

ALBERTA CANCER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2009

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Auditor's Report

To the Members of the Alberta Cancer Foundation

I have audited the statement of financial position of the Alberta Cancer Foundation (the Foundation) as at March 31, 2009 and the statements of operations and changes in fund balances, and cash flows 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 Canadian 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.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]
FCA
Auditor General

Edmonton, Alberta
June 11, 2009

ALBERTA CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009

	Unrestricted Fund	Restricted Fund	Endowment Fund	Capital Asset Fund	2009 Total	2008 Total (restated note 3)
ASSETS						
Current assets:						
Cash and cash equivalents (Note 4)	\$ 1,651,355	\$ 9,192,105	\$ -	\$ -	\$ 10,843,460	\$ 12,663,781
Accounts receivable and prepaid expenses	109,029	910,280	-	-	1,019,309	1,029,575
Pledges receivable (Note 7)	21,145	465,566	1,040,177	-	1,526,888	1,812,626
	<u>1,781,529</u>	<u>10,567,951</u>	<u>1,040,177</u>	<u>-</u>	<u>13,389,657</u>	<u>15,505,982</u>
Investments (Note 8)	-	11,978,297	55,217,697	-	67,195,994	76,015,057
Capital assets (Note 6)	-	-	-	425,074	425,074	158,542
Other assets (Note 5)	48,000	-	-	-	48,000	48,000
Accrued benefit asset (Note 9)	28,370	-	-	-	28,370	28,370
	<u>\$ 1,857,899</u>	<u>\$ 22,546,248</u>	<u>\$ 56,257,874</u>	<u>\$ 425,074</u>	<u>\$ 81,087,095</u>	<u>\$ 91,755,951</u>
LIABILITIES AND FUND BALANCES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 287,555	\$ 721,819	\$ -	\$ -	\$ 1,009,374	\$ 698,303
Deferred revenues	93,750	-	-	-	93,750	-
Lease inducement	8,244	-	-	-	8,244	-
Due to Alberta Cancer Board	787,585	-	-	-	787,585	367,316
	<u>1,177,134</u>	<u>721,819</u>	<u>-</u>	<u>-</u>	<u>1,898,953</u>	<u>1,065,619</u>
Lease inducement	52,214	-	-	-	52,214	-
	<u>1,229,348</u>	<u>721,819</u>	<u>-</u>	<u>-</u>	<u>1,951,167</u>	<u>1,065,619</u>
Commitments (Note 14)						
Fund balances:						
Unrestricted Fund	628,551	-	-	-	628,551	1,070,251
Restricted Fund (Note 10)	-	21,824,429	-	-	21,824,429	31,192,096
Endowment Fund (Note 11)	-	-	56,257,874	-	56,257,874	58,269,443
Capital Asset Fund	-	-	-	425,074	425,074	158,542
Total Fund Balances	<u>628,551</u>	<u>21,824,429</u>	<u>56,257,874</u>	<u>425,074</u>	<u>79,135,928</u>	<u>90,690,332</u>
Total Liabilities & Net Assets	<u>\$ 1,857,899</u>	<u>\$ 22,546,248</u>	<u>\$ 56,257,874</u>	<u>\$ 425,074</u>	<u>\$ 81,087,095</u>	<u>\$ 91,755,951</u>

The accompanying notes are part of these financial statements.

Approved by the Trustees

[Original signed] _____
R.A. (Sandy) Slator
Chair, Alberta Cancer Foundation

[Original signed] _____
Greg Cameron
Chair, ACF Audit & Finance Committee

ALBERTA CANCER FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2009

	2009			2008	
	Unrestricted Fund	Restricted Fund	Endowment Fund	Capital Asset Fund	Total
Revenues					Total
Donations	\$ 2,144,126	\$ 10,945,296	\$ 1,285,196	\$ -	\$ 14,374,618
Mega Events, net (note 12)	-	4,001,045	-	-	4,001,045
Lottery, net (note 13)	531,539	-	-	-	531,539
Investment and other income	929,928	1,577,922	-	-	2,507,850
Total revenues	3,605,593	16,524,263	1,285,196	-	21,415,052
Expenses					
Fundraising Costs	3,197,227	-	-	-	3,197,227
Administrative Costs	1,747,293	-	-	35,790	1,783,083
	4,944,520	-	-	35,790	4,980,310
Grants provided during the year	-	16,386,782	-	-	16,386,782
Total expenses	4,944,520	16,386,782	-	35,790	21,367,092
Excess (deficiency) of revenue over expenses	(1,338,927)	137,481	1,285,196	(35,790)	47,960
Fund balances, beginning of year as previously reported	3,068,055	15,779,919	61,983,252	158,542	80,989,768
Restatement (note 3)	(2,139,170)	13,288,959	(11,149,789)	-	-
Fund balances, beginning of year, restated	928,885	29,068,878	50,833,463	158,542	80,989,768
Excess (deficiency) of revenue over expenses	(1,338,927)	137,481	1,285,196	(35,790)	47,960
Interfund transfers					
Transfers to externally restricted endowments	(7,761)	(1,042,121)	1,049,882	-	-
Transfers to internally established endowments	(51,015)	(4,601,105)	4,652,120	-	-
Transfers to unrestricted funds	1,399,691	(1,399,691)	-	-	-
Purchases of capital assets	(302,322)	-	-	302,322	-
Fund balances before unrealized gain on investments	628,551	22,163,442	57,820,661	425,074	81,037,728
Unrealized Gain - Investments, beginning of year	141,366	2,123,218	7,435,980	-	9,700,564
Current year (loss)	-	-	(380,638)	-	(380,638)
Current year unrealized (loss)	(141,366)	(2,462,231)	(8,618,129)	-	(11,221,726)
Change in unrealized gain current year	(141,366)	(2,462,231)	(8,998,767)	-	(11,602,364)
Unrealized (loss) / gain - Investments, end of year	-	(339,013)	(1,562,787)	-	(1,901,800)
Fund balances, end of year	\$ 628,551	\$ 21,824,429	\$ 56,257,874	\$ 425,074	\$ 79,135,928
	\$ 628,551	\$ 21,824,429	\$ 56,257,874	\$ 425,074	\$ 90,690,332

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	2009	2008
Cash generated from (used by):		
Operating activities:		
Excess of revenues over expenses for the year	\$ 47,960	\$ 3,041,129
Items not involving cash:		
Loss (gain) on disposal of investments	380,638	(1,564,714)
Amortization of capital assets	35,790	17,928
Amortization of lease inducement	(4,808)	-
SERP expense	9,899	15,085
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	10,266	(491,805)
Accounts payable and accrued liabilities	311,071	151,724
Due to Alberta Cancer Board	420,269	413,170
Deferred revenues	93,750	-
SERP contributions	(9,899)	(43,455)
Pledges receivable	285,738	(692,136)
Cash generated from operating activities	1,580,674	846,926
Investing and financing activities:		
Increase in investments:		
Donated shares	(417,839)	(656,789)
Purchase of investments	(27,443,757)	(19,991,399)
Proceeds on sale of investments	24,693,709	14,645,044
Change in accrued interest	3,948	(39,400)
	(3,163,939)	(6,042,544)
Lease inducement received	65,266	-
Purchase of capital assets	(302,322)	(11,469)
Cash generated from investing and financing activities	(3,400,995)	(6,054,013)
Decrease in cash and cash equivalents	(1,820,321)	(5,207,087)
Cash and cash equivalents, beginning of year	12,663,781	17,870,868
Cash and cash equivalents, end of year	\$ 10,843,460	\$ 12,663,781

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 1 Authority and purpose

Up to and including March 31, 2009, the Alberta Cancer Foundation (the "Foundation") operates under the authority of the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000, the Charitable Fundraising Act and is registered with Canada Revenue Agency (CRA) as a charitable foundation. Effective April 1, 2009, pursuant to the Health Governance Transition Act, Chapter H-4.3, Revised Statutes of Alberta, 2008, the Foundation, established under the Cancer Programs Act, is continued and is deemed to be a foundation established under the Regional Health Authorities Act.

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, 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 initiative or as determined by the Board of Trustees (the "Trustees").

(iii) Capital Asset:

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

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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

(iv) 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.

(b) Revenue recognition:

(i) Unrestricted donations are recognized as revenue when received or upon becoming receivable.

(ii) Externally restricted donations are recognized as revenue in the Restricted Fund when received. Externally restricted amounts 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) Unrestricted investment income is recognized in the year it is earned.

(iv) Investment income earned on donations subject to external restrictions is recorded as revenue in the Restricted Fund in the year it is 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. However, because of the difficulty of determining their fair value, contributed services of volunteers are not recognized in these financial statements.

(c) Pledges:

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

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the useful lives of the assets as follows:

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

(e) Lease inducement:

The lease inducement is 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 measured 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.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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

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 measured 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 the Alberta Cancer Board, as other financial liabilities, which after initial fair value measurement, are measured at amortized cost using the effective interest method.

Market risk:

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 \$5,113,760 (2008 - \$5,886,384).

(g) Grant expenses:

Operating grants are provided to the Alberta Cancer Board on an annual basis for the funding of 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 authorized by the Foundation for disbursement.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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

(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 completeness of accrued liabilities.

(i) Employee future benefits:

The Foundation participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined 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 pension plan. The Foundation does not record its portion of the plan's deficit or surplus.

Alberta Health Services (AHS) has approved a transfer of employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009.

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.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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

(j) Capital disclosure

Effective April 1, 2008, the Foundation implemented new capital disclosure requirements outlined in the CICA Handbook section 1535. 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.

(k) Future changes in accounting policies:

The CICA has issued a new standard CICA 4400.37 and 4400.38 – Financial Statement Presentation for Not-for-profit Organizations. The standard requires that revenues and expenses be reported at gross amounts when an organization is acting as a principal in transactions. Adoption of this standard is required for fiscal years beginning after January 1, 2009. The Foundation will implement this standard April 1, 2009.

Note 3 Comparative restatements

(a) Correction of error:

During the current fiscal year, the Foundation identified amounts from the 2007/08 fiscal year which had been recorded incorrectly as unrestricted funds. This error has been corrected and the funds are now recorded as restricted. The prior year figures have been restated. The impact of the restatement is to reduce unrestricted funds by \$2,149,670 and increase restricted funds by the same amount. There is no effect in 2008/09.

(b) Reclassification:

During the current year, the Foundation reclassified the expendable portion of its internally established endowments from the endowment fund to the restricted fund as this portion is available for disbursement. The treatment is consistent with the Foundation's accounting for external endowments. Prior year's figures have been restated to reflect this reclassification. The impact of the restatement is to reduce the opening endowment fund by \$12,242,766 and to increase the restricted fund by the same amount.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 3 Comparative restatements, continued

The Foundation has also reclassified its pledges receivable between funds depending upon the nature of the donation. Prior year's figures have been restated to reflect this reclassification. The impact of the restatement is to increase the opening endowment fund by \$1,092,977, increase the opening unrestricted fund by \$10,500 and decrease the opening balance of the restricted fund by \$1,103,477.

Certain 2008 comparative figures have been reclassified to match their 2009 presentation.

Note 4 Cash and cash equivalents

	2009		2008
Cash	8,848,093	\$	6,879,869
Deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta	1,995,367		5,783,912
	\$ 10,843,460	\$	12,663,781

The Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta is a demand amount 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, 2009 was 3.01% (2008 – 4.81%).

Note 5 Other Assets

Other assets include mineral rights donated to the Foundation and are recorded at cost. Lease revenue received for the rights are recognized straight-line over the life of the lease term.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 6 Capital Assets

	2009			2008
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	102,334	7,538	94,796	-
Furniture & equipment	379,254	48,976	330,278	158,542
Total capital Assets	\$ 481,588	\$ 56,514	\$ 425,074	\$ 158,542

Note 7 Pledges receivable

Pledges receivable are expected to be received by the following dates:

	2009				2008
	Unrestricted	Restricted	Endowments	Total	Total
2009/2010	-	-	-	-	1,882,626
2009/2010	21,145	465,566	1,135,177	1,621,888	1,138,567
2010/2011	1,667	207,750	851,200	1,060,617	1,066,617
2011/2012	-	159,000	781,500	940,500	919,500
2012/2013	-	14,000	696,500	710,500	699,500
2013/2014	-	6,000	636,500	642,500	637,500
2014/2015	-	1,000	636,500	637,500	637,500
2015/2016	-	1,000	6,500	7,500	7,500
2016/2017	-	-	7,500	7,500	7,500
2017/2018	-	-	2,500	2,500	7,500
2018/2020	-	-	5,000	5,000	-
Total Pledges	22,812	854,316	4,758,877	5,636,005	7,004,310
Allowance on Pledges	(1,667)	(388,750)	(3,718,700)	(4,109,117)	(5,191,684)
Pledges recognized	\$ 21,145	\$ 465,566	\$ 1,040,177	\$ 1,526,888	\$ 1,812,626

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 8 Investments

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash	1,971	1,971	9,228	9,228
Canadian money market	3,045,858	3,045,798	3,118,831	3,118,831
Canadian common shares	16,404,412	17,172,320	21,885,758	14,920,665
U.S. common shares	5,113,760	5,896,015	5,886,384	5,855,857
World Pooled Equity Funds	6,472,852	8,629,946	7,764,703	6,485,758
Treasury bills and guaranteed investment certificates with an average effective yield of 0.4% (2008 – 1.90%), with maturity dates between April 30, 2009 and June 11, 2009 (2008 - May 15, 2008)	2,228,856	2,228,860	5,126,773	5,126,773
Canadian federal, provincial and municipal government bonds and debentures, with an average effective yield of 4.52 % (2008 - 4.64%), with maturity dates between March 15, 2010 and October 1, 2029 (2008 - June 1, 2009 and October 1, 2029)	22,993,956	21,140,621	23,492,749	22,297,734
Corporate debentures, with an average effective yield of 5.0% (2008 - 5.04%), with maturity dates between February 18, 2010 and July 27, 2009 (2008 – February 18, 2010 and July 27, 2029)	10,468,320	10,516,254	8,260,674	8,029,690
Accrued interest receivable	466,009	466,009	469,957	469,957
	\$ 67,195,994	\$ 69,097,794	\$ 76,015,057	\$ 66,314,493

- (i) In order to earn the 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 30% to 60% for total equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints.
- (ii) Treasury bills, bonds and debentures are managed with the objective of providing optimal returns while maintaining maximum security of capital. The bonds represent high quality fixed income securities. Risk is reduced by limiting investments to instruments with a rating of A or higher by the Dominion Bond Rating Service.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 8 Investments, continued

As at March 31, 2009, the instruments have the following term structure:

Under 1 year	13%
1 to 5 years	35%
6 to 10 years	35%
Over 10 years	<u>17%</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 U.S. 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:

	2009		2008 (restated note 3)	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Unrestricted	\$ -	\$ -	\$ 1,107,768	\$ 966,401
Restricted	11,978,297	12,317,310	16,637,844	14,514,628
Endowments	55,217,697	56,780,484	58,269,445	50,833,464
	<u>\$ 67,195,994</u>	<u>\$ 69,097,794</u>	<u>\$ 76,015,057</u>	<u>\$ 66,314,493</u>

Note 9 Accrued Benefit Asset and Pension expense

(a) Public Service Pension Plan (PSPP)

The Foundation participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Foundation's annual contributions payable of \$176,745 for the year ended March 31, 2009 (2008 - \$118,450). At December 31, 2008, the PSPP reported a deficiency of \$1,187,538,000 (2007 deficiency \$92,070,000).

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 9 **Accrued Benefit Asset and Pension expense, continued**

(b) **Supplemental Executive Retirement Plan (SERP)**

On April 1, 2007 the Foundation started a non-contributing defined benefit SERP for senior executives. A summary of the financial information is as follows:

	2009	2008
Accrued benefit obligation, beginning of year	\$ 29,579	\$ -
Current service cost	5,634	8,010
Prior service cost	-	34,044
Interest cost	1,831	2,187
Actuarial gain	(25,927)	(14,662)
Accrued benefit obligation, end of year	11,117	29,579
Funded status of plan	38,052	15,828
Unamortized actuarial gain	(9,682)	(15,828)
Unamortized prior service costs	-	28,370
Accrued SERP asset	28,370	28,370
Current service cost	5,634	8,010
Interest cost	1,831	2,187
Amortization of prior service cost	5,674	5,674
Amortization of actuarial gain	(1,979)	-
Expected return on plan assets	(1,261)	(786)
SERP expense	\$ 9,899	\$ 15,085
Assumptions at end of year		
Discount rate	6.2%	5.2%
Expected average remaining service life of employees	8 years	5 years
Salary scale increases	4%	4%
SERP assets (held by trustee)		
Employer contributions	\$ 31,627	\$ 21,728
Actual return on plan assets	(6,137)	1,952
Taxes paid	(1,856)	(1,178)
Market value over cost	(1,596)	-
Fair value of assets - March 31	22,038	22,502
SERP assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	25,275	21,728
Taxes paid on plan income	1,856	1,177
Total refundable taxes	27,131	22,905
Total SERP assets	49,169	45,407
Funded status of SERP	\$ (38,052)	\$ (15,828)

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 10 Restricted Fund

The Restricted Fund consists of 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.

	2009	2008 (restated note 3)
Restricted funds	\$ 13,188,053	\$ 13,461,273
Investment Income - endowment funds	8,975,389	15,607,605
Total restricted funds	22,163,442	29,068,878
Unrealized (loss) gain on investments	(339,013)	2,123,218
Total Restricted funds	\$ 21,824,429	\$ 31,192,096

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.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 11 Endowment Fund, continued

	2009	2008
		(restated note 3)
Internally established endowments, principal		
Cancer research	\$ 24,522,238	\$ 19,870,119
Building excellence (Education)	250,000	250,000
Patient financial assistance	450,000	450,000
	25,222,238	20,570,119
Externally established endowments, principal		
Cancer research, net of allowance	\$ 30,587,135	\$ 28,322,497
Education	433,810	377,669
Patient financial assistance	1,027,781	1,027,582
Patient programs and equipment	549,697	535,596
	32,598,423	30,263,344
Unrealized (loss) gain on investments	(1,562,787)	7,435,980
Total endowment fund, principal balance	\$ 56,257,874	\$ 58,269,443

Note 12 Mega Events

During the year, the Foundation raised restricted funds from the Weekend to End Breast Cancer, the Underwear Affair, and the Ride to Conquer Cancer events held or to be held at a future date.

	2009	2008
Total Revenues	\$ 9,807,261	\$ 12,530,484
Total Expenses	5,806,216	5,877,452
	\$ 4,001,045	\$ 6,653,032

ALBERTA CANCER FOUNDATION
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Note 13 Lottery

The Foundation and the Canadian Cancer Society Alberta/N.W.T. Division, as equal partners, participated in the ninth annual Cash and Cars Lottery during this fiscal year. All revenues and expenses were shared equally.

	2009	2008
Total revenue	\$ 10,284,814	\$ 11,391,603
Expenses:		
Prizes	5,249,933	4,476,891
Marketing and other	3,971,803	3,362,165
Total expenses	9,221,736	7,839,056
Excess of revenue over expenses	1,063,078	3,552,547
Canadian Cancer Society's share (50%)	(531,539)	(1,776,273)
Alberta Cancer Foundation's share (50%)	\$ 531,539	\$ 1,776,274

Note 14 Commitments

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

2010	\$114,912
2011	114,912
2012	131,501
2013	139,796
2014 and thereafter	465,987

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

ALBERTA CANCER FOUNDATION
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Note 15 Related party transactions

(a) Alberta Cancer Board:

Up to and including March 31, 2009, the Foundation is controlled by the Alberta Cancer Board (the "Board"). The Chair of the Alberta Cancer Board is a Trustee of the Foundation under the authority of the Cancer Programs Act. All other Trustees are appointed by the Board.

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

Operating and research grants, net of amounts recovered, amounting to \$15,695,877 (2008 – \$20,371,475) were made to the Board. The Board disburses these funds as directed by the Foundation's donors or, where the grants were made from unrestricted funds, as directed by the Trustees.

Effective April 1, 2009, the Alberta Cancer Board was dissolved and all of the Board's business and affairs were transferred to Alberta Health Services.

(b) Cross Cancer Institute Volunteer Association:

The Alberta Cancer Board exercises significant influence over the Cross Cancer Institute Volunteer Association (the "Association"), which is a society created to provide services for the care and comfort of patients of the Cross Cancer Institute.

The Foundation provided the Association with restricted operating grants of \$16,340 (2008 – \$14,696).

ALBERTA CANCER FOUNDATION
SUPPLEMENTARY SCHEDULE OF MEGA EVENTS
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Schedule 1 provides information on the net proceeds of the mega events by event year. Only information related to completed events are included below. This differs from the statement of operations in which restricted revenues are recognized, net of event expenses, when the revenue is received regardless of the date of the event.

	<u>2008 Mega Events</u>	<u>2007 Mega Events</u>
Total revenues	\$ 8,241,196	\$ 13,368,035
Expenses		
Event logistics	3,461,099	4,253,907
Marketing and other	<u>1,150,124</u>	<u>1,216,768</u>
Total expenses	<u>4,611,223</u>	<u>5,470,675</u>
Net proceeds	<u>\$ 3,629,973</u>	<u>\$ 7,897,360</u>

In the summer of 2008, the Foundation held two mega events: the Weekend to End Breast Cancer and the Underwear Affair. The Weekend to End Breast Cancer events were held in Edmonton and Calgary to raise funds for breast cancer research and initiatives. The Underwear Affair events were also held in Edmonton and Calgary to raise funds for cancer below the waist. The 2007 events include the Weekend to End Breast Cancer Edmonton and Calgary, the Underwear Affair Edmonton & Calgary and the Tour of Courage to support Cancer Research.