

ALBERTA CANCER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2014

Statement of Financial Position	1
Statement of Operations.....	2
Statement of Changes in Fund Balances.....	3
Statement of Remeasurement Gains and Losses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6



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INDEPENDENT AUDITORS' REPORT

To The Trustees of the 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, 2014, the statements of operations, changes in fund balances, remeasurement gains and losses 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 public sector accounting standards, 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 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, 2014, and its results of operations, changes in fund balances, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants

June 5, 2014
Edmonton, Canada

ALBERTA CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014

	Unrestricted Fund	Restricted Fund	Capital Campaign Fund	Endowment Fund	Capital Asset Fund	2014 Total	2013 Total
ASSETS							
Current assets:							
Cash and cash equivalents (note 3)	\$ 2,334,684	\$ 6,541,692	\$ 46,620	\$ -	\$ -	\$ 8,922,996	\$ 9,689,148
Accounts receivable and prepaid expenses	493,196	556,757	15,261	-	-	1,065,214	990,526
Pledges receivable (note 4)	-	650,250	206,000	635,000	-	1,491,250	1,799,046
	<u>2,827,880</u>	<u>7,748,699</u>	<u>267,881</u>	<u>635,000</u>	<u>-</u>	<u>11,479,460</u>	<u>12,478,720</u>
Investments (note 5)	-	61,470,027	-	64,966,558	-	126,436,585	109,001,610
Capital assets (note 6)	-	-	-	-	727,889	727,889	455,957
Other assets	63,358	-	-	-	-	63,358	63,358
Total Assets	<u>\$ 2,891,238</u>	<u>\$ 69,218,726</u>	<u>\$ 267,881</u>	<u>\$ 65,601,558</u>	<u>\$ 727,889</u>	<u>\$ 138,707,292</u>	<u>\$ 121,999,645</u>
LIABILITIES AND FUND BALANCES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 384,125	\$ 568,515	\$ 38,756	\$ -	\$ -	\$ 991,396	\$ 1,188,715
Deferred revenues	91,286	-	-	-	-	91,286	85,906
Lease inducement	8,244	-	-	-	-	8,244	8,244
Due to Alberta Health Services	1,185,698	364,120	108,828	-	-	1,658,646	1,166,516
	<u>1,669,353</u>	<u>932,635</u>	<u>147,584</u>	<u>-</u>	<u>-</u>	<u>2,749,572</u>	<u>2,449,381</u>
Lease inducement	10,993	-	-	-	-	10,993	19,237
	<u>1,680,346</u>	<u>932,635</u>	<u>147,584</u>	<u>-</u>	<u>-</u>	<u>2,760,565</u>	<u>2,468,618</u>
Fund balances:							
Unrestricted Fund	1,210,892	-	-	-	-	1,210,892	745,475
Restricted Fund (note 7)	-	43,564,639	-	-	-	43,564,639	39,093,372
Capital Campaign Fund	-	-	120,297	-	-	120,297	500,016
Endowment Fund (note 8)	-	-	-	65,601,558	-	65,601,558	64,332,367
Capital Asset Fund	-	-	-	-	727,889	727,889	455,957
Total Fund balances	<u>1,210,892</u>	<u>43,564,639</u>	<u>120,297</u>	<u>65,601,558</u>	<u>727,889</u>	<u>111,225,275</u>	<u>105,127,187</u>
Accumulated remeasurement gains	-	24,721,452	-	-	-	24,721,452	14,403,840
	<u>1,210,892</u>	<u>68,286,091</u>	<u>120,297</u>	<u>65,601,558</u>	<u>727,889</u>	<u>135,946,727</u>	<u>119,531,027</u>
Total Liabilities and Fund Balances	<u>\$ 2,891,238</u>	<u>\$ 69,218,726</u>	<u>\$ 267,881</u>	<u>\$ 65,601,558</u>	<u>\$ 727,889</u>	<u>\$ 138,707,292</u>	<u>\$ 121,999,645</u>
Commitments (note 14)							

The accompanying notes are part of these financial statements.

Approved by the Trustees

[Original signed by]

Angela Boehm
Chair, Alberta Cancer Foundation

[Original signed by]

John McDonald
Chair, ACF Audit & Finance Committee

ALBERTA CANCER FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2014

	2014					2013	
	<u>Unrestricted</u>	<u>Restricted Fund</u>	<u>Capital Campaign</u>	<u>Endowment Fund</u>	<u>Capital Asset</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>		<u>Fund</u>		<u>Fund</u>		
Revenues							
Fundraising	\$ 4,241,836	\$ 14,041,570	\$ 508,751	\$ 768,191	\$ -	\$ 19,560,348	\$ 18,996,174
Challenge events	-	8,753,832	-	-	-	8,753,832	11,777,153
Lottery (note 9)	5,188,912	-	-	-	-	5,188,912	4,590,535
Grants (note 10)	-	69,458	-	-	-	69,458	-
Returned disbursements	170,256	1,090,862	-	-	-	1,261,118	152,458
Investment and other income (note 11)	5,311,818	6,232,921	-	-	-	11,544,739	9,878,681
Total revenues	<u>14,912,822</u>	<u>30,188,643</u>	<u>508,751</u>	<u>768,191</u>	<u>-</u>	<u>46,378,407</u>	<u>45,395,001</u>
Disbursements and expenditures							
Program disbursements during the year (note 12)	1,547,727	19,294,954	-	-	-	20,842,681	22,576,187
Direct fundraising and event management	1,846,709	5,058,337	-	-	-	6,905,046	7,747,514
Lottery (note 9)	4,259,675	-	-	-	-	4,259,675	3,898,379
Administrative and fundraising	7,318,313	-	826,932	-	127,672	8,272,917	7,195,589
Total disbursements and expenditures	<u>14,972,424</u>	<u>24,353,291</u>	<u>826,932</u>	<u>-</u>	<u>127,672</u>	<u>40,280,319</u>	<u>41,417,669</u>
Excess (deficiency) of revenues over disbursements and expenditures	<u>\$ (59,602)</u>	<u>\$ 5,835,352</u>	<u>\$ (318,181)</u>	<u>\$ 768,191</u>	<u>\$ (127,672)</u>	<u>\$ 6,098,088</u>	<u>\$ 3,977,332</u>

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
MARCH 31, 2014

	2014					
	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted Fund</u>	<u>Capital Campaign</u> <u>Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u> <u>Fund</u>	<u>Total</u>
Fund balances, beginning of year	\$ 745,475	\$ 39,093,372	\$ 500,016	\$ 64,332,367	\$ 455,957	\$ 105,127,187
Excess (deficiency) of revenues over disbursements and expenditures	(59,602)	5,835,352	(318,181)	768,191	(127,672)	6,098,088
Interfund transfers						
Transfers	924,623	(1,364,085)	(61,538)	501,000	-	-
Purchases of capital assets	(399,604)	-	-	-	399,604	-
Fund balances, end of year	\$ 1,210,892	\$ 43,564,639	\$ 120,297	\$ 65,601,558	\$ 727,889	\$ 111,225,275

	2013					
	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted Fund</u>	<u>Capital Campaign</u> <u>Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u> <u>Fund</u>	<u>Total</u>
Fund balances, beginning of year	\$ 766,150	\$ 36,403,537	\$ -	\$ 63,687,622	\$ 292,546	\$ 101,149,855
Excess (deficiency) of revenues over disbursements and expenditures	(2,011,137)	4,920,818	500,016	644,745	(77,110)	3,977,332
Interfund transfers						
Transfers	2,230,983	(2,230,983)	-	-	-	-
Purchases of capital assets	(240,521)	-	-	-	240,521	-
Fund balances, end of year	\$ 745,475	\$ 39,093,372	\$ 500,016	\$ 64,332,367	\$ 455,957	\$ 105,127,187

ALBERTA CANCER FOUNDATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2014

	2014					2013	
	<u>Unrestricted</u> Fund	<u>Restricted Fund</u>	<u>Capital</u> <u>Campaign</u> Fund	<u>Endowment Fund</u>	<u>Capital Asset</u> Fund	<u>Total</u>	<u>Total</u>
Accumulated remeasurement gains, beginning of year	-	\$ 14,403,840	\$ -	\$ -	-	14,403,840	13,335,853
Unrealized gains attributable to:							
Equity instruments	-	18,160,782	-	-	-	18,160,782	6,221,980
Designated fair value investments	-	(287,386)	-	-	-	(287,386)	24,454
	-	17,873,396	-	-	-	17,873,396	6,246,434
Realized (gains)							
Equity instruments	-	(7,554,486)	-	-	-	(7,554,486)	(2,448,281)
Designated fair value investments	-	(1,298)	-	-	-	(1,298)	(2,730,166)
	-	(7,555,784)	-	-	-	(7,555,784)	(5,178,447)
Net remeasurement gains for the year	-	10,317,612	-	-	-	10,317,612	1,067,987
Accumulated remeasurement gains, end of year	\$ -	\$ 24,721,452	\$ -	\$ -	\$ -	\$ 24,721,452	\$ 14,403,840

ALBERTA CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	2014	2013
Cash generated from (used by):		
Operating activities:		
Excess of revenues over disbursements and expenditures	\$ 6,098,088	\$ 3,977,332
Items not involving cash:		
Realized gains on disposal of investments	(8,472,731)	(6,934,353)
Donated shares	(816,180)	(1,170,894)
Amortization of capital assets	127,672	77,110
Amortization of lease inducement	(8,244)	(8,244)
Loss on disposal of donated assets	-	27,600
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	(74,688)	356,659
Other assets	-	24,379
Pledges receivable	307,796	533,803
Accounts payable and accrued liabilities	(197,319)	(233,608)
Deferred revenues	5,380	7,993
Due to Alberta Health Services	492,130	511,957
Cash used by operating activities	(2,538,096)	(2,830,266)
Investing and financing activities:		
Increase in investments:		
Purchase of investments	(48,164,639)	(116,471,733)
Proceeds on sale of investments	50,279,819	113,232,958
Proceeds on sale of donated assets	-	35,000
Change in accrued interest receivable	56,368	396,907
	2,171,548	(2,806,868)
Purchase of capital assets	(399,604)	(240,521)
Cash generated from (used by) investing and financing activities	1,771,944	(3,047,389)
Decrease in cash and cash equivalents	(766,152)	(5,877,655)
Cash and cash equivalents, beginning of year	9,689,148	15,566,803
Cash and cash equivalents, end of year	\$ 8,922,996	\$ 9,689,148

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

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, Tom Baker Cancer Centre and the Foothills Professional Building in Calgary.

Note 2 Summary of significant accounting policies and reporting practices

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. The Foundation follows 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) Capital Campaign:

The Capital Campaign is a restricted fund which reports the assets, liabilities, revenue and expenses related to the Foundation’s commitment to provide \$200 million as a stakeholder partner for the new cancer centre in Calgary. The construction of the new cancer centre is a joint project undertaken by the Government of Alberta in conjunction with Alberta Health Services. The Foundation expects to accumulate funds over time in order to fulfill the commitment.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

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.

(v) Capital Asset:

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

(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 or in the Capital Campaign 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.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

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

(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.

(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. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed when incurred. All other financial instruments are adjusted by transaction costs on acquisition.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized amount is adjusted through the statement of remeasurement gains and losses.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

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

(f) Financial instruments, continued:

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Canadian Public Sector Accounting Standards require an organization to classify fair value measurements using a hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborative inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

(h) Disbursement expenses:

Operating disbursements are provided annually for the funding of research, infrastructure, special equipment, psychosocial care, palliative care, and patient education and comfort. Operating and research disbursements are recognized as expenses when the funds are disbursed by the Foundation.

(i) Measurement uncertainty:

The preparation of financial statements 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
YEAR ENDED MARCH 31, 2014**

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

(j) 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 LAPP’s deficit or surplus.

Note 3 Cash and cash equivalents

	2014	2013
Cash	\$ 6,806,827	\$ 7,598,079
CCITF Account	2,116,169	2,091,069
	\$ 8,922,996	\$ 9,689,148

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 was 1.19% (2013 – 1.23%).

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 4 Pledges receivable and donor commitments

Pledges receivable are comprised of the following:

2014					2013
<u>Unrestricted</u>	<u>Restricted</u>	<u>Capital Campaign</u>	<u>Endowments</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ 650,250	\$ 206,000	\$ 635,000	\$ 1,491,250	\$ 1,799,046

The following are future commitments made by donors for programs which have not been recognized in the financial statements:

Clinical trials	\$ 2,150,000
New Calgary cancer centre capital campaign	722,000
Patient financial assistance	645,000
Research	448,000
Enhanced patient care	68,437
Research studentships	60,000
Building excellence	12,500
	\$ 4,105,937

The Foundation has gift/pledge agreements from individual or corporate donors who have committed to donate in the future to support the specified programs above. The Foundation regularly (at least annually) consults with donors to either receive their pledged gift or reaffirm their intent to fulfill their future commitment. The Foundation records future commitments expected within the next fiscal year as revenue once there is reasonable assurance that the donor will fulfill their commitment.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 5 Investments

	2014		2013	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 114,007	\$ 114,007	\$ 113,734	\$ 113,734
Accrued interest receivable	47,837	47,837	104,205	104,205
Level 1 Equity Instruments				
Canadian common shares	41,404,268	25,976,074	45,572,466	32,334,005
U.S. common shares	-	-	272,623	468,814
Pooled equity funds-US	25,645,158	19,712,474	14,005,393	14,000,000
Global pooled equity funds	14,658,967	10,900,896	7,500,874	6,201,087
Level 2 Designated Fair Value Instruments				
Pooled fixed income funds	40,980,927	41,378,423	34,847,984	34,791,557
Treasury bills and guaranteed investment certificates	3,585,421	3,585,421	6,584,331	6,584,368
	<u>\$ 126,436,585</u>	<u>\$ 101,715,132</u>	<u>\$ 109,001,610</u>	<u>\$ 94,597,770</u>

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.

In order to earn optimal financial returns at an acceptable level of risk, the Foundation has established an asset mix policy of 30% to 60% for fixed income instruments, 0% to 10% for treasury bills and guaranteed investment certificates and 30% to 70% for equity instruments. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints.

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 (or an equivalent service) with no more than 10% rated "BBB".

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.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 5 Investments, continued

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 are allocated to the following funds:

	2014	2013
Restricted	\$ 61,470,027	\$ 45,444,678
Endowments	64,966,558	63,556,932
	\$ 126,436,585	\$ 109,001,610

Note 6 Capital Assets

	2014		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 220,509	\$ 84,951	\$ 135,558
Furniture and equipment	976,925	384,594	592,331
Total Capital Assets	\$ 1,197,434	\$ 469,545	\$ 727,889

Amortization expense of \$127,672 (2013 - \$77,110) is recorded as part of administrative and operating expenses in the Capital Asset Fund.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 6 Capital Assets, continued

	2013		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 220,509	\$ 62,191	\$ 158,318
Furniture and equipment	577,321	279,682	297,639
Total Capital Assets	\$ 797,830	\$ 341,873	\$ 455,957

Note 7 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.

	2014	2013
Restricted funds	\$ 32,690,860	\$ 29,809,498
Internally established endowments, expendable portion	5,500,872	4,780,273
Externally established endowments, expendable portion	5,372,907	4,503,601
Total restricted funds	43,564,639	39,093,372
Accumulated rereasurement gains	24,721,452	14,403,840
Total Restricted Fund balance	\$ 68,286,091	\$ 53,497,212

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 8 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.

	2014	2013
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	37,068,204	35,694,113
Building excellence	548,143	548,143
Patient financial assistance	1,027,781	1,027,781
Patient programs and equipment	691,751	796,651
	39,335,879	38,066,688
Total Endowment Fund balance	\$ 65,601,558	\$ 64,332,367
Changes to the Endowment Fund were derived as follows:		
Balance April 1	\$ 64,332,367	\$ 63,687,622
Donations	44,421	-
Transfers from Restricted Fund	501,000	(11,755)
Realized Pledges	923,247	656,500
Write offs	(199,477)	-
	1,269,191	644,745
Current year changes	1,269,191	644,745
Balance March 31	\$ 65,601,558	\$ 64,332,367

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 9 Lottery

The Foundation and the Canadian Cancer Society Alberta/N.W.T. Division, as equal principals, participated in the fourteenth annual Cash and Cars Lottery during the fiscal year. All revenues and expenses were shared equally. In 2013, the You Win 50 Lottery was introduced as an add on to the Cash and Cars Lottery. The Alberta Cancer Foundation's proportionate share of revenues and expenses are as follows:

	Cash and Cars 2014	You Win 50 2014	Total 2014	Total 2013
Total revenues	\$ 4,587,193	\$ 601,719	\$ 5,188,912	\$ 4,590,535
Expenses:				
Prizes	2,331,792	300,000	2,631,792	2,381,309
Marketing and other	1,501,701	126,182	1,627,883	1,517,070
Total expenses	3,833,493	426,182	4,259,675	3,898,379
Excess revenues over expenses	\$ 753,700	\$ 175,537	\$ 929,237	\$ 692,156

Note 10 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.

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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 10 Related party transactions, continued

<u>Disbursements to Related Parties</u>	<u>2014</u>	<u>2013</u>
AHS (Cancer Control)	\$ 6,518,166	\$ 8,158,410
University of Alberta	6,213,765	5,781,118
University of Calgary	4,184,812	5,671,694
Alberta Innovates Health Solutions	680,712	-
Calgary Health Trust	45,000	-
University of Lethbridge	37,400	48,500
Total disbursements to related parties	<u>\$ 17,679,855</u>	<u>\$ 19,659,722</u>
<u>Unspent Disbursements Returned from Related Parties</u>	<u>2014</u>	<u>2013</u>
AHS (Cancer Control)	\$ 1,010,167	\$ 88,290
University of Alberta	40,442	2,774
University of Calgary	40,253	61,394
Total unspent disbursements returned from related parties	<u>\$ 1,090,862</u>	<u>\$ 152,458</u>

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

<u>Grants from Related Parties</u>	<u>2014</u>	<u>2013</u>
Alberta Community Spirit	\$ 25,000	\$ -
David Thompson Health Trust	\$ 44,458	\$ -
Total grants from related parties	<u>\$ 69,458</u>	<u>\$ -</u>

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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 11 Investment and other income

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

	2014	2013
Interest and dividends	\$ 2,950,828	\$ 2,933,302
Realized gains on disposal of investments	8,472,731	6,934,353
Other income	121,180	11,026
	\$ 11,544,739	\$ 9,878,681

Note 12 Program disbursements during the year

	2014	2013
Research	\$ 16,005,842	\$ 17,105,311
Prevention	456,720	645,832
Enhanced Care	4,380,119	4,825,044
	\$ 20,842,681	\$ 22,576,187

Note 13 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 \$559,528 (2013 - \$490,872). At December 31, 2013, the LAPP reported a deficiency of \$4,861,516,000 (December 31, 2012 - deficiency \$4,977,303,000).

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

Note 14 Commitments

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

2015	\$ 322,587
2016	300,860
2017	305,307
2018	315,809
2019 and thereafter	1,488,642

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

Note 15 Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.