

**ALBERTA CANCER FOUNDATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2012**

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**  
10125 – 102 Street  
Edmonton AB T5J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://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, 2012, 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, 2012, 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 1, 2012  
Edmonton, Canada

**ALBERTA CANCER FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2012**

	Unrestricted Fund	Restricted Fund	Endowment Fund	Capital Asset Fund	2012 Total	2011 Total
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents (note 3)	\$ 1,598,873	\$ 13,967,930	\$ -	\$ -	\$ 15,566,803	\$ 20,940,352
Accounts receivable and prepaid expenses	233,822	1,113,363	-	-	1,347,185	4,954,580
Pledges receivable (note 6)	-	1,523,513	809,336	-	2,332,849	1,414,981
Other assets (note 4)	62,600	-	-	-	62,600	62,600
	<u>1,895,295</u>	<u>16,604,806</u>	<u>809,336</u>	<u>-</u>	<u>19,309,437</u>	<u>27,372,513</u>
Investments (note 7)	-	24,083,965	72,902,543	-	96,986,508	90,436,604
Capital assets (note 5)	-	-	-	292,546	292,546	347,618
Other assets (note 4)	63,358	-	-	-	63,358	63,358
Accrued benefit asset (note 9)	24,379	-	-	-	24,379	28,370
	<u>\$ 1,983,032</u>	<u>\$ 40,688,771</u>	<u>\$ 73,711,879</u>	<u>\$ 292,546</u>	<u>\$ 116,676,228</u>	<u>\$ 118,248,463</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 448,685	\$ 973,638	\$ -	\$ -	\$ 1,422,323	\$ 1,337,870
Deferred revenues	77,913	-	-	-	77,913	85,654
Lease inducement	8,244	-	-	-	8,244	8,244
Due to Alberta Health Services	654,559	-	-	-	654,559	979,673
	<u>1,189,401</u>	<u>973,638</u>	<u>-</u>	<u>-</u>	<u>2,163,039</u>	<u>2,411,441</u>
Lease inducement	27,481	-	-	-	27,481	35,726
	<u>1,216,882</u>	<u>973,638</u>	<u>-</u>	<u>-</u>	<u>2,190,520</u>	<u>2,447,167</u>
Fund balances:						
Unrestricted Fund	766,150	-	-	-	766,150	2,097,027
Restricted Fund (note 10)	-	39,715,133	-	-	39,715,133	40,779,923
Endowment Fund (note 11)	-	-	73,711,879	-	73,711,879	72,576,728
Capital Asset Fund	-	-	-	292,546	292,546	347,618
Total Fund balances	<u>766,150</u>	<u>39,715,133</u>	<u>73,711,879</u>	<u>292,546</u>	<u>114,485,708</u>	<u>115,801,296</u>
Total Liabilities and Fund Balances	<u>\$ 1,983,032</u>	<u>\$ 40,688,771</u>	<u>\$ 73,711,879</u>	<u>\$ 292,546</u>	<u>\$ 116,676,228</u>	<u>\$ 118,248,463</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]

\_\_\_\_\_  
Steven Dyck  
Chair, ACF Audit & Finance Committee

**ALBERTA CANCER FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**YEAR ENDED MARCH 31, 2012**

	2012				2011	
	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u> <u>Fund</u>	<u>Total</u>	<u>Total</u>
Revenues						
Fundraising	\$ 4,251,001	\$ 14,762,757	\$ 819,276	\$ -	\$ 19,833,034	\$ 19,292,769
Challenge events	-	13,818,822	-	-	13,818,822	15,351,237
Lottery (note 13)	4,548,953	-	-	-	4,548,953	4,256,110
Grants (note 12)	-	304,530	-	-	304,530	10,795,356
Returned grants	-	190,137	-	-	190,137	5,441,244
Investment and other income (note 8)	1,106,281	3,365,272	-	-	4,471,553	4,249,767
Total revenues	<u>9,906,235</u>	<u>32,441,518</u>	<u>819,276</u>	<u>-</u>	<u>43,167,029</u>	<u>59,386,483</u>
Grants and expenditures						
Grants awarded during the year	2,137,123	25,408,882	-	-	27,546,005	26,433,664
Direct fundraising and event expenses	1,279,699	6,863,832	-	-	8,143,531	7,917,551
Lottery expenses (note 13)	3,797,268	-	-	-	3,797,268	3,716,697
Administrative and operating expenses	5,814,728	-	-	74,720	5,889,448	5,208,510
Total grants and expenditures	<u>13,028,818</u>	<u>32,272,714</u>	<u>-</u>	<u>74,720</u>	<u>45,376,252</u>	<u>43,276,422</u>
Excess (deficiency) of revenues over grants and expenditures	<u>\$ (3,122,583)</u>	<u>\$ 168,804</u>	<u>\$ 819,276</u>	<u>\$ (74,720)</u>	<u>\$ (2,209,223)</u>	<u>\$ 16,110,061</u>
Fund balances, beginning of year	2,097,027	40,779,923	72,576,728	347,618	115,801,296	94,179,058
Interfund transfers						
Transfers to externally restricted endowments	(500)	(132,485)	132,985	-	-	-
Transfers to unrestricted funds	1,811,854	(1,811,854)	-	-	-	-
Purchase of capital assets	(19,648)	-	-	19,648	-	-
Change in unrealized gain - investments	-	710,745	182,890	-	893,635	5,512,177
Fund balances, end of year	<u>\$ 766,150</u>	<u>\$ 39,715,133</u>	<u>\$ 73,711,879</u>	<u>\$ 292,546</u>	<u>\$ 114,485,708</u>	<u>\$ 115,801,296</u>
Unrealized gain (loss) - investments, beginning of year	\$ -	\$ 2,600,851	\$ 9,841,367	\$ -	\$ 12,442,218	\$ 6,930,041
Change in unrealized gain - investments	-	710,745	182,890	-	893,635	5,512,177
Unrealized gain - investments, end of year	<u>\$ -</u>	<u>\$ 3,311,596</u>	<u>\$ 10,024,257</u>	<u>\$ -</u>	<u>\$ 13,335,853</u>	<u>\$ 12,442,218</u>

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2012**

	2012	2011
Cash generated from (used by):		
Operating activities:		
Excess (deficiency) of revenues over grants and expenditures for the year	\$ (2,209,223)	\$ 16,110,061
Items not involving cash:		
Realized gains on disposal of investments	(1,448,915)	(1,323,505)
Donated shares	(722,736)	(1,135,165)
Amortization of capital assets	74,720	69,879
Amortization of lease inducement	(8,245)	(8,244)
Donated other assets	-	(62,600)
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	3,607,395	(3,774,645)
Pledges receivable	(917,868)	(163,696)
Accrued benefit asset ("SERP")	3,991	-
Accounts payable and accrued liabilities	84,453	494,405
Deferred revenues	(7,741)	(6,671)
Due to Alberta Health Services	(325,114)	512,962
Cash generated from (used by) operating activities	(1,869,283)	10,712,781
Investing and financing activities:		
Increase in investments:		
Purchase of investments	(27,884,788)	(33,752,875)
Proceeds on sale of investments	24,432,195	30,992,440
Change in accrued interest	(32,025)	(39,085)
	(3,484,618)	(2,799,520)
Purchase of capital assets	(19,648)	(56,073)
Cash used by investing and financing activities	(3,504,266)	(2,855,593)
(Decrease) increase in cash and cash equivalents	(5,373,549)	7,857,188
Cash and cash equivalents, beginning of year	20,940,352	13,083,164
Cash and cash equivalents, end of year	\$ 15,566,803	\$ 20,940,352

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

---

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, 2012**

---

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

(b) Revenue recognition:

- (i) Unrestricted contributions are recognized as revenue in 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 or receivable. 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 in the year received or upon becoming receivable.
- (iv) Investment income earned on Endowment Fund resources that must be spent on restricted purposes is recognized as revenue in the Restricted Fund. Other investment income is recognized as revenue in the Unrestricted Fund when earned.
- (v) Donations and contributions in kind are recorded at fair value at the date of the contribution 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:

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

Amortization expense is reported in the Capital Asset Fund.



**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

---

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.

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

---

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

(f) Financial instruments, continued:

Other financial liabilities:

The Foundation has classified its accounts payable and accrued liabilities and amounts due to Alberta Health Services as other financial liabilities, 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 7). 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 \$7,840,035. (2011 - \$8,084,814).

(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 valuation of pledges receivable, amortization period of capital assets, valuation of investments and completeness of accrued liabilities.

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

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

(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 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, endowment, and capital asset 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

	2012	2011
Cash	\$ 13,501,122	\$ 18,900,382
Deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta	2,065,681	2,039,970
	\$ 15,566,803	\$ 20,940,352

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Note 3 Cash and cash equivalents, continued

The Consolidated Cash Investment Trust Fund (“CCITF”) of the Province of Alberta is a demand account managed 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, 2012 was 1.25% (2011 – 1.1%).

Note 4 Other Assets

Other assets include assets donated to the Foundation.

Note 5 Capital Assets

	2012		2011	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 102,334	\$ 46,300	\$ 56,034	\$ 68,955
Furniture and equipment	\$ 454,975	\$ 218,463	\$ 236,512	\$ 278,663
<b>Total Capital assets</b>	<b>\$ 557,309</b>	<b>\$ 264,763</b>	<b>\$ 292,546</b>	<b>\$ 347,618</b>

Amortization expense of \$74,720 (2011 - \$69,879) is recorded as part of administrative and operating expenses in the Capital Asset Fund.

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Note 6 Pledges receivable

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

	2012				2011
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowments</u>	<u>Total</u>	<u>Total</u>
2012	\$ -	\$ -	\$ -	-	\$ 1,499,981
2013	37,797	1,557,334	1,052,749	2,647,880	811,500
2014		921,500	654,000	1,575,500	683,500
2015		618,000	657,333	1,275,333	677,500
2016		518,000	29,000	547,000	47,500
2017		415,000	30,000	445,000	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	37,797	4,029,834	2,430,582	6,498,213	3,734,981
Unrecognized Pledges	(37,797)	(2,506,321)	(1,621,246)	(4,165,364)	(2,320,000)
Pledges recognized	\$ -	\$ 1,523,513	\$ 809,336	\$ 2,332,849	\$ 1,414,981

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Note 7 Investments

	2012		2011	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 2,596	\$ 2,596	\$ 7,533	\$ 7,533
Canadian money market	1,776,588	1,776,552	1,761,403	1,761,403
Canadian common shares	35,565,171	26,562,448	33,041,918	22,840,442
U.S. common shares	7,840,035	6,728,358	8,084,814	7,224,823
World Pooled Equity Funds	7,971,659	7,480,408	7,876,555	7,268,014
Treasury bills and guaranteed investment certificates with an average effective yield of 0.9% (2011 – 0.9%), with maturity dates between April 26, 2012 and June 7, 2012 (2011 - between April 14, 2011 and July 2, 2011)	4,739,213	4,739,213	3,123,101	3,123,101
Canadian federal, provincial and municipal government bonds and debentures, with an average effective yield of 3.87% (2011- 4.1%), with maturity dates between June 1, 2014 and June 2, 2037 (2011 - between June 1, 2014 and June 2, 2037 )	24,694,026	22,846,292	22,973,966	22,548,738
Corporate debentures, with an average effective yield of 4.6% (2011 - 4.75%), with maturity dates between February 13, 2013 and November 23, 2035 (2011 – between February 13, 2013 and December 3, 2027 )	13,896,108	13,013,676	13,098,227	12,751,245
Accrued interest receivable	501,112	501,112	469,087	469,087
	<u>\$ 96,986,508</u>	<u>\$ 83,650,655</u>	<u>\$ 90,436,604</u>	<u>\$ 77,994,386</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

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Note 7 Investments, continued

instruments with an overall rating of A or higher by the Dominion Bond rating Service.

As at March 31, 2012, the fixed income instruments have the following maturities:

Under 1 year	16%
1 to 5 years	40%
6 to 10 years	27%
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 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:

	2012		2011	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Restricted	\$ 24,083,965	20,772,369	\$ 18,904,354	\$ 16,303,503
Endowments	72,902,543	62,878,286	71,532,250	61,690,883
	<u>\$ 96,986,508</u>	<u>\$ 83,650,655</u>	<u>\$ 90,436,604</u>	<u>\$ 77,994,386</u>

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

---

Note 8 Investment and other income

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

	2012	2011
Interest and dividends	\$ 2,989,275	\$ 2,884,735
Realized gains on disposal of investments	1,448,915	1,323,505
Other income	33,363	41,527
	\$ 4,471,553	\$ 4,249,767

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 \$371,464 (2011 - \$327,950). At December 31, 2011, the LAPP reported a deficiency of \$4,639,390,000 (2010 - deficiency \$4,635,250,000).

(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, 2012**

Note 9 Accrued Benefit Asset and Pension expense, continued

	<u>2012</u>	<u>2011</u>
Accrued benefit obligation, beginning of year	\$ 63,530	\$ 34,612
Current service cost	-	4,774
Prior service cost	-	-
Interest cost	3,129	2,127
Benefits paid	(4,401)	-
Actuarial loss	6,965	22,017
Accrued benefit obligation, end of year	<u>\$ 69,223</u>	<u>\$ 63,530</u>
Funded status of plan	\$ (6,251)	\$ 5,318
Unamortized actuarial loss	17,017	7,170
Unamortized prior service costs	13,613	15,882
Accrued SERP asset	<u>\$ 24,379</u>	<u>\$ 28,370</u>
Current service cost	\$ -	\$ 4,774
Interest cost	3,129	2,127
Amortization of prior service cost	2,269	2,269
Amortization of actuarial gain	(1,719)	(1,667)
Expected return on plan assets	312	(1,746)
SERP expense	<u>\$ 3,991</u>	<u>\$ 5,757</u>
Assumptions at end of year		
Discount rate	4.0%	5.1%
Expected average remaining service life of employees	N/A	N/A
Expected average remaining lifetime	22 years	23 years
Salary scale increases	N/A	N/A
SERP assets (held by trustee)		
Employer contributions	\$ 38,430	\$ 36,435
Actual return on plan assets	1,475	4,289
Pension payments	(4,401)	-
Taxes paid (refunded)	965	(1,677)
Market value over cost	(5,930)	(4,453)
Fair value of assets - March 31	<u>30,539</u>	<u>34,594</u>
SERP assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	33,398	30,280
Taxes (refunded) paid on plan income	(965)	1,677
Total refundable taxes	<u>32,433</u>	<u>31,957</u>
Total SERP assets	62,972	66,550
Less Accrued benefit obligation, end of year	69,223	63,530
Funded status of SERP	<u>\$ (6,251)</u>	<u>\$ 3,020</u>

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

---

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.

	2012	2011
Restricted funds	\$ 28,995,463	\$ 28,003,750
Internally established endowments, expendable portion	4,518,385	6,895,004
Externally established endowments, expendable portion	2,889,689	3,280,318
Total restricted funds	36,403,537	38,179,072
Unrealized gain on investments	3,311,596	2,600,851
Total Restricted Fund balance	\$ 39,715,133	\$ 40,779,923

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

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.

	2012	2011
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	35,074,818	34,314,336
Building excellence	547,893	547,893
Patient financial assistance	1,027,781	1,027,781
Patient programs and equipment	771,451	579,672
	37,421,943	36,469,682
Total endowment fund, principal balance	63,687,622	62,735,361
Unrealized gain on investments	10,024,257	9,841,367
Total Endowment Fund balance	\$ 73,711,879	\$ 72,576,728

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Note 12 Grants

The Foundation received and awarded the following grants:

	<u>2012</u>	<u>2011</u>
Grants received	\$ 304,530	\$ 10,795,356
Grants awarded	<u>(304,530)</u>	<u>\$ (10,795,356)</u>
Balance, end of year	<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 twelfth 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>2012</u>	<u>2011</u>
Total revenues	\$ 4,548,953	\$ 4,256,110
Expenses:		
Prizes	2,294,317	2,129,334
Marketing and other	<u>1,502,951</u>	<u>1,587,363</u>
Total expenses	<u>3,797,268</u>	<u>3,716,697</u>
Excess revenues over expenses	<u>\$ 751,685</u>	<u>\$ 539,413</u>

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

---

Note 14 Commitments

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

2013	\$162,292
2014	229,792
2015	229,792
2016	232,042
2017 and thereafter	750,847

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

Note 15 Related party transactions

The Foundation shares a common relationship and is considered to be a related party with the Province of Alberta and those entities consolidated or included on a modified equity basis in the Province of Alberta's financial statements.

Transactions with the following related parties are considered to be in the normal course of operations. Amounts due to or from the related parties and the recorded amounts of the transactions are included within these financial statements, unless otherwise stated.

**ALBERTA CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Note 15 Related party transactions, continued

Transactions with related parties represent operating and research grants and are recorded at their exchange amounts as follows:

<u>Grants to Related Parties</u>	<u>2012</u>	<u>2011</u>
Alberta Health and Wellness	\$ 100,000	\$ -
AHS (Cancer Care)	14,957,132	13,834,656
Alberta Innovates Health Solutions	8,000	-
University of Alberta	5,956,667	3,939,065
University of Calgary	3,831,346	5,634,020
University of Lethbridge	267,426	221,151
Total grants to related parties	<u>\$ 25,120,571</u>	<u>\$ 23,628,892</u>
	<u>2012</u>	<u>2011</u>
<u>Unspent Grants Returned from Related Parties</u>		
AHS (Cancer Care)	-	5,342,641
University of Alberta	169,151	455
University of Calgary	20,986	96,106
Total unspent grants returned from related parties	<u>\$ 190,137</u>	<u>\$ 5,439,202</u>

These funds were disbursed as directed by the Foundation in accordance with donor designation or, where the grants were made from unrestricted funds, as directed by the Trustees.

<u>Grants from Related Parties</u>	<u>2012</u>	<u>2011</u>
Alberta Innovates Health Solutions	\$ 304,530	\$ 10,703,699
Ministry of Culture and Community Spirit Grants	\$ -	\$ 91,657
Total grants from related parties	<u>\$ 304,530</u>	<u>\$ 10,795,356</u>

These funds were disbursed in accordance with the terms of the grant agreements.