-	3,716,697	3,846,875
Administrative and operating expenses	5,138,631	-	-	69,879	5,208,510	4,673,756
Total grants and expenditures	10,716,753	32,489,790	-	69,879	43,276,422	29,420,028
Excess (deficiency) of revenue over expenses	\$ 665,251	\$ 12,675,492	\$ 2,839,197	\$ (69,879)	\$ 16,110,061	\$ 6,211,289
Fund balances, beginning of year	935,489	27,380,006	65,502,137	361,424	94,179,056	79,135,928
Interfund transfers						
Transfers to unrestricted funds	552,360	(552,360)	-	-	-	-
Purchase of capital assets	(56,073)	-	-	56,073	-	-
Change in unrealized gain	-	1,276,784	4,235,393	-	5,512,177	8,831,839
Fund balances, end of year	\$ 2,097,027	\$ 40,779,922	\$ 72,576,727	\$ 347,618	\$ 115,801,294	\$ 94,179,056
Unrealized gain (loss) - investments, beginning of year	\$ -	\$ 1,324,066	\$ 5,605,973	\$ -	\$ 6,930,039	\$ (1,901,800)
Change in unrealized gain	-	1,276,784	4,235,393	-	5,512,177	8,831,839
Unrealized gain - investments, end of year	\$ -	\$ 2,600,850	\$ 9,841,366	\$ -	\$ 12,442,216	\$ 6,930,039

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2011

	2011	2010
Cash generated from (used by):		
Operating activities:		
Excess of revenues over expenses for the year	\$ 16,110,061	\$ 6,211,289
Items not involving cash:		
Gain on disposal of investments	(1,323,505)	(649,424)
Donated shares	(1,135,165)	(412,959)
Amortization of capital assets	69,879	63,650
Amortization of lease inducement	(8,244)	(8,244)
Donated other assets	(62,600)	-
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	(3,774,645)	(160,626)
Accounts payable and accrued liabilities	494,405	(165,907)
Due to Alberta Health Services	512,962	(320,874)
Deferred revenues	(6,671)	(1,425)
Pledges receivable	(163,696)	275,603
Cash generated from operating activities	10,712,781	4,831,083
Investing and financing activities:		
Increase in investments:		
Purchase of investments	(33,752,875)	(27,499,804)
Proceeds on sale of investments	30,992,440	24,887,776
Change in accrued interest	(39,085)	36,007
	(2,799,520)	(2,576,021)
Purchase of capital assets	(56,073)	-
Item not involving cash:		
Donated other assets	-	(15,358)
Cash generated from investing and financing activities	(2,855,593)	(2,591,379)
Increase in cash and cash equivalents	7,857,188	2,239,704
Cash and cash equivalents, beginning of year	13,083,164	10,843,460
Cash and cash equivalents, end of year	\$ 20,940,352	\$ 13,083,164

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 1 Authority and purpose

The Alberta Cancer Foundation (the "Foundation") operates under the authority of the Regional Health Authorities Act, Section 23(1)(n), the Alberta Cancer Foundation Regulation 70/2009, is subject to the requirements of the Charitable Fundraising Act and is registered with Canada Revenue Agency (CRA) as a charitable foundation.

The Foundation receives donations, raises funds and provides funding for cancer research, the prevention, detection and diagnosis of cancer, and for the treatment and care of cancer patients. The Foundation has a provincial office located in Edmonton and offices at the Cross Cancer Institute in Edmonton, and the Tom Baker Cancer Centre and the Holy Cross in Calgary.

Note 2 Summary of significant accounting policies and reporting practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, following the restricted fund method of accounting for contributions. The following are the significant accounting policies:

(a) Fund accounting:

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Unrestricted:

The Unrestricted Fund includes resources available for immediate purposes and accounts for the Foundation's general fundraising and administrative activities.

(ii) Restricted:

The Restricted Fund includes those funds whose resources are to be used for an identified purpose as specified by the donor, by fundraising initiatives or as determined by the Board of Trustees (the "Trustees").

(iii) Endowment:

The Endowment Fund includes those funds where either the donor or internal restrictions require that the principal investment be maintained by the Foundation on a permanent basis.

(iv) Capital Asset:

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to the Foundation's capital assets.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 Summary of significant accounting policies and reporting practices, continued

(b) Revenue recognition:

- (i) Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or upon becoming receivable.
- (ii) Externally restricted contributions are recognized as revenue in the Restricted Fund when received. Externally restricted contributions can only be used for the purposes designated by external parties. Any externally restricted contributions containing stipulations that the principal amounts not be expended are recorded as revenues in the Endowment Fund.
- (iii) Contributions for endowments are recognized as revenue in the Endowment Fund.
- (iv) Investment income earned on Endowment Fund resources that must be spent on restricted purposes is recognized as revenue of the Restricted Fund. Other investment income is recognized as revenue of the Unrestricted Fund when earned.
- (v) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined. Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not recognized in these financial statements.

(c) Pledges:

Pledges receivable are recognized as an asset when the amount to be received can be reasonably estimated and when collection is reasonably assured.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the useful lives of the assets as follows:

Furniture and Equipment	3 and 10 years
Leasehold Improvements	over the initial lease term

Amortization expense is reported in the Capital Asset Fund.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 Summary of significant accounting policies and reporting practices, continued

(e) Lease inducement:

Lease inducements are initially recorded at the amount received. Subsequent to initial recognition, the Foundation accounts for the inducement as a reduction of lease expense over the term of the lease.

(f) Financial instruments:

All financial instruments held by the Foundation are initially recognized on the statement of financial position at their fair value. Subsequent to their initial recognition, all financial instruments continue to be measured at their fair value except for accounts receivable, pledges receivable and other financial liabilities which are recorded at amortized cost using the effective interest method.

The Foundation has classified its financial instruments as follows:

Held-for-trading:

The Foundation has classified its cash and cash equivalents as held-for-trading financial assets. Changes in the fair value of financial assets and liabilities that are classified as held-for-trading are recorded in the statement of operations and changes in fund balances and are included in investment and other income. Due to the nature of these assets, carrying value approximates fair value.

Available-for-sale:

The Foundation has classified its investments as available-for-sale. Changes in the fair value of assets designated as available-for-sale are recorded directly to fund balances with any other-than-temporary impairments recognized immediately in the statement of operations. For investments subsequently sold, the gain or loss is recorded in the statement of operations and the fund balances are adjusted to reflect the transaction. Transaction costs are recognized when the investments are sold.

Loans and receivables:

The Foundation has classified its accounts receivable and pledges receivable as loans and receivables, which after initial fair value measurement, are recorded at amortized cost using the effective interest method.

Other financial liabilities:

The Foundation has classified its accounts payable and accrued liabilities and amounts due to Alberta Health Services as other financial liabilities,

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 Summary of significant accounting policies and reporting practices, continued

which after initial fair value measurement, are recorded at amortized cost using the effective interest method.

The Foundation, as a not-for-profit organization, has elected not to apply the standards for embedded derivatives in non-financial contracts. In addition, the Foundation has elected not to adopt CICA Handbook Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentations", and has instead continued to disclose its financial instruments under Section 3861 "Financial Instruments – Disclosure and Presentation."

The Foundation is subject to currency risk, interest rate risk and price risk with respect to its investments. To manage these risks, the Foundation has established a target mix of investment types designated to achieve the optimum return with reasonable risk tolerance (Note 8). The Foundation's currency risk is limited to the portion of its investment portfolio held in US dollars. The total investments denominated in US dollars are \$8,084,814. (2010 - \$7,769,325).

(g) Grant expenses:

Operating grants are provided on an annual basis for the funding of research, facility enhancements, special equipment, psycho-social care, palliative care, and patient education and comfort. Operating and research grants are recognized as expenses when the funds are disbursed by the Foundation.

(h) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates. The more significant items subject to estimates in these financial statements are pledges receivable, amortization period of capital assets, valuation of investments and accrued liabilities.

(i) Employee future benefits:

The Foundation participates in the Local Authorities Pension Plan (LAPP). This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 Summary of significant accounting policies and reporting practices, continued

contribution plan accounting is applied where the Foundation has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the applicable pension plan. The Foundation does not record its portion of the plan's deficit or surplus.

The Foundation has a Supplemental Executive Retirement Plan (SERP) for certain management staff. The Foundation's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. All actuarial gains and losses are amortized over the expected average remaining service life of employees in the plan.

(j) Capital disclosure

The Foundation defines capital as its unrestricted, restricted and endowment funds. The Foundation's objectives for managing capital are to ensure that there are sufficient funds to support ongoing grant commitments.

To meet this objective, the Foundation develops and monitors annual and long term budgets. Grant commitments are based on these budgets and accumulated reserves. A Trustee approved investment policy statement is in place to ensure that funds are sufficient to meet current and future commitments.

Note 3 Cash and cash equivalents

	2011	2010
Cash	\$ 18,900,382	\$ 11,064,491
Deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta	2,039,970	2,018,673
	\$ 20,940,352	\$ 13,083,164

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 3 Cash and cash equivalents, continued

The Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2011 was 1.1% (2010 – 0.93%).

Note 4 Other Assets

Other assets include assets donated to the Foundation.

Note 5 Capital Assets

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 102,334	\$ 33,379	\$ 68,955	\$ 81,876
Furniture and equipment	435,326	156,663	278,663	279,548
Total capital assets	\$ 537,660	\$ 190,042	\$ 347,618	\$ 361,424

Amortization expense of \$69,879 (2010 - \$63,650) is recorded as part of administrative and operating expenses in the Capital Asset Fund.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 6 Pledges receivable

Pledges receivable are expected to be received in the following fiscal years:

	<u>2011</u>				<u>2010</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowments</u>	<u>Total</u>	<u>Total</u>
2011	\$ -	\$ -	\$ -	\$ -	\$ 1,366,285
2012	28,207	342,297	1,129,477	1,499,981	966,500
2013	-	120,000	691,500	811,500	761,500
2014	-	47,000	636,500	683,500	643,500
2015	-	41,000	636,500	677,500	637,500
2016	-	41,000	6,500	47,500	7,500
2017	-	-	7,500	7,500	7,500
2018	-	-	2,500	2,500	2,500
2019	-	-	2,500	2,500	2,500
2020	-	-	2,500	2,500	2,500
Total Pledges	<u>28,207</u>	<u>591,297</u>	<u>3,115,477</u>	<u>3,734,981</u>	<u>4,397,785</u>
Unrecognized Pledges	<u>-</u>	<u>(249,000)</u>	<u>(2,071,000)</u>	<u>(2,320,000)</u>	<u>(3,146,500)</u>
Pledges recognized	<u>\$ 28,207</u>	<u>\$ 342,297</u>	<u>\$ 1,044,477</u>	<u>\$ 1,414,981</u>	<u>\$ 1,251,285</u>

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 7 Investments

	2011		2010	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 7,533	\$ 7,533	\$ 10,418	\$ 10,418
Canadian money market	1,761,403	1,761,403	1,832,040	1,832,040
Canadian common shares	33,041,918	22,840,442	26,179,065	20,829,132
U.S. common shares	8,084,814	7,224,823	7,769,325	7,350,521
World Pooled Equity Funds	7,876,555	7,268,014	8,650,238	8,862,844
Treasury bills and guaranteed investment certificates with an average effective yield of 0.9% (2010 – 0.3%), with maturity dates between April 14, 2011 and July 2, 2011 (2010 - July 22, 2010)	3,123,101	3,123,101	427,570	427,628
Canadian federal, provincial and municipal government bonds and debentures, with an average effective yield of 4.1% (2010- 4.3%), with maturity dates between June 1, 2014 and June 2, 2037 (2010 - June 1, 2014 and October 1, 2029)	22,973,966	22,548,738	23,169,792	22,259,265
Corporate debentures, with an average effective yield of 4.75% (2010 - 5.17%), with maturity dates between February 13, 2013 and December 3, 2027 (2010 – February 13, 2013 and December 3, 2027)	13,098,227	12,751,245	11,197,787	10,734,348
Accrued interest receivable	469,087	469,087	430,002	430,002
	<u>\$ 90,436,604</u>	<u>\$ 77,994,386</u>	<u>\$ 79,666,237</u>	<u>\$ 72,736,198</u>

- (i) In order to earn optimal financial returns at an acceptable level of risk, the Foundation has established an asset mix policy of 40% to 70% for fixed income instruments, 0% to 10% for treasury bills and guaranteed investment certificates and 20% to 60% for equity instruments. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints.
- (ii) Treasury bills and guaranteed investment certificates, bonds and debentures are managed with the objective of providing optimal returns while maintaining maximum security of capital. Bonds represent high quality fixed income securities. Risk is reduced by limiting investments to instruments with an overall rating of A or higher by the Dominion Bond Rating Service.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 7 Investments, continued

As at March 31, 2011, the instruments have the following maturities:

Under 1 year	8%
1 to 5 years	37%
6 to 10 years	41%
Over 10 years	<u>14%</u>
	<u>100%</u>

- (iii) Common stocks comprise equities publicly traded in the Canadian and foreign markets. Risk is reduced by limiting exposure to any one stock to 10% of the total market value of Canadian and foreign common shares in the Foundation's portfolio.
- (iv) It is anticipated that the Foundation's revenues will be sufficient to meet the Foundation's expenditures on an on-going basis and that the investment portfolio will continue to grow. It is intended that the proceeds of investments maturing within one year will be reinvested.

Investments represent the following:

	<u>2011</u>		<u>2010</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Restricted	\$ 18,904,354	\$ 16,303,503	\$ 15,221,177	\$ 13,897,111
Endowments	71,532,250	61,690,883	64,445,060	58,839,087
	<u>\$ 90,436,604</u>	<u>\$ 77,994,386</u>	<u>\$ 79,666,237</u>	<u>\$ 72,736,198</u>

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 8 Investment and other income

Investment and other income earned by the Foundation consists of the following:

	2011	2010
Interest and dividends	\$ 2,884,735	\$ 2,631,495
Realized gains	1,323,505	649,424
Other income	41,527	34,166
	\$ 4,249,767	\$ 3,315,085

Note 9 Accrued Benefit Asset and Pension expense

(a) Local Authorities Pension Plan (LAPP)

The Foundation participates in the LAPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Foundation's annual contributions payable of \$327,950 (2010 - \$261,921). At December 31, 2010, the LAPP reported a deficiency of \$4,635,250,000 (2009 - deficiency \$3,998,614,000).

(b) Supplemental Executive Retirement Plan (SERP)

The Foundation has a non-contributing defined benefit SERP for senior executives. A summary of the financial information is as follows:

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 9 Accrued Benefit Asset and Pension expense, continued

	<u>2011</u>	<u>2010</u>
Accrued benefit obligation, beginning of year	\$ 34,612	\$ 11,117
Current service cost	4,774	5,558
Prior service cost	-	18,151
Interest cost	2,127	1,034
Actuarial loss (gain)	22,017	(1,248)
Accrued benefit obligation, end of year	<u>\$ 63,530</u>	<u>\$ 34,612</u>
Funded status of plan	\$ 5,318	\$ 25,155
Unamortized actuarial loss (gain)	7,170	(14,936)
Unamortized prior service costs	15,882	18,151
Accrued SERP asset	<u>\$ 28,370</u>	<u>\$ 28,370</u>
Current service cost	\$ 4,774	\$ 5,558
Interest cost	2,127	1,034
Amortization of prior service cost	2,269	-
Amortization of actuarial gain	(1,667)	(1,210)
Expected return on plan assets	(1,746)	(1,524)
SERP expense	<u>\$ 5,757</u>	<u>\$ 3,858</u>
Assumptions at end of year		
Discount rate	5.1%	5.4%
Expected average remaining service life of employees	N/A	8 years
Expected average remaining lifetime	23 years	N/A
Salary scale increases	N/A	3%
SERP assets (held by trustee)		
Employer contributions	\$ 36,435	\$ 33,556
Actual return on plan assets	4,289	5,775
Taxes paid	(3,117)	(2,601)
Market value over cost	(2,156)	(6,768)
Fair value of assets - March 31	<u>35,451</u>	<u>29,962</u>
SERP assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	30,280	27,204
Taxes paid on plan income	3,117	2,601
Total refundable taxes	<u>33,397</u>	<u>29,805</u>
Total SERP assets	68,847	59,767
Less Accrued benefit obligation, end of year	63,530	34,612
Funded status of SERP	<u>\$ 5,317</u>	<u>\$ 25,155</u>

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 10 Restricted Fund

The Restricted Fund consists of various restricted funds available for spending that are restricted by donors for the purpose of cancer research, prevention and screening initiatives, as well as patient care and support, education and equipment. The restricted fund includes investment income earned on the endowment funds held.

	<u>2011</u>	<u>2010</u>
Restricted funds	\$ 28,003,750	\$ 17,903,397
Internally established endowments, expendable portion	6,895,004	5,393,844
Externally established endowments, expendable portion	<u>3,280,318</u>	<u>2,758,699</u>
Total restricted funds	38,179,072	26,055,940
Unrealized gain on investments	<u>2,600,850</u>	<u>1,324,066</u>
Total Restricted Fund balance	<u><u>\$ 40,779,922</u></u>	<u><u>\$ 27,380,006</u></u>

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 11 Endowment Fund

The Endowment Fund consists of externally restricted contributions received by the Foundation where the endowment principal is required to be maintained intact. The Endowment Fund also includes internal resources transferred by the Trustees with the intention that the principal be maintained intact. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Trustees and is included in the Restricted Fund.

	2011	2010
Internally established endowments, principal		
Cancer research	\$ 25,540,679	\$ 25,540,679
Building excellence	250,000	250,000
Patient financial assistance	475,000	475,000
	26,265,679	26,265,679
Externally established endowments, principal		
Cancer research, net of allowance	34,314,336	31,489,339
Building excellence	547,893	547,893
Patient financial assistance	1,027,781	1,027,781
Patient programs and equipment	579,672	565,472
	36,469,682	33,630,485
Total endowment fund, principal balance	62,735,361	59,896,164
Unrealized gain on investments	9,841,366	5,605,973
Total Endowment Fund balance	\$ 72,576,727	\$ 65,502,137

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 12 Grants

The Foundation received and awarded the following grants:

	Alberta Innovates Health Solutions	Culture and Community Initiatives Program	Spirit Program	Total
Grants received	\$ 10,703,699	\$ 66,657	\$ 25,000	\$ 10,795,356
Grants awarded	<u>(10,703,699)</u>	<u>(66,657)</u>	<u>(25,000)</u>	<u>(10,795,356)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Grants have been awarded in accordance with the Foundation's policy on Restricted Funds and are included as part of the total grants awarded during the year on the statement of operations.

Note 13 Lottery

The Foundation and the Canadian Cancer Society Alberta/N.W.T. Division, as equal principals, participated in the eleventh annual Cash and Cars Lottery during the fiscal year. All revenues and expenses were shared equally. The Alberta Cancer Foundation's proportionate share of revenues and expenses are as follows:

	<u>2011</u>	<u>2010</u>
Total revenues	\$ 4,256,110	\$ 4,680,964
Expenses:		
Prizes	2,129,334	1,937,445
Marketing and other	<u>1,587,363</u>	<u>1,909,430</u>
Total expenses	<u>3,716,697</u>	<u>3,846,875</u>
Excess revenues over expenses	<u>\$ 539,413</u>	<u>\$ 834,090</u>

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 14 **Commitments**

Future minimum lease payments under operating leases relating to office space are as follows:

2012	\$131,501
2013	139,796
2014	139,796
2015	139,796
2016 and thereafter	186,395

The Foundation is also responsible for its portion of operating costs related to office space.

Note 15 **Related party transactions**

Alberta Health Services (AHS):

The Foundation is controlled by Alberta Health Services under the Regional Health Authorities Act. All Trustee appointments to the Foundation are approved by AHS.

Details of transactions with AHS during the year are as follows:

Operating and research grants amounting to \$13,834,656 (2010 – \$8,786,490) were made to Alberta Health Services. Grants of \$5,342,641 (2010 – nil) were returned by AHS to the Foundation. AHS disbursed these funds as directed by the Foundation in accordance with donor designation or, where the grants were made from unrestricted funds, as directed by the Trustees.