



ALBERTA CANCER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2010

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Auditor’s Report

To the Members of the Alberta Cancer Foundation

I have audited the statements of financial position of the Alberta Cancer Foundation as at March 31, 2010 and 2009 and the statements of operations and changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation’s management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher]
CA
Auditor General

Edmonton, Alberta
June 1, 2010

ALBERTA CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

	Unrestricted Fund	Restricted Fund	Endowment Fund	Capital Asset Fund	2010 Total	2009 Total
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents (Note 4)	\$ 1,243,660	\$ 11,839,504	\$ -	\$ -	\$ 13,083,164	\$ 10,843,460
Accounts receivable and prepaid expenses	593,334	586,601	-	-	1,179,935	1,019,309
Pledges receivable (Note 7)	5,236	188,972	1,057,077	-	1,251,285	1,526,888
	<u>1,842,230</u>	<u>12,615,077</u>	<u>1,057,077</u>	<u>-</u>	<u>15,514,384</u>	<u>13,389,657</u>
Investments (Note 8)	-	15,221,177	64,445,060	-	79,666,237	67,195,994
Capital assets (Note 6)	-	-	-	361,424	361,424	425,074
Other assets (Note 5)	63,358	-	-	-	63,358	48,000
Accrued benefit asset (Note 10)	28,370	-	-	-	28,370	28,370
	<u>\$ 1,933,958</u>	<u>\$ 27,836,254</u>	<u>\$ 65,502,137</u>	<u>\$ 361,424</u>	<u>\$ 95,633,773</u>	<u>\$ 81,087,095</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 387,219	\$ 456,248	\$ -	\$ -	\$ 843,467	\$ 1,009,374
Deferred revenues	92,325	-	-	-	92,325	93,750
Lease inducement	8,244	-	-	-	8,244	8,244
Due to Alberta Health Services	466,711	-	-	-	466,711	787,585
	<u>954,499</u>	<u>456,248</u>	<u>-</u>	<u>-</u>	<u>1,410,747</u>	<u>1,898,953</u>
Lease inducement	43,970	-	-	-	43,970	52,214
	<u>998,469</u>	<u>456,248</u>	<u>-</u>	<u>-</u>	<u>1,454,717</u>	<u>1,951,167</u>
Fund balances:						
Unrestricted Fund	935,489	-	-	-	935,489	628,551
Restricted Fund (Note 11)	-	27,380,006	-	-	27,380,006	21,824,429
Endowment Fund (Note 12)	-	-	65,502,137	-	65,502,137	56,257,874
Capital Asset Fund	-	-	-	361,424	361,424	425,074
Total Fund balances	<u>935,489</u>	<u>27,380,006</u>	<u>65,502,137</u>	<u>361,424</u>	<u>94,179,056</u>	<u>79,135,928</u>
Total Liabilities & Fund Balances	<u>\$ 1,933,958</u>	<u>\$ 27,836,254</u>	<u>\$ 65,502,137</u>	<u>\$ 361,424</u>	<u>\$ 95,633,773</u>	<u>\$ 81,087,095</u>
Commitments (Note 14)						

The accompanying notes are part of these financial statements.

Approved by the Trustees

[Original signed by]

John Osler
Chair, Alberta Cancer Foundation

[Original signed by]

Greg Cameron
Chair, ACF Audit & Finance Committee

ALBERTA CANCER FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2010

	2010					2009
						(restated note 2)
	<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	\$ 3,483,232	\$ 8,619,574	\$ 917,979	\$ -	\$ 13,020,785	\$ 14,982,573
Strategic events	-	14,614,483	-	-	14,614,483	9,806,683
Lottery (note 13)	4,680,964	-	-	-	4,680,964	5,142,407
Investment and other income (note 9)	547,124	2,767,961	-	-	3,315,085	2,776,463
Total revenues	<u>8,711,320</u>	<u>26,002,018</u>	<u>917,979</u>	<u>-</u>	<u>35,631,317</u>	<u>32,708,126</u>
Grants and expenses						
Grants awarded during the year	571,539	10,615,252	-	-	11,186,791	16,386,782
Direct fundraising and event expenses	1,776,398	7,936,208	-	-	9,712,606	7,244,614
Lottery expenses (note 13)	3,846,875	-	-	-	3,846,875	4,610,868
Administrative and operating expenses	4,610,106	-	-	63,650	4,673,756	4,417,902
Total grants and expenses	<u>10,804,918</u>	<u>18,551,460</u>	<u>-</u>	<u>63,650</u>	<u>29,420,028</u>	<u>32,660,166</u>
Excess (deficiency) of revenue over expenses	<u>\$ (2,093,598)</u>	<u>\$ 7,450,558</u>	<u>\$ 917,979</u>	<u>\$ (63,650)</u>	<u>\$ 6,211,289</u>	<u>\$ 47,960</u>
Fund balances, beginning of year	628,551	21,824,429	56,257,874	425,074	79,135,928	90,690,332
Interfund transfers						
Transfers to externally restricted endowments	-	(114,082)	114,082	-	-	-
Transfers to internally established endowments	-	(1,043,442)	1,043,442	-	-	-
Transfers to unrestricted funds	2,400,536	(2,400,536)	-	-	-	-
Change in unrealized gain (loss)	-	1,663,079	7,168,760	-	8,831,839	(11,602,364)
Fund balances, end of year	<u>\$ 935,489</u>	<u>\$ 27,380,006</u>	<u>\$ 65,502,137</u>	<u>\$ 361,424</u>	<u>\$ 94,179,056</u>	<u>\$ 79,135,928</u>
Unrealized gain (loss) - investments, beginning of year	\$ -	\$ (339,013)	\$ (1,562,787)	\$ -	\$ (1,901,800)	\$ 9,700,564
Change in unrealized gain (loss)	-	1,663,079	7,168,760	-	8,831,839	(11,602,364)
Unrealized gain (loss) - investments, end of year	<u>\$ -</u>	<u>\$ 1,324,066</u>	<u>\$ 5,605,973</u>	<u>\$ -</u>	<u>\$ 6,930,039</u>	<u>\$ (1,901,800)</u>

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2010**

	2010	2009
Cash generated from (used by):		
Operating activities:		
Excess of revenues over expenses for the year	\$ 6,211,289	\$ 47,960
Items not involving cash:		
Gain (loss) on disposal of investments	(649,424)	380,638
Amortization of capital assets	63,650	35,790
Amortization of lease inducement	(8,244)	(4,808)
SERP expense	3,858	9,899
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	(160,626)	10,266
Accounts payable and accrued liabilities	(165,907)	311,071
Due to Alberta Health Services	(320,874)	420,269
Deferred revenues	(1,425)	93,750
SERP contributions	(3,858)	(9,899)
Pledges receivable	275,603	285,738
Cash generated from operating activities	5,244,042	1,580,674
Investing and financing activities:		
Increase in investments:		
Donated shares	(412,959)	(417,839)
Purchase of investments	(27,499,804)	(27,443,757)
Proceeds on sale of investments	24,887,776	24,693,709
Change in accrued interest	36,007	3,948
	(2,988,980)	(3,163,939)
Lease inducement received	-	65,266
Purchase of capital assets	-	(302,322)
Donated other assets	(15,358)	-
Cash generated from investing and financing activities	(3,004,338)	(3,400,995)
Increase (decrease) in cash and cash equivalents	2,239,704	(1,820,321)
Cash and cash equivalents, beginning of year	10,843,460	12,663,781
Cash and cash equivalents, end of year	\$ 13,083,164	\$ 10,843,460

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

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 Change in Accounting Policy

On April 1, 2009, the Foundation adopted the amendment to CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations. The amendment requires revenues and expenses to be recognized and presented at their gross amounts when an organization is acting as a principal in transactions.

The change results in an increase in reported revenue and expenses of \$13,320,146 (2009 – increase of \$11,293,074).

Increases (decreases) in reported balances are as follows:

	2010	2009
Fundraising revenues	\$ 1,422,515	\$ 607,955
Strategic events	7,787,713	5,805,638
Lottery	3,846,875	4,610,868
Investment and other income	263,043	268,613
Impact on total revenues	\$ 13,320,146	\$ 11,293,074
Direct fundraising and event expenses	\$ 9,712,606	\$ 7,244,614
Lottery expenses	3,846,875	4,610,868
Administrative and operating expenses	(239,335)	(562,408)
Impact on total expenses	\$ 13,320,146	\$ 11,293,074

There was no impact on fund balances. The change has been implemented retrospectively.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

Note 3 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.

(b) Revenue recognition:

(i) Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or upon becoming receivable.

(ii) Externally restricted contributions are recognized as revenue in the Restricted Fund when received. Externally restricted contributions can only be used for the purposes designated by external parties. Any externally restricted contributions containing stipulations that the principal amounts not be expended are recorded as revenues in the Endowment Fund.

(iii) Contributions for endowments are recognized as revenue in the Endowment Fund.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

Note 3 Summary of significant accounting policies and reporting practices, continued

(iv) Investment income earned on Endowment Fund resources that must be spent on restricted purposes is recognized as revenue of the Restricted Fund. Other investment income is recognized as revenue of the Unrestricted Fund when earned.

(v) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined. Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not recognized in these financial statements.

(c) Pledges:

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

(d) Capital assets:

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

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

Amortization expense is reported in the Capital Asset Fund.

(e) Lease inducement:

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

(f) Financial instruments:

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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

Note 3 Summary of significant accounting policies and reporting practices, continued

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 measured at amortized cost using the effective interest method.

Other financial liabilities:

The Foundation has classified its accounts payable and accrued liabilities and amounts due to Alberta Health Services as other financial liabilities, which after initial fair value measurement, are measured at amortized cost using the effective interest method.

Market risk:

The Foundation is subject to currency risk, interest rate risk and price risk with respect to its investments. To manage these risks, the Foundation has established a target mix of investment types designated to achieve the optimum return with reasonable risk tolerance (Note 8). The Foundation's currency risk is limited to the portion of its investment portfolio held in US dollars. The total investments denominated in US dollars are \$ 7,769,325 (2009 - \$5,113,760).

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

Note 3 Summary of significant accounting policies and reporting practices, continued

(g) Grant expenses:

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

(h) Measurement uncertainty:

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

(i) Employee future benefits:

Effective April 1, 2009 the Foundation commenced participation 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.

In the prior year the Foundation participated in the Public Service Pension Plan (PSPP). This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings.

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

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

Note 3 Summary of significant accounting policies and reporting practices, continued
to staff relating to this plan until their retirement. All actuarial gains and losses are amortized over the expected average remaining service life of employees in the plan.

(j) Capital disclosure

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

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

Note 4 Cash and cash equivalents

	2010	2009
Cash	\$ 11,064,491	\$ 8,848,093
Deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta	2,018,673	1,995,367
	\$ 13,083,164	\$ 10,843,460

The Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2010 was 0.93% (2009 - 3.01%).

Note 5 Other Assets

Other assets include mineral rights donated to the Foundation which are recorded at cost.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

Note 6 Capital Assets

	2010			2009
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 102,334	\$ 20,458	\$ 81,876	\$ 94,796
Furniture & equipment	379,252	99,704	279,548	330,278
Total capital Assets	\$ 481,586	\$ 120,162	\$ 361,424	\$ 425,074

Amortization expense of \$63,650 (2009 - \$35,790) is recorded as part of administrative and operating expenses in the Capital Asset Fund.

Note 7 Pledges receivable

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

	2010			2009	
	Unrestricted	Restricted	Endowments	Total	Total
2010	\$ -	\$ -	\$ -	\$ -	\$ 1,621,888
2011	5,236	188,972	1,172,077	1,366,285	1,060,617
2012	-	180,000	786,500	966,500	940,500
2013	-	70,000	691,500	761,500	710,500
2014	-	7,000	636,500	643,500	642,500
2015	-	1,000	636,500	637,500	637,500
2016	-	1,000	6,500	7,500	7,500
2017	-	-	7,500	7,500	7,500
2018	-	-	2,500	2,500	2,500
2019	-	-	2,500	2,500	5,000
2020	-	-	2,500	2,500	-
Total Pledges	5,236	447,972	3,944,577	4,397,785	5,636,005
Allowance on Pledges	-	(259,000)	(2,887,500)	(3,146,500)	(4,109,117)
Pledges recognized	\$ 5,236	\$ 188,972	\$ 1,057,077	\$ 1,251,285	\$ 1,526,888

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

Note 8 Investments

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Cash	\$ 10,418	\$ 10,418	\$ 1,971	\$ 1,971
Canadian money market	1,832,040	1,832,040	3,045,858	3,045,798
Canadian common shares	26,179,065	20,829,132	16,404,412	17,172,320
U.S. common shares	7,769,325	7,350,521	5,113,760	5,896,015
World Pooled Equity Funds	8,650,238	8,862,844	6,472,852	8,629,946
Treasury bills and guaranteed investment certificates with an average effective yield of 0.3% (2009 – 0.4%), with a maturity date of July 22, 2010 (2009 - April 30, 2009 and June 11, 2009)	427,570	427,628	2,228,856	2,228,860
Canadian federal, provincial and municipal government bonds and debentures, with an average effective yield of 4.3% (2009- 4.52%), with maturity dates between June 1, 2014 and October 1, 2029 (2009 - March 15, 2010 and October 1, 2029)	23,169,792	22,259,265	22,993,956	21,140,621
Corporate debentures, with an average effective yield of 5.17% (2009 - 5.0%), with maturity dates between February 13, 2013 and December 3, 2027 (2009 – February 18, 2010 and July 27, 2029)	11,197,787	10,734,348	10,468,320	10,516,254
Accrued interest receivable	430,002	430,002	466,009	466,009
	<u>\$ 79,666,237</u>	<u>\$ 72,736,198</u>	<u>\$ 67,195,994</u>	<u>\$ 69,097,794</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 30% to 60% for equity instruments. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints.
- (ii) Treasury bills and guaranteed investment certificates, bonds and debentures are managed with the objective of providing optimal returns while maintaining maximum security of capital. Bonds represent high quality fixed income securities. Risk is reduced by limiting investments to instruments with a rating of A or higher by the Dominion Bond Rating Service.

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

Note 8 Investments, continued

As at March 31, 2010, the instruments have the following maturities:

Under 1 year	1%
1 to 5 years	32%
6 to 10 years	49%
Over 10 years	<u>18%</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:

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Unrestricted	\$ -	\$ -	\$ -	\$ -
Restricted	15,221,177	13,897,111	11,978,297	12,317,310
Endowments	64,445,060	58,839,087	55,217,697	56,780,484
	<u>\$ 79,666,237</u>	<u>\$ 72,736,198</u>	<u>\$ 67,195,994</u>	<u>\$ 69,097,794</u>

ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

Note 9 Investment and other income

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

	2010	2009
Interest and dividends	\$ 2,631,495	\$ 3,138,088
Realized gains (losses)	649,424	(380,638)
Other income	34,166	19,013
	<u>\$ 3,315,085</u>	<u>\$ 2,776,463</u>

Note 10 Accrued Benefit Asset and Pension expense

(a) Local Authorities Pension Plan (LAPP)

The Foundation participates in the LAPP (2009 was a participant in PSPP), which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Foundation's annual contributions payable of \$261,921 (2009- PSPP - \$176,745). At December 31, 2009, the LAPP reported a deficiency of \$3,998,614,000 (2008 - deficiency \$4,413,971,000).

(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, 2010

Note 10 Accrued Benefit Asset and Pension expense, continued

	2010	2009
Accrued benefit obligation, beginning of year	\$ 11,117	\$ 29,579
Current service cost	5,558	5,634
Prior service cost	18,151	-
Interest cost	1,034	1,831
Actuarial gain	(1,248)	(25,927)
Accrued benefit obligation, end of year	<u>\$ 34,612</u>	<u>\$ 11,117</u>
Funded status of plan	\$ 25,155	\$ 38,052
Unamortized actuarial gain	(14,936)	(9,682)
Unamortized prior service costs	18,151	-
Accrued SERP asset	<u>\$ 28,370</u>	<u>\$ 28,370</u>
Current service cost	\$ 5,558	\$ 5,634
Interest cost	1,034	1,831
Amortization of prior service cost	-	5,674
Amortization of actuarial gain	(1,210)	(1,979)
Expected return on plan assets	(1,524)	(1,261)
SERP expense	<u>\$ 3,858</u>	<u>\$ 9,899</u>
Assumptions at end of year		
Discount rate	5.4%	6.2%
Expected average remaining service life of employees	8 years	8 years
Salary scale increases	3%	4%
SERP assets (held by trustee)		
Employer contributions	\$ 33,556	\$ 31,627
Actual return on plan assets	5,775	(6,137)
Taxes paid	(2,601)	(1,856)
Market value over cost	(6,768)	(1,596)
Fair value of assets - March 31	<u>29,962</u>	<u>22,038</u>
SERP assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	27,204	25,275
Taxes paid on plan income	2,601	1,856
Total refundable taxes	<u>29,805</u>	<u>27,131</u>
Total SERP assets	59,767	49,169
Less Accrued benefit obligation, end of year	34,612	11,117
Funded status of SERP	<u>\$ 25,155</u>	<u>\$ 38,052</u>

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Note 11 Restricted Fund

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

	<u>2010</u>	<u>2009</u>
Restricted funds	\$ 17,903,397	\$ 13,188,053
Investment income - endowment funds	<u>8,152,543</u>	<u>8,975,389</u>
Total restricted funds	26,055,940	22,163,442
Unrealized gain (loss) on investments	<u>1,324,066</u>	<u>(339,013)</u>
Total Restricted Fund balance	<u>\$ 27,380,006</u>	<u>\$ 21,824,429</u>

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Note 12 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.

	<u>2010</u>	<u>2009</u>
Internally established endowments, principal		
Cancer research	\$ 25,540,679	\$ 24,522,238
Building excellence	250,000	250,000
Patient financial assistance	<u>475,000</u>	<u>450,000</u>
	26,265,679	25,222,238
Externally established endowments, principal		
Cancer research, net of allowance	31,489,339	30,587,135
Building excellence	547,893	433,810
Patient financial assistance	1,027,781	1,027,781
Patient programs and equipment	<u>565,472</u>	<u>549,697</u>
	33,630,485	32,598,423
Total endowment fund, principal balance	59,896,164	57,820,661
Unrealized gain (loss) on investments	<u>5,605,973</u>	<u>(1,562,787)</u>
Total endowment fund, principal balance	<u>\$ 65,502,137</u>	<u>\$ 56,257,874</u>

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Note 13 Lottery

The Foundation and the Canadian Cancer Society Alberta/N.W.T. Division, as equal principals, participated in the tenth 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:

	2010	2009
Total revenues	\$ 4,680,964	\$ 5,142,407
Expenses:		
Prizes	1,937,445	2,624,967
Marketing and other	1,909,430	1,985,901
Total expenses	3,846,875	4,610,868
Excess revenues over expenses	\$ 834,090	\$ 531,539

Note 14 Commitments

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

2011	\$114,912
2012	131,501
2013	139,796
2014	139,796
2015 and thereafter	326,191

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

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Note 15 Related party transactions

(a) Alberta Health Services (AHS):

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

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

Operating and research grants, net of amounts recovered, amounting to \$8,786,490 (2009 – \$15,695,877) were made to Alberta Health Services. AHS disbursed these funds as directed by the Foundation in accordance with donor designation or, where the grants were made from unrestricted funds, as directed by the Trustees.

(b) Cross Cancer Institute Volunteer Association:

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

The Foundation provided the Association with restricted operating grants of \$22,081 (2009 – \$16,340).