

ALBERTA CANCER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Alberta Cancer Foundation

We have audited the accompanying financial statements of the Alberta Cancer Foundation, which comprise the statement of financial position as at March 31, 2016, 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 the Alberta Cancer Foundation as at March 31, 2016, 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.

Chartered Professional Accountants

May 27, 2016
Edmonton, Canada

ALBERTA CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 10,794,370	\$ 6,742,247
Accounts receivable and prepaid expenses	1,157,841	956,769
Pledges receivable (note 4)	976,790	1,684,785
	12,929,001	9,383,801
Investments (note 5)	143,415,890	149,205,549
Capital assets (note 6)	608,182	711,994
Other assets	63,358	63,358
Total Assets	\$ 157,016,431	\$ 159,364,702
<u>LIABILITIES AND FUND BALANCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 948,075	\$ 1,710,363
Deferred revenues	39,421	469,337
Lease inducement	2,748	8,244
Due to Alberta Health Services	1,592,669	1,302,207
	2,582,913	3,490,151
Lease inducement	-	2,748
	2,582,913	3,492,899
Fund balances:		
Unrestricted Fund	1,740,533	1,473,172
Restricted Fund (note 7)	56,530,865	52,598,507
Endowment Fund (note 8)	69,310,391	68,142,263
Capital Asset Fund	608,182	711,994
Total Fund balances	128,189,971	122,925,936
Accumulated remeasurement gains	26,243,547	32,945,867
	154,433,518	155,871,803
Total Liabilities and Fund Balances	\$ 157,016,431	\$ 159,364,702
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, 2016

	2016					2015
	<u>Unrestricted</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>			<u>Fund</u>		
Revenues						
Fundraising	\$ 4,141,951	\$ 14,475,295	\$ 1,134,920	\$ -	\$ 19,752,166	\$ 22,152,525
Challenge events	-	7,526,868	-	-	7,526,868	8,987,866
Lottery (note 9)	8,870,902	-	-	-	8,870,902	4,937,091
Grants (note 10)	5,000	5,200	-	-	10,200	75,000
Returned program investments (note 10)	-	1,532,041	-	-	1,532,041	1,600,935
Investment and other income (note 11)	4,211,218	6,318,819	-	-	10,530,037	13,250,444
Total revenues	17,229,071	29,858,223	1,134,920	-	48,222,214	51,003,861
Program investments and expenditures						
Program investments (note 12)	2,235,926	17,745,490	-	-	19,981,416	18,551,268
Direct fundraising and event management	2,107,334	5,360,731	-	-	7,468,065	6,676,454
Lottery (note 9)	7,713,420	-	-	-	7,713,420	4,270,744
Administrative and fundraising	7,667,473	-	-	127,805	7,795,278	9,804,734
Total program investments and expenditures	19,724,153	23,106,221	-	127,805	42,958,179	39,303,200
Excess (deficiency) of revenues over program investments and expenditures	<u>\$ (2,495,082)</u>	<u>\$ 6,752,002</u>	<u>\$ 1,134,920</u>	<u>\$ (127,805)</u>	<u>\$ 5,264,035</u>	<u>\$ 11,700,661</u>

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
MARCH 31, 2016

	2016				
	<u>Unrestricted</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u>	<u>Total</u>
	<u>Fund</u>			<u>Fund</u>	
Fund balances, beginning of year	\$ 1,473,172	\$ 52,598,507	\$ 68,142,263	\$ 711,994	\$ 122,925,936
Excess (deficiency) of revenues over program investments and expenditures	(2,495,082)	6,752,002	1,134,920	(127,805)	5,264,035
Interfund transfers					
Transfers	2,786,436	(2,819,644)	33,208	-	-
Purchases of capital assets	(23,993)	-	-	23,993	-
Fund balances, end of year	<u>\$ 1,740,533</u>	<u>\$ 56,530,865</u>	<u>\$ 69,310,391</u>	<u>\$ 608,182</u>	<u>\$ 128,189,971</u>

	2015				
	<u>Unrestricted</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset</u>	<u>Total</u>
	<u>Fund</u>			<u>Fund</u>	
Fund balances, beginning of year	\$ 1,210,892	\$ 43,431,396	\$ 65,855,098	\$ 727,889	\$ 111,225,275
Excess (deficiency) of revenues over program investments and expenditures	(1,002,523)	10,567,525	2,287,165	(151,506)	11,700,661
Interfund transfers					
Transfers	1,400,414	(1,400,414)	-	-	-
Purchases of capital assets	(135,611)	-	-	135,611	-
Fund balances, end of year	<u>\$ 1,473,172</u>	<u>\$ 52,598,507</u>	<u>\$ 68,142,263</u>	<u>\$ 711,994</u>	<u>\$ 122,925,936</u>

**ALBERTA CANCER FOUNDATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2016**

	2016				2015	
	<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>
Accumulated remeasurement gains, beginning of year	\$ -	\$ 32,945,867	\$ -	\$ -	\$ 32,945,867	\$ 24,721,452
Unrealized (losses) gains attributable to equity instruments	-	(2,149,928)			(2,149,928)	15,646,209
Realized (gains), reclassified to the statement of operations Equity instruments	-	(4,552,392)	-	-	(4,552,392)	(7,421,794)
Change in net remeasurement (losses) gains for the year	-	(6,702,320)	-	-	(6,702,320)	8,224,415
Accumulated remeasurement gains, end of year	<u>\$ -</u>	<u>\$ 26,243,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,243,547</u>	<u>\$ 32,945,867</u>

**ALBERTA CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016**

	2016	2015
Cash generated from (used by):		
Operating activities:		
Excess of revenues over program investments and expenditures	\$ 5,264,035	\$ 11,700,661
Items not involving cash:		
Realized gains on disposal of investments	(4,492,113)	(9,129,402)
Donated shares	(440,415)	(1,465,616)
Amortization of capital assets	127,805	131,232
Loss on writeoff of capital assets	-	20,274
Amortization of lease inducement	(8,244)	(8,245)
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	(201,072)	108,445
Pledges receivable	707,995	(193,535)
Accounts payable and accrued liabilities	(762,288)	718,967
Deferred revenues	(429,916)	378,051
Due to Alberta Health Services	290,462	(356,439)
Cash generated from operating activities	56,249	1,904,393
Investing and financing activities:		
Increase in investments:		
Purchase of investments	(30,839,122)	(50,699,482)
Proceeds on sale of investments	34,858,989	46,749,951
	4,019,867	(3,949,531)
Purchase of capital assets	(23,993)	(135,611)
Cash generated (used by) from investing and financing activities	3,995,874	(4,085,142)
Increase (decrease) in cash and cash equivalents	4,052,123	(2,180,749)
Cash and cash equivalents, beginning of year	6,742,247	8,922,996
Cash and cash equivalents, end of year	\$ 10,794,370	\$ 6,742,247

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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) 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
YEAR ENDED MARCH 31, 2016**

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
YEAR ENDED MARCH 31, 2016**

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. 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.

(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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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

- 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.

(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 as 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.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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

(k) Future accounting policies:

The following summarizes upcoming changes in public sector accounting standards issued by the Public Sector Accounting Standards Board. In 2017, the Foundation will continue to assess the impact and prepare for the adoption of these standards.

Section	Public Sector Accounting Standard	Effective date
PS2200	Related Party Transactions	April 1, 2017
PS3420	Inter-Entity Transactions	April 1, 2017
PS3210	Assets	April 1, 2017

Note 3 Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
Cash	\$ 8,634,937	\$ 4,600,909
CCITF Account	<u>2,159,433</u>	<u>2,141,338</u>
	<u>\$ 10,794,370</u>	<u>\$ 6,742,247</u>

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 0.83% (2015 – 1.18%).

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

Note 4 Pledges receivable and donor commitments

Pledges receivable are comprised of the following:

2016				2015
<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowments</u>	<u>Total</u>	<u>Total</u>
\$ 25,999	\$ 882,999	\$ 67,792	\$ 976,790	\$ 1,684,785

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

Clinical trials	\$ 1,522,562
Calgary cancer centre capital campaign	834,000
Research fellowships	525,000
Research	355,845
Patient financial assistance	220,000
Research studentships	94,400
Enhanced care	22,012
Areas of greatest need	12,000
Building Excellence	7,500
	\$ 3,593,319

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, 2016**

Note 5 Investments

	2016		2015	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 186,222	\$ 186,222	\$ 99,926	\$ 99,926
Accrued interest receivable	36,905	36,905	40,983	40,983
Level 1 Equity Instruments				
Canadian common shares and pooled equity funds	22,324,445	14,234,210	25,111,163	14,243,744
Pooled equity funds-US	28,735,197	19,757,472	31,247,923	19,588,496
Global pooled equity funds	34,347,532	26,792,309	34,751,700	26,814,874
Pooled fixed income funds	54,372,848	52,752,484	52,763,960	50,281,765
Level 2 Designated Fair Value Instruments				
Treasury bills and guaranteed investment certificates	3,412,741	3,412,741	5,189,894	5,189,894
	<u>\$ 143,415,890</u>	<u>\$ 117,172,343</u>	<u>\$ 149,205,549</u>	<u>\$ 116,259,682</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, 2016**

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:

	2016	2015
Restricted	\$ 74,173,291	\$ 81,740,533
Endowments	69,242,599	67,465,016
	\$ 143,415,890	\$ 149,205,549

Note 6 Capital Assets

	2016		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 220,509	\$ 161,833	\$ 58,676
Furniture and equipment	1,068,145	518,639	549,506
Total Capital Assets	\$ 1,288,654	\$ 680,472	\$ 608,182

The administrative and fundraising expenses of the Capital Asset Fund include amortization of \$127,805 (2015 - \$131,232) and a loss on the write off of capital assets of nil (2015 - \$20,274).

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

Note 6 Capital Assets, continued

	2015		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 220,509	\$ 123,392	\$ 97,117
Furniture and equipment	1,044,152	429,275	614,877
Total Capital Assets	<u>\$ 1,264,661</u>	<u>\$ 552,667</u>	<u>\$ 711,994</u>

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.

	2016	2015
Restricted funds	\$ 39,948,074	\$ 37,707,761
Internally established endowments, expendable portion	7,021,413	7,220,144
Externally established endowments, expendable portion	<u>9,561,378</u>	<u>7,670,602</u>
Total restricted funds	56,530,865	52,598,507
Accumulated remeasurement gains	<u>26,243,547</u>	<u>32,945,867</u>
Total Restricted Fund balance	<u>\$ 82,774,412</u>	<u>\$ 85,544,374</u>

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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.

	2016	2015
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	40,639,677	39,492,999
Building excellence	641,793	640,493
Patient financial assistance	1,027,841	1,027,841
Patient programs and equipment	735,401	715,251
	43,044,712	41,876,584
Total Endowment Fund balance	\$ 69,310,391	\$ 68,142,263

Changes to the Endowment Fund were derived as follows:

Balance April 1	\$ 68,142,263	\$ 65,855,098
Donations	620,170	1,090,109
Transfers from Restricted Fund	33,208	-
Realized Pledges	514,750	1,197,056
Current year changes	1,168,128	2,287,165
Balance March 31	\$ 69,310,391	\$ 68,142,263

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

Note 9 Lottery

During the year ended March 31, 2016, the Foundation exclusively held the Cash and Cars Lottery and the You Win 50 Lottery. In previous years the Foundation operated both lotteries in partnership with another charity. The financial results of the lotteries are as follows:

	Cash and Cars 2016	You Win 50 2016	Total 2016	Total 2015
Total revenues	\$ 7,393,344	1,477,558	\$ 8,870,902	\$ 4,937,091
Expenses:				
Prizes	4,018,386	737,500	4,755,886	2,642,014
Marketing and other	2,632,756	324,778	2,957,534	1,628,730
Total expenses	6,651,142	1,062,278	7,713,420	4,270,744
Excess revenues over expenses	\$ 742,202	\$ 415,280	\$ 1,157,482	\$ 666,347

Note 10 Related party transactions

As the Foundation operates under the authority of the Regional Health Authorities Act, Section 23(1)(n) and the Alberta Cancer Foundation Regulation 70/2009, it is included within the Province of Alberta's government reporting entity.

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, 2016**

Note 10 Related party transactions, continued

<u>Program Investments to Related Parties</u>	<u>2016</u>	<u>2015</u>
AHS (Cancer Control)	\$ 8,865,333	\$ 6,867,125
University of Calgary	3,823,842	4,672,181
University of Alberta	4,196,374	3,995,000
University of Lethbridge	27,000	28,500
Alberta Innovates Health Solutions	-	11,745
Total program investments to related parties	<u>\$ 16,912,549</u>	<u>\$ 15,574,551</u>
<u>Unspent Program Investments Returned by Related Parties</u>	<u>2016</u>	<u>2015</u>
AHS (Cancer Control)	\$ 746,656	\$ 1,021,631
University of Calgary	762,748	442,163
University of Alberta	20,063	124,391
University of Lethbridge	-	12,750
Total unspent program investments returned by related parties	<u>1,529,467</u>	<u>1,600,935</u>
Unspent program investments returned from non related parties	<u>2,574</u>	<u>-</u>
Total unspent program investments returned	<u>\$ 1,532,041</u>	<u>\$ 1,600,935</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.

**ALBERTA CANCER FOUNDATION
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YEAR ENDED MARCH 31, 2016**

Note 10 Related party transactions, continued

<u>Grants from Related Parties</u>	<u>2016</u>	<u>2015</u>
Alberta Culture and Tourism	\$ -	\$ 75,000
Alberta Innovates Health Solutions	5,000	-
	<hr/>	<hr/>
Total grants from related parties	5,000	75,000
	<hr/>	<hr/>
Grants from non related parties	5,200	-
	<hr/>	<hr/>
Total grants	<u>\$ 10,200</u>	<u>\$ 75,000</u>

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

Note 11 Investment and other income

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

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 6,027,837	\$ 4,013,011
Realized gains, reclassified to the statement of operations	4,552,392	7,421,794
Realized (losses) gains during the year	(60,279)	1,707,608
Other income	10,087	108,031
	<hr/>	<hr/>
	<u>\$ 10,530,037</u>	<u>\$ 13,250,444</u>

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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Note 12 Program investments during the year

	2016	2015
Research	\$ 15,215,331	\$ 13,592,504
Prevention	396,627	410,401
Enhanced Care	4,369,458	4,548,363
	\$ 19,981,416	\$ 18,551,268

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 \$606,072 (2015 - \$593,782). At December 31, 2014, the LAPP reported a deficiency of \$2,454,636,000. As of the report date, the December 31, 2015 LAPP figure is not available.

Note 14 Commitments

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

2017	\$ 334,757
2018	345,259
2019	343,974
2020	363,593
2021 and thereafter	907,623

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