

**ALBERTA CANCER BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007**

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**ALBERTA CANCER BOARD**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007**

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Board has established a code of ethics and corporate directives, which include communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed]

*Dr. Jean-Michel Turc*  
*Chief Executive Officer*

[Original Signed]

*Aslam Bhatti*  
*Chief Financial Officer*

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

### Auditor's Report

To the Members of East Central Health  
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA]

Auditor General

Edmonton, Alberta  
May 17, 2007

### ALBERTA CANCER BOARD STATEMENT OF FINANCIAL POSITION

March 31, 2007

(in thousands)

	<u>2007</u> Actual	<u>2006</u> Actual (Restated - Note 2)
<u>ASSETS</u>		
Current:		
Cash and investments (Note 4)	\$ 60,732	\$ 46,477
Accounts receivable	6,281	7,087
Contributions receivable from Alberta Health and Wellness	11,958	1,393
Inventories	8,411	7,092
Prepaid expenses	1,886	880
	<u>89,268</u>	<u>62,929</u>
Non-current cash and investments (Note 4)	41,888	43,651
Capital assets (Note 5)	149,204	144,607
Other assets (Note 17)	808	768
	<u>808</u>	<u>768</u>
<b>TOTAL ASSETS</b>	<b>\$ 281,168</b>	<b>\$ 251,955</b>
<u>LIABILITIES AND NET ASSETS</u>		
Current:		
Accounts payable and accrued liabilities	\$ 43,094	\$ 42,515
Accrued vacation pay	7,375	6,550
Deferred contributions (Note 6)	44,606	26,154
	<u>95,075</u>	<u>75,219</u>
Deferred capital contributions (Note 7)	11,564	10,381
Unamortized external capital contributions	114,486	115,536
	<u>221,125</u>	<u>201,136</u>
Commitments and contingencies (Note 9)		
Net assets		
Accumulated surplus (Note 8)	25,325	21,748
Investment in capital assets from internally funded sources	34,718	29,071
Operating net assets	<u>60,043</u>	<u>50,819</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 281,168</b>	<b>\$ 251,955</b>

The accompanying notes and schedules are part of these financial statements.

**ALBERTA CANCER BOARD**  
**STATEMENT OF OPERATIONS**  
**March 31, 2007**  
(in thousands)

	2007		2006
	Budget (Note 10)	Actual	Actual (Restated - Note 2)
<b>Revenue</b>			
Alberta Health and Wellness contributions (Note 11)	\$ 286,563	\$ 266,433	\$ 242,937
Other government contributions (Note 12)	2,945	2,187	2,758
Fees and charges	7,387	6,486	6,825
Ancillary operations, net (Note 13)	775	636	873
Donations	15,290	6,163	6,730
Research and education	13,763	33,285	12,692
Investment and other income (Note 14)	19,118	25,252	19,862
Amortized external capital contributions	13,278	13,490	12,877
<b>TOTAL REVENUE</b>	<b>359,119</b>	<b>353,932</b>	<b>305,554</b>
<b>Expenses (Schedule 1)</b>			
Facility-based inpatient acute nursing services	16,562	15,615	14,666
Facility-based emergency and outpatient services	95,192	90,041	78,311
Community-based care	36,441	32,244	28,125
Diagnostic and therapeutic services	79,930	78,042	70,337
Promotion, prevention and protection services	31,526	14,927	12,387
Research and education	43,207	52,959	29,358
Administration	9,903	9,631	8,597
Information technology	12,125	12,475	10,331
Support services	29,086	33,618	26,966
Amortization of facilities and improvements	5,147	5,156	4,769
<b>TOTAL EXPENSES</b>	<b>359,119</b>	<b>344,708</b>	<b>283,847</b>
Excess of revenue over expenses	\$ -	\$ 9,224	\$ 21,707

**ALBERTA CANCER BOARD**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**March 31, 2007**  
(in thousands)

	2007		2006
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources	Total (Restated - Note 2)
Balance at beginning of year as previously reported	\$ 26,225	\$ 27,958	\$ 54,183
Adjustment to opening net assets (Note 2)	(4,477)	1,113	(3,364)
Balance at beginning of year restated	\$ 21,748	\$ 29,071	\$ 50,819
Excess of revenue over expenses	9,224	-	9,224
Capital assets purchased with internal funds	(11,195)	11,195	-
Amortization of internally funded capital assets	5,548	(5,548)	-
Other - transfer to external funding	-	-	-
Balance at end of year	\$ 25,325	\$ 34,718	\$ 60,043

**ALBERTA CANCER BOARD**  
**STATEMENT OF CASH FLOWS**  
**March 31, 2007**  
(in thousands)

	2007		2006
	Budget	Actual	Actual (Restated - Note 2)
Cash generated from (used by):			
Operating activities:			
Excess of revenue over expenses	\$ -	\$ 9,224	\$ 21,707
Non-cash transactions:			
Amortization of capital equipment - internally funded	4,424	5,548	3,748
- externally funded	8,559	8,320	8,120
Amortization of facilities and improvements	5,136	5,345	4,946
Amortized external capital contributions	(13,695)	(13,679)	(13,066)
Loss on disposal of capital equipment	-	10	140
Changes in non-cash working capital account	(3,238)	11,075	15,729
Cash generated from operations	<u>1,186</u>	<u>25,843</u>	<u>41,324</u>
Investing activities:			
Purchase of non-current cash and investments	(10,000)	(13,174)	(10,971)
Purchase of capital assets:			
internally funded	(12,556)	(10,265)	(11,538)
externally funded - equipment	(11,271)	(12,629)	(3,849)
internally funded - facility and improvements	-	(930)	-
externally funded - facility and improvements	(8,419)	-	(4,643)
net change in working capital (Note 5)	-	(3,303)	-
Proceeds on sale of non-current cash and investments	10,000	11,204	8,862
Proceeds on disposal of capital assets	-	4	-
Deferred capital contributions transferred to operations	-	(740)	-
Allocations (to) from other assets	-	(40)	9
Allocations (to) from non-current cash and investments	(2,016)	3,733	(2,344)
Cash used by investing activities	<u>(34,262)</u>	<u>(26,140)</u>	<u>(24,474)</u>
Financing activities:			
Capital contributions received	11,937	14,552	9,200
Cash generated from financing activities	<u>11,937</u>	<u>14,552</u>	<u>9,200</u>
(Decrease) increase in cash and investments	(21,139)	14,255	26,050
Cash and investments, beginning of year	<u>46,477</u>	<u>46,477</u>	<u>20,427</u>
Cash and investments, end of year	<u>\$ 25,338</u>	<u>\$ 60,732</u>	<u>\$ 46,477</u>

**ALBERTA CANCER BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

The Alberta Cancer Board (the "Board") was established in 1967 and now operates under the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The Board's operations include the following facilities and sites:

Cross Cancer Institute – Edmonton  
Tom Baker Cancer Centre – Calgary  
Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat  
Community Cancer Centers – Camrose, Hinton, Barrhead, Bonnyville, Drumheller,  
High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton  
Valley  
Breast screening sites – Edmonton and Calgary – plus three mobile vans  
Edmonton Radiopharmaceutical Centre – Edmonton  
Southern Alberta Cancer Research Centre – Calgary

These financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation, the Cross Cancer Institute Volunteer Association, or private facilities providing health services in the province, except as disclosed in Note 15.

**Note 2 Prior Period Adjustments**

(a) During the year, the Board corrected, retroactively with restatement, its accounting for equipment recorded as purchased with external funds that should have been recorded as purchased with internal funds. A receivable had been recorded when no item was recoverable.

(b) Additionally, during the year, the Board corrected, retroactively with restatement, its expense recognition for research grants approved by the Board. Liabilities for future periods were not recognized until the year in which they were due resulting in an understatement of expenses and liabilities in the year approved by the Board.

**Note 2 Prior Period Adjustments (continued)**

	2006			
	As Previously Reported	Prior Period Adjustment		As Restated
		Note 2 (a)	Note 2 (b)	
Accounts receivable	\$ 8,549	\$ (1,462)	\$ -	\$ 7,087
Accounts payable and accrued liabilities	39,500	-	3,015	42,515
Unamortized external capital contributions	116,649	(1,113)	-	115,536
Accumulated surplus	26,225	(1,462)	(3,015)	21,748
Investment in capital assets	27,958	1,113	-	29,071
Excess of revenue over expenses	24,407	(364)	(2,336)	21,707

**Note 3 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 29.
- (2) These financial statements use the deferral method, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.
  - (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
  - (v) Unrestricted investment income is recognized in the year earned.
  - (vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.
  - (vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**Note 3 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Full Cost**

The Board accounts for all costs and revenues from services or goods for which it is responsible and the fair value of costs of services or goods are recorded. Fair value transactions comprise other assets, supplies and services that would otherwise have been purchased and are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

**(c) Employee Future Benefits**

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Board has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

The Board has a Supplemental Executive Retirement Plan (SERP) for certain management staff. The Board's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. All actuarial gains and losses are amortized over the average remaining life of employees in the plan.

The Board fully accrues its obligations for employee non-pension future benefits.

**(d) Investments**

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

**(e) Financial Instruments**

The carrying value of cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

**(f) Inventories**

Inventories are valued at the lower of cost (moving cost average) or net realizable value.

**Note 3 Significant Accounting Policies and Reporting Practices (continued)**

**(g) Capital Assets**

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	40 years
Land improvements	20 years
Parkade	30 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(h) Research Grants**

The Board awards grants to carry out cancer research to agencies that are successful applicants through the Board's Research Grant application process. Grants are awarded for projects ranging from one to three years in length. The Board records the full value of the grant awarded as an expense when it has been approved and when the agreement between the Board and the principal investigator has been executed.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Significant management estimates include the amortization period of capital assets, the completeness of accrued liabilities, accounts receivable allowance for doubtful accounts and economic assumptions related to the Supplemental Executive Retirement Plan. Actual results could differ from estimates.

**Note 4 Cash and Investments**

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash on deposit	\$ 1,187	\$ 1,187	\$ 1,318	\$ 1,318
CCITF - operations	59,545	59,545	45,159	45,159
CCITF - capital (non-current)	5,445	5,445	8,870	8,870
	<u>66,177</u>	<u>66,177</u>	<u>55,347</u>	<u>55,347</u>
Money market securities	723	723	456	456
Fixed income securities:				
Canadian federal and provincial government bonds	8,209	8,379	9,799	10,033
Corporate bonds and debentures	12,055	12,202	8,885	8,681
Canadian equities	15,206	24,743	15,391	22,734
United States and foreign equities	250	249	250	248
	<u>36,443</u>	<u>46,296</u>	<u>34,781</u>	<u>42,152</u>
Total current and non-current cash and investments	<u>102,620</u>	<u>112,473</u>	<u>90,128</u>	<u>97,499</u>
Classified as:				
Current	60,732	60,732	46,477	46,477
Non-current	41,888	51,741	43,651	51,022
Total cash and investments	<u>\$ 102,620</u>	<u>\$ 112,473</u>	<u>\$ 90,128</u>	<u>\$ 97,499</u>

- (i) The Consolidation 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, 2007 was 4.12% (March 31, 2006 - 2.90%).
- (ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed income securities and 45% to 55% for equities. Risk is reduced through diversification.
- (iii) Fixed income securities have an average effective yield of 5.2% (2006 - 5.3%) per annum for securities maturing between 1 and 30 years. As at March 31, 2007, the securities have the following maturity structure:

	<u>%</u>
Under 1 year	43%
1 to 5 years	17%
6 to 10 years	23%
Over 10 years	<u>17%</u>
	<u>100%</u>

**Note 4 Cash and Investments (continued)**

- (iv) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

**Non-current cash and investments represent the following:**

	2007	2006
Externally restricted for capital acquisitions (Note 7)	\$ 11,564	\$ 10,381
Internally restricted net assets (Note 8)	13,394	13,120
Unrestricted non-current investments	16,930	20,150
	<u>\$ 41,888</u>	<u>\$ 43,651</u>

**Note 5 Capital Assets**

Capital Asset	Cost				
	Opening Balance April 1, 2006	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2007
Land	\$ 4,556	-	-	-	\$ 4,556
Art	146	-	-	-	146
Buildings	89,574	-	929	-	90,503
Building service equipment	39,087	-	-	-	39,087
Parkade	5,507	-	-	-	5,507
Equipment excluding IS	111,902	6,002	6,401	(410)	123,895
IS equipment	22,416	83	3,329	(566)	25,262
Construction in progress	2,670	-	6,705	-	9,375
Deposits on equipment	9,382	(7,963)	6,142	-	7,561
IS software and licenses	9,998	1,878	318	-	12,194
	<u>\$ 295,238</u>	<u>\$ -</u>	<u>\$ 23,824</u>	<u>\$ (976)</u>	<u>\$ 318,086</u>

Included in Accounts payable and accrued liabilities are additions of \$ 2,549 (2006 - \$ 5,852)

Capital Asset	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2006	Current year amortization	Amortization on disposals	Closing Balance March 31, 2007	2007	2006
Land	\$ -	\$ -	\$ -	\$ -	\$ 4,556	\$ 4,556
Art	-	-	-	-	146	146
Buildings	42,312	3,520	-	45,832	44,671	47,262
Building service equipment	26,102	1,649	-	27,751	11,336	12,985
Parkade	3,042	189	-	3,231	2,276	2,465
Equipment excluding IS	60,213	9,020	(398)	68,835	55,060	51,689
IS equipment	13,415	2,960	(564)	15,811	9,451	9,001
Construction in progress	-	-	-	-	9,375	2,670
Deposits on equipment	-	-	-	-	7,561	9,382
IS software and licenses	5,547	1,875	-	7,422	4,772	4,451
	<u>\$ 150,631</u>	<u>\$ 19,213</u>	<u>\$ (962)</u>	<u>\$ 168,882</u>	<u>\$ 149,204</u>	<u>\$ 144,607</u>

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**Note 5 Capital Assets (continued)**

(a) **Land and buildings**

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date. In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Board. The appraised value of the building at the time of transfer was \$5,620. The Board entered into a long-term lease of the building to the Capital Health Authority for a nominal rent and accordingly, the building has been recorded at nominal value.

In July, 1989, the Board and the University of Alberta (the "University") jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of \$5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

**Capital assets were funded from the following sources:**

	2007	2006
Externally funded ( <i>unamortized external capital contributions</i> )	\$ 114,486	\$ 115,536
Internally funded ( <i>investment in capital assets</i> )	34,718	29,071
	<u>\$ 149,204</u>	<u>\$ 144,607</u>

**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2007	2006
Current		
Research	\$ 8,606	\$ 9,783
Programs and services	6,636	9,965
Capital projects and renovations	1,374	980
Clinical trials	4,851	5,426
Legacy fund program initiatives	23,139	-
	<u>\$ 44,606</u>	<u>\$ 26,154</u>

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**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2007	2006
Equipment replacement	\$ 5,490	\$ 2,638
New construction	3,315	6,125
Information technology equipment & software	2,436	976
New equipment	323	642
	<u>\$ 11,564</u>	<u>\$ 10,381</u>

**Note 8 Accumulated Surplus**

The Board's accumulated surplus comprises the following:

	2007	2006
Unrestricted net assets	<u>\$ 11,931</u>	<u>\$ 8,628</u>
Internally restricted net assets:		
Future equipment replacement and information technology upgrades	6,710	6,699
Breast Centre, Prostate Centre and Clinical Reserves	3,500	3,500
Edmonton Radiopharmaceutical Centre	3,184	2,921
	<u>13,394</u>	<u>13,120</u>
	<u>\$ 25,325</u>	<u>\$ 21,748</u>

**Note 9 Commitments and Contingencies**

(a) Commitments:

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

2008	\$ 1,756
2009	1,658
2010	1,638
2011	1,488
2012	1,243
Thereafter	3,251
	<u>\$ 11,034</u>

The Board is also responsible for its portion of operating costs related to office and warehouse space.

**Note 9 Commitments and Contingencies (continued)**

b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2007. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2007.

**Note 10 Budget**

	2006/2007 Board Approved Budget <sup>(1)</sup>	Adjustments <sup>(2)</sup>	2006/2007 Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$ 286,541	\$ 22	\$ 286,563
Other government contributions	2,945	-	2,945
Fees and charges	7,387	-	7,387
Ancillary operations, net	775	-	775
Donations	15,290	-	15,290
Research and education	13,763	-	13,763
Investment and other income	19,118	-	19,118
Amortized external capital contributions	13,278	-	13,278
<b>TOTAL REVENUE</b>	<u>359,097</u>	<u>22</u>	<u>359,119</u>
Expenses			
Facility-based inpatient acute nursing services	16,109	453	16,562
Facility-based emergency and outpatient services	95,192	-	95,192
Community-based care	36,068	373	36,441
Diagnostic and therapeutic services	79,930	-	79,930
Promotion, prevention and protection services	31,114	412	31,526
Research and education	42,977	230	43,207
Administration	11,779	(1,876)	9,903
Information technology	12,125	-	12,125
Support services	28,656	430	29,086
Amortization of facilities and improvements	5,147	-	5,147
<b>TOTAL EXPENSES</b>	<u>359,097</u>	<u>22</u>	<u>359,119</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) The budget was approved by the Board April 12, 2006, and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources. Additionally, budgetary reallocations are reflected to report expenses in accordance with the reporting requirements of the current Financial Directive.

**Note 11 Alberta Health and Wellness Contributions**

	2007	2006
Unrestricted contributions	\$ 263,109	\$ 239,476
Transfers from deferred contributions for:		
Information systems programs	132	34
Screening programs	1,619	2,982
Renovations and repairs	1,319	-
Telehealth program	254	445
	<u>\$ 266,433</u>	<u>\$ 242,937</u>

**Note 12 Other Government Contributions**

	2007	2006
Alberta Government		
Alberta Alcohol and Drug Abuse Commission	\$ 36	\$ 218
Government of Canada	2,151	2,540
	<u>\$ 2,187</u>	<u>\$ 2,758</u>

**Note 13 Ancillary Operations**

	2007				2006	
	Non-Patient Food Services	Parking Operations	Edmonton Radiopharmaceutical Centre	Total	Total	
Revenue	\$ 1,344	\$ 948	\$ 4,722	\$ 7,014	\$ 6,793	
Amortized external capital contributions	-	189	-	189	189	
	<u>1,344</u>	<u>1,137</u>	<u>4,722</u>	<u>7,203</u>	<u>6,982</u>	
Expenses	1,392	611	4,326	6,329	5,881	
Amortization	6	189	43	238	228	
	<u>1,398</u>	<u>800</u>	<u>4,369</u>	<u>6,567</u>	<u>6,109</u>	
Excess (deficiency) of revenue over expenses	<u>\$ (54)</u>	<u>\$ 337</u>	<u>\$ 353</u>	<u>\$ 636</u>	<u>\$ 873</u>	

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**Note 14 Investment and Other Income**

	2007	2006
Investment income	\$ 4,158	\$ 3,191
Drug rebates and other recoveries	16,602	12,563
Calgary Health Region Bone Marrow Transplant Program	4,492	4,108
	<u>\$ 25,252</u>	<u>\$ 19,862</u>

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

**Note 15 Related Parties**

**(a) Province of Alberta**

The Minister of Health and Wellness appoints members of the Board. The Board is economically dependent on the Ministry of Health and Wellness (the "Ministry") since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Board and the Ministry are disclosed in the Statement of Operations and in notes to the financial statements.

**(b) Health Authorities**

- (i) The Board shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the Statement of Operations.
- (ii) Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Board had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations:

**Balances**

	Receivable from:		Payable to:	
	2007	2006	2007	2006
Calgary Health Region	\$ 25	\$ 1,031	\$ 3,639	\$ 3,399
Chinook Health Region	-	-	94	23
Paliser Health Region	-	-	-	26
David Thompson Health Region	-	-	149	139
East Central Health Region	-	-	-	94
Capital Health Region	-	-	138	73
Aspen Health Region	-	-	25	47
Peace Country Health Region	-	-	142	74
Northern Lights Health Region	-	-	10	18
	<u>\$ 25</u>	<u>\$ 1,031</u>	<u>\$ 4,197</u>	<u>\$ 3,893</u>

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Note 15 Related Parties (continued)

Revenue and Expenses

	Revenue		Expenses	
	2007	2006	2007	2006
Calgary Health Region	\$ 6,238	\$ 5,924	\$ 17,302	\$ 12,971
Chinook Health Region	-	-	990	384
Paliser Health Region	-	-	-	306
David Thompson Health Region	147	48	1,202	494
East Central Health Region	55	-	-	327
Capital Health Region	122	45	2,316	2,001
Aspen Health Region	-	-	406	427
Peace Country Health Region	-	20	1,196	596
Northern Lights Health Region	-	-	127	114
	<u>\$ 6,562</u>	<u>\$ 6,037</u>	<u>\$ 23,539</u>	<u>\$ 17,620</u>

(c) Foundations

The following controlled foundations are not consolidated in these statements:

**Alberta Cancer Foundation**

The Board controls the Alberta Cancer Foundation (the "Foundation") which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

The Foundation is not consolidated in these financial statements. If the Board had consolidated the Foundation, using the modified equity method, the unrestricted operating results, and unrestricted net assets would have increased by \$2.3 million (2006 - \$2.1 million) and \$2.2 million (2006 - \$3.2 million), respectively. Audited financial statements of the Foundation are available upon request. A financial summary of the Foundation as at March 31, 2007 and 2006 and for the years then ended is as follows:

	2007	2006 (restated)
Total assets	\$ 78,495	\$ 59,684
Total liabilities	547	903
Net Assets	<u>\$ 77,948</u>	<u>\$ 58,781</u>
Revenue	\$ 28,159	\$ 30,346
Expenses	8,992	19,184
Excess of revenue over expenses	<u>\$ 19,167</u>	<u>\$ 11,162</u>
Excess is comprised of:		
Restricted	\$ 16,866	\$ 9,096
Unrestricted	2,301	2,066
	<u>\$ 19,167</u>	<u>\$ 11,162</u>

Note 15 Related Parties (continued)

Contributions received by Board		Resources held by Foundation	
Year ended March 31,		at March 31, 2007	
2007	2006	Externally Restricted	Unrestricted
<u>\$ 4,945</u>	<u>\$ 10,283</u>	<u>\$ 75,792</u>	<u>\$ 2,157</u>

- (i) The Foundation transferred capital assets consisting of furniture and equipment at their net book value of \$32 (2006 - nil) to the Board for nil consideration.
- (ii) At March 31, 2007 the Board owed to the Foundation \$46 which is included in Accounts payable and accrued liabilities (2006 - \$667 due from the Foundation)

(d) Other Related Parties

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association (the "Association") which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives (see note 1).

A financial summary of the Association as at March 31, 2007 and 2006 and for the years then ended is as follows:

	2007	2006
Total assets	\$ 631	\$ 311
Total liabilities	249	37
Net assets	<u>\$ 382</u>	<u>\$ 274</u>
Revenue	\$ 350	\$ 348
Expenses	242	328
Excess of revenue over expenses	<u>\$ 108</u>	<u>\$ 20</u>

**Note 16 Trust Funds**

The Board receives funds in trust for conferences, etc. These amounts are not reported in the financial statements. During the year the Board received \$291 and disbursed \$267. The balance of funds held by the Board at March 31, 2007 is \$275 (2006 - \$251).

**Note 17 Pension Costs**

(a) Public Service Pension Plan (PSPP)

The Board participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of \$6,104 for the year ended March 31, 2007 (2006 - \$5,164).

At December 31, 2006, the PSPP reported an actuarial surplus of \$153,024 (2005 - deficit \$187,704).

(b) Supplemental Executive Retirement Plan (SERP)

On April 1, 2004 the Board started a non-contributing defined benefit SERP for senior executives. A summary of the financial information is as follows:

**Note 17 Pension Costs (continued)**

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

	2007	2006
Accrued benefit obligation, beginning of year	\$ 1,901	\$ 1,392
Current service cost	309	258
Interest cost	119	96
Actuarial loss	257	155
Accrued benefit obligation, end of year	<u>2,586</u>	<u>1,901</u>
Funded status of plan (deficit)	(217)	(168)
Unamortized actuarial loss	470	270
Unamortized prior service costs	555	666
Accrued SERP asset	<u>808</u>	<u>768</u>
Current service cost	309	258
Interest cost	119	96
Amortization of prior service costs	111	111
Amortization of net actuarial loss	34	14
Expected return on plan assets	(55)	(26)
SERP expense	<u>\$ 518</u>	<u>\$ 453</u>
Assumptions at end of year		
Discount rate	5.2%	5.4%
Expected average remaining service life of employees	8 years	8 years
Salary scale increases	4%	3%
The above information is based on the annual actuarial valuation performed as of March 31, 2007.		
Plan assets (held by trustee)		
Employer contributions	1,139	860
Actual return on plan assets	80	10
Taxes paid	(44)	(2)
Market value over cost	11	3
Fair value of assets - March 31, 2007	<u>1,186</u>	<u>871</u>
Fixed income	587	870
Common stocks	599	-
Cash on hand	-	1
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	1,139	860
Taxes paid on plan income	44	2
Total refundable taxes	<u>1,183</u>	<u>862</u>
Total plan assets	<u>2,369</u>	<u>1,733</u>
Funded status of plan - deficit	<u>\$ 217</u>	<u>\$ 168</u>

**Note 18 Comparative Figures**

Certain 2006 figures have been reclassified to match the 2007 presentation.

**Note 19 Approval of Financial Statements**

These financial statements have been approved by the Board.

**ALBERTA CANCER BOARD**  
**SCHEDULE OF EXPENSES BY OBJECT**  
March 31, 2007  
(in thousands)

	Budget (unaudited)	2007	2006 (Restated - Note 2)
Salaries and benefits (Schedule 2)	\$ 120,656	\$ 118,871	\$ 105,712
Drugs and gases	85,425	81,205	69,514
Medical and surgical supplies	3,812	3,944	3,529
Other contracted services	36,931	42,133	35,287
Referred out services	27,141	26,775	20,688
Supplies	15,352	15,373	14,318
Equipment and IT maintenance	6,294	7,414	6,482
Other	51,602	36,347	17,612
Amortization:			
Capital equipment - internally funded	4,424	5,548	3,748
Capital equipment - externally funded	8,173	8,320	8,120
Facilities and improvements	5,336	5,345	4,946
	<u>365,146</u>	<u>351,275</u>	<u>289,956</u>
Less amounts reported in ancillary operations (Note 13)	6,027	6,567	6,109
	<u>\$ 359,119</u>	<u>\$ 344,708</u>	<u>\$ 283,847</u>

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**

**Schedule 2**

**March 31, 2007**  
**(in thousands)**

	2007							2006					
	Number of Individuals <sup>(1)</sup>	Salaries and Honoraria <sup>(2)</sup>	Benefits and Allowances <sup>(3)</sup>	Supplemental Executive Retirement Plan <sup>(4)</sup>	Sub Total	Severance		Total	Number of Individuals <sup>(1)</sup>	Salaries, Honoraria, Benefits <sup>(2)(3)</sup>	Supplemental Executive Retirement Plan <sup>(4)</sup>	Severance	Total
						Number of Individuals	Amount						
Board Chairperson													
Gary Campbell		\$ 43			\$ 43			\$ 43		\$ 47			\$ 47
Board members (list)													
Jean Agrios		5			5			5		4			4
Jack Halpin		9			9			9		14			14
Allan Hargreaves		2			2			2		4			4
Ron Hierath		1			1			1		-			-
Patricia Jones		7			7			7		8			8
Richard Melchin		3			3			3		3			3
Irene Nicolson		8			8			8		7			7
Mary O'Neill		3			3			3		1			1
Brian Rogers		5			5			5		6			6
Cathy Roozen		3			3			3		1			1
Bronwyn Shoush		6			6			6		5			5
Gordon Ganong										3			3
<b>Sub-total</b>	-	95	-	-	95	-	-	95	-	103	-	-	103
<b>Staff</b>													
Chief Executive Officer	1.0	382	18	161	561			561	1.0	410	148		558
Management person(s) reporting to CEO:													
VP (Operations)	1.0	282	18	33	333			333	1.0	276	27		303
VP (Research)	0.6	87	1	-	88			88	0.6	94	-		94
VP (Population Health Information)	1.0	373	18	70	461			461	1.0	389	55		444
VP (Tom Baker Cancer Centre)	1.0	401	37	72	510	1.0	230	740	1.0	393	52		445
Other management reporting to VPs	32.0	3,302	496	-	3,798			3,798	27.0	2,796			2,796
Other management	313.0	18,839	3,178	-	22,017	5.0	172	22,189	250.0	18,137		134	18,271
Medical doctors not included above	21.0	4,963	477	-	5,440	1.0	146	5,586	23.0	5,681			5,681
- RNs, Reg. Psych. nurses, Grad nurses	259.0	19,762	3,032	-	22,794	-	-	22,794	250.0	21,358			21,358
- LPNs	4.0	139	23	-	162	-	-	162					-
Other health technical & professionals	491.0	36,194	5,634	-	41,828	1.0	-	41,828	456.0	35,782		28	35,810
Other staff	459.0	17,103	3,124	-	20,227	1.0	9	20,236	492.6	19,849			19,849
<b>Total Staff Compensation</b>	1,583.6	101,827	16,056	336	118,219	9.0	557	118,776	1,503.2	105,165	282	162	105,609
<b>Grand Total</b>	1,583.6	\$ 101,922	\$ 16,056	\$ 336	\$ 118,314	9.0	\$ 557	\$ 118,871	1,503.2	\$ 105,268	\$ 282	\$ 162	\$ 105,712

Schedule 2 (continued)

ALBERTA CANCER BOARD  
SCHEDULE OF SALARIES AND BENEFITS  
March 31, 2007

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,106 (2006 - 1,965). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.
- (3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.
- (4) Supplemental Executive Retirement Plans (SERPs) refer to future supplemental retirement payments to executive officers. Under the terms of the SERP, eligible executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses and interest accruing on the actuarial liability.

	2007		2006	
	Current Service Cost	Prior Service and Other Costs	Total	Total
Chief Executive Officer	62	99	161	148
VP Operations	27	6	33	27
VP Population Health Information	44	26	70	55
VP Tom Baker Cancer Centre	65	7	72	52
	Accrued Obligation	Changes in Accrued Obligation	Accrued Obligation	Accrued Obligation
Chief Executive Officer	\$ 888	\$ 147	\$ 1,035	\$ 1,035
VP Operations	72	67	139	139
VP Population Health Information	296	145	441	441
VP Tom Baker Cancer Centre	96	100	196	196

(5) Severance includes direct or indirect payments to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(6) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.