

ALBERTA CANCER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2020

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KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Trustees of the Alberta Cancer Foundation

Opinion

We have audited the financial statements of the Alberta Cancer Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes fund balances for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its changes in fund balances, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

June 10, 2020

ALBERTA CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 7,180,771	\$ 11,106,148
Accounts receivable and prepaid expenses	918,788	1,142,125
Pledges receivable (note 3)	329,916	234,444
	8,429,475	12,482,717
Investments (note 4)	171,866,948	175,370,031
Capital assets (note 6)	252,023	328,869
Other assets	63,358	63,358
Total Assets	\$ 180,611,804	\$ 188,244,975
<u>LIABILITIES AND FUND BALANCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 692,132	\$ 909,211
Due to Alberta Health Services	1,304,669	1,404,618
Deferred revenue and deposits	296,050	2,501
	2,292,851	2,316,330
Fund balances:		
Unrestricted Fund	3,934,065	3,489,858
Restricted Fund (note 7)	77,616,665	75,736,992
Endowment Fund (note 8)	70,927,098	70,638,472
Capital Asset Fund	252,023	328,869
Total Fund balances	152,729,851	150,194,191
Accumulated remeasurement gains	25,589,102	35,734,454
	178,318,953	185,928,645
Total Liabilities and Fund Balances	\$ 180,611,804	\$ 188,244,975
Future program investments (note 13)		
Commitments (note 14)		
Subsequent event (note 15)		

The accompanying notes are part of these financial statements.

Approved by the Trustees

[Original signed by]

[Original signed by]

Dr. Chris Eagle
Chair, Alberta Cancer Foundation

Rene Aldana
Chair, Audit & Finance Committee

ALBERTA CANCER FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	2020				2019	
	<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	\$ 5,824,988	\$ 11,425,049	\$ 169,409	\$ -	\$ 17,419,446	\$ 18,453,128
Challenge events	-	5,858,965	-	-	5,858,965	7,449,370
Lottery (note 9)	8,744,401	-	-	-	8,744,401	8,784,855
Grants	27,500	-	-	-	27,500	1,000,000
Returned program investments	-	607,943	-	-	607,943	589,950
Investment and other income (note 11)	4,445,162	4,927,104	-	-	9,372,266	9,464,553
Total revenues	<u>19,042,051</u>	<u>22,819,061</u>	<u>169,409</u>	<u>-</u>	<u>42,030,521</u>	<u>45,741,856</u>
Program investments and expenditures:						
Program investments (note 12)	3,430,235	14,632,994	-	-	18,063,229	17,779,615
Direct fundraising and event management	1,745,153	4,113,445	-	-	5,858,598	6,453,223
Lottery (note 9)	6,656,317	-	-	-	6,656,317	6,952,733
Administrative and fundraising	8,766,827	73,044	-	76,846	8,916,717	7,862,096
Total program investments and expenditures	<u>20,598,532</u>	<u>18,819,483</u>	<u>-</u>	<u>76,846</u>	<u>39,494,861</u>	<u>39,047,667</u>
Excess (deficiency) of revenues over program investments and expenditures	<u>\$ (1,556,481)</u>	<u>\$ 3,999,578</u>	<u>\$ 169,409</u>	<u>\$ (76,846)</u>	<u>\$ 2,535,660</u>	<u>\$ 6,694,189</u>

The accompanying notes are part of these financial statements.

ALBERTA CANCER FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
MARCH 31, 2020

	2020				
	<u>Unrestricted</u>	<u>Restricted Fund</u> (note 7)	<u>Endowment Fund</u> (note 8)	<u>Capital Asset</u>	<u>Total</u>
	<u>Fund</u>			<u>Fund</u>	
Fund balances, beginning of year	\$ 3,489,858	75,736,992	\$ 70,638,472	\$ 328,869	\$ 150,194,191
Excess (deficiency) of revenues over program investments and expenditures	(1,556,481)	3,999,578	169,409	(76,846)	2,535,660
Interfund transfers	2,000,688	(2,119,905)	119,217	-	-
Fund balances, end of year	<u>\$ 3,934,065</u>	<u>\$ 77,616,665</u>	<u>\$ 70,927,098</u>	<u>\$ 252,023</u>	<u>\$ 152,729,851</u>

	2019				
	<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	\$ 3,187,425	69,623,062	\$ 70,280,012	\$ 409,503	\$ 143,500,002
Excess (deficiency) of revenues over program investments and expenditures	(178,698)	6,645,061	308,460	(80,634)	6,694,189
Interfund transfers	481,131	(531,131)	50,000	-	-
Fund balances, end of year	<u>\$ 3,489,858</u>	<u>\$ 75,736,992</u>	<u>\$ 70,638,472</u>	<u>\$ 328,869</u>	<u>\$ 150,194,191</u>

ALBERTA CANCER FOUNDATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2020

	2020				2019	
	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Capital Asset Fund</u>	<u>Total</u>	<u>Total</u>
Accumulated remeasurement gains, beginning of year	\$ -	\$ 35,734,454	\$ -	\$ -	\$ 35,734,454	\$ 33,222,619
Unrealized (losses) gains attributable to:						
Equity instruments traded in an active market	-	(3,434,649)	-	-	(3,434,649)	1,093,999
Designated fair value instruments, pooled equity funds	-	(4,536,405)	-	-	(4,536,405)	1,792,953
Designated fair value instruments, pooled fixed income funds	-	574,230	-	-	574,230	1,391,647
Realized gains, reclassified to the statement of operations						
Equity instruments traded in an active market	-	(761,430)	-	-	(761,430)	(867,975)
Designated fair value instruments, pooled equity funds	-	(1,939,803)	-	-	(1,939,803)	(902,824)
Designated fair value instruments, pooled fixed income funds	-	(47,295)	-	-	(47,295)	4,035
Change in net remeasurement gains for the year	-	(10,145,352)	-	-	(10,145,352)	2,511,835
Accumulated remeasurement gains, end of year	\$ -	\$ 25,589,102	\$ -	\$ -	\$ 25,589,102	\$ 35,734,454

ALBERTA CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	2020	2019
Cash generated from (used by):		
Operating activities:		
Excess of revenues over program investments and expenditures	\$ 2,535,660	\$ 6,694,189
Items not involving cash:		
Realized gains on disposal of investments, net	(2,797,854)	(1,891,106)
Donated shares	(2,505,427)	(699,340)
Amortization of capital assets	76,846	80,634
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	223,337	153,013
Pledges receivable	(95,472)	(79,940)
Accounts payable and accrued liabilities	(217,079)	172,655
Due to Alberta Health Services	(99,949)	568,389
Deferred revenues	293,549	2,501
Cash (used by) generated from operating activities	(2,586,389)	5,000,995
Investing and financing activities:		
Purchase of investments	(36,353,824)	(38,033,042)
Proceeds on sale of investments	35,014,836	35,653,809
Cash used by investing and financing activities	(1,338,988)	(2,379,233)
(Decrease) increase in cash and cash equivalents	(3,925,377)	2,621,762
Cash and cash equivalents, beginning of year	11,106,148	8,484,386
Cash and cash equivalents, end of year	\$ 7,180,771	\$ 11,106,148

The accompanying notes are part of these financial statements.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 1 Authority and purpose

The Alberta Cancer Foundation (the “Foundation”) operates under the Province of Alberta 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 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.

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. For financial reporting purposes, the accounts have been classified into the following funds:

(i) The Unrestricted Fund - includes resources available for immediate purposes and accounts for the Foundation’s general fundraising and administrative activities.

(ii) 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) 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. The Endowment Fund additionally includes investment income subject to restrictions stipulating that it be added to the principal amount of the endowment fund.

(iv) The Capital Asset Fund - reports the revenues and expenditures related to the Foundation’s capital assets.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 2 Significant accounting policies and reporting practices, continued

(b) Revenue recognition:

- (i) Unrestricted contributions are recognized as revenue in the Unrestricted Fund when received or 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 towards endowments are recognized as revenue in the Endowment Fund when received or 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.
- (vi) Interfund transfers:

Fund transfers relate to internally imposed requirements approved by the Board of Trustees or changes in the designation of funds as directed by the donor. All transfers are approved by the relevant parties.

(c) Pledges receivable:

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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 2 Significant accounting policies and reporting practices, continued

(d) Capital assets:

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

Leasehold improvements	over the initial lease term
Furniture and equipment	3 and 10 years

Amortization expense is reported in the Capital Asset Fund.

(e) Deferred revenue and deposits:

Revenue related to fundraising for events that will take place subsequent to the year-end are deferred. Deferred revenues will be recognized when the fundraising events are held.

(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.

Canadian Public Sector Accounting Standards require the foundation 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;

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 2 Significant accounting policies and reporting practices, continued

(f) Financial instruments, continued

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

(g) Foreign currency:

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

(h) Program investments:

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 year. Actual results could differ from those estimates. The most significant item subject to estimates in these financial statements is the valuation of pledges receivable.

(j) Related party transactions:

Related party transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. Transactions are recorded at exchange amounts. All unallocated costs, compromising materials and services contributed by related parties in support of the Foundation's operations are not recognized in the financial statements.

(k) Future accounting changes:

The following accounting standards are applicable in future years:

- (i) PS 3280 Asset Retirement Obligations (effective April 1, 2021)

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 2 Significant accounting policies and reporting practices, continued

(k) Future accounting changes, continued

This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

(ii) PS 3400 Revenue (effective April 1, 2022)

This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions

Management is currently assessing the impact of these standards on the financial statements.

Note 3 Pledges receivable

Pledges receivable are comprised of the following:

2020				2019
<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowments</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ 279,916	\$ 50,000	\$ 329,916	\$ 234,444

The Foundation has gift agreements from individual or corporate donors who have committed to donate in the future to support the specified programs. The Foundation regularly 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.

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

Enhanced care	292,500
Research	32,200
	\$ 324,700

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 4 Investments

	2020		2019	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 101,776	\$ 101,776	\$ 324,905	\$ 324,905
Accrued interest receivable	105,388	105,388	96,058	96,058
Level 1 Equity Instruments				
Canadian common shares	25,973,831	22,953,071	26,913,098	19,696,259
Level 2 Designated Fair Value Instruments				
Pooled equity funds - Canadian	5,173,834	4,871,421	5,906,991	4,414,166
Pooled equity funds - US	31,374,306	16,149,841	33,842,178	17,455,117
Pooled equity funds - Global	41,456,346	36,315,462	43,475,482	34,211,398
Pooled fixed income funds	61,247,981	59,347,401	58,920,386	57,546,741
Treasury bills with an average effective yield of 0.2% (2019 - 1.7%) with maturity dates in 2020	6,433,486	6,433,486	5,890,933	5,890,933
	<u>\$ 171,866,948</u>	<u>\$ 146,277,846</u>	<u>\$ 175,370,031</u>	<u>\$ 139,635,577</u>

The Foundation is subject to various risks (note 5). 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 30% to 70% for equity instruments. Risk is reduced through asset class diversification, further 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 AA or higher by the Dominion Bond Rating Service (or an equivalent service) with no more than 20% in foreign bonds and no more than 5% in mortgages.

Common stocks comprise equities publicly traded in the Canadian and foreign markets. Risk is reduced by limiting exposure of 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, 2020**

Note 5 Financial risk management

The Foundation is exposed to market risks associated with the entity's financial instruments. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk and currency risk. 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 4).

Price Risk:

The Foundation is exposed to price risk as the fair value of equity instruments held may be subject to change due to fluctuations in market prices. If the equity market indices declined by 1%, the fair value of the equity held would decrease by \$1,039,783 (2019 - \$1,101,377) All other variables held constant, this would result in a loss in fair value of the investments of 0.60% (2019 - 0.63%).

Interest Rate Risk:

The Foundation is exposed to interest rate risk with respect to its fixed income investments. These investments may be impacted by market changes in interest rates. A 1% change in interest rates would have the following impact on market values:

	2020	2019
Increase in interest rate	\$ (4,161,818)	\$ (3,824,520)
Decrease in interest rate	4,890,255	4,409,553

Currency Risk:

The risk to the Foundation that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates is not significant. The foreign denominated cash on hand is minimal. At March 31, 2020 the Foundation held treasury bills denominated in a foreign currency. The Foundation is exposed to changes in the value of its US and Global pooled equity funds attributable to fluctuations in foreign currency.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 6 Capital assets

	2020		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 377,323	\$ 299,301	\$ 78,022
Furniture and equipment	855,258	681,257	174,001
	\$ 1,232,581	\$ 980,558	\$ 252,023

	2019		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 377,323	\$ 271,478	\$ 105,845
Furniture and equipment	911,331	688,307	223,024
	\$ 1,288,654	\$ 959,785	\$ 328,869

The administrative and fundraising expenditures include amortization of \$76,846 (2019 - \$80,634).

Note 7 Restricted Fund

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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 7 Restricted Fund, continued

	2020	2019
Restricted fund	\$ 58,302,650	\$ 57,784,027
Internally established endowments, expendable portion	3,986,459	3,818,547
Externally established endowments, expendable portion	15,327,556	14,134,418
Total restricted fund	77,616,665	75,736,992
Accumulated rereasurement gains	25,589,102	35,734,454
Total Restricted Fund balance	\$ 103,205,767	\$ 111,471,446

Changes to the Restricted Fund were derived as follows:

	2020	2019
Balance April 1	\$ 75,736,992	\$ 69,623,062
Contributions	17,153,214	21,440,640
Recognized pledges	130,800	224,783
Returned program investments	607,943	589,950
Investment and other income	4,927,104	5,340,942
Direct fundraising and event management	(4,113,445)	(4,579,588)
Administrative and fundraising	(73,044)	-
Program investments	(14,632,994)	(16,371,666)
Transfers to endowment fund	(119,217)	(50,000)
Transfers to unrestricted fund	(2,000,688)	(481,131)
Current year changes	1,879,673	6,113,930
Balance March 31	\$ 77,616,665	\$ 75,736,992

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

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 permanently. The Endowment Fund also includes internal resources transferred by the Trustees with the intention that the principal be maintained intact. The income generated from investments 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.

	2020	2019
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	42,297,909	41,904,983
Building excellence	644,643	643,943
Patient financial assistance	1,027,841	1,027,841
Patient programs and equipment	691,026	796,026
	44,661,419	44,372,793
Total Endowment Fund balance	\$ 70,927,098	\$ 70,638,472

The Endowment Fund is comprised of investments of \$70,877,098 (2019 - \$70,585,972) and pledges receivable of \$50,000 (2019 - \$52,500).

During the year, \$125,000 (2019 - \$nil) was transferred from Patient programs and equipment to Cancer research based on stipulations provided in the donor agreement.

During the year \$69,217 (2019 - \$nil) was transferred from the Restricted Fund externally established endowments expendable to the Endowment Fund externally established principal based on stipulations provided in the donor agreement.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 8 Endowment Fund, continued

Changes to the Endowment Fund were derived as follows:

	2020	2019
Balance April 1	\$ 70,638,472	\$ 70,280,012
Donations	119,409	255,960
Transfers from restricted fund	119,217	50,000
Recognized pledges	50,000	52,500
Current year changes	288,626	358,460
Balance March 31	\$ 70,927,098	\$ 70,638,472

Note 9 Lottery

During the year ended March 31, 2020, the Foundation held the Cash and Cars Lottery and the You Win 50 Lottery. The financial results of the lotteries are as follows:

	Cash and Cars 2020	You Win 50 2020	Total 2020	Total 2019
Total revenues	\$ 6,934,911	\$ 1,809,490	\$ 8,744,401	\$ 8,784,855
Expenditures				
Prizes	3,125,875	900,000	4,025,875	4,209,071
Marketing and other	2,247,364	383,078	2,630,442	2,743,662
Total expenditures	5,373,239	1,283,078	6,656,317	6,952,733
Excess of revenues over expenditures	\$ 1,561,672	\$ 526,412	\$ 2,088,084	\$ 1,832,122

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 10 Related party transactions

As the Foundation operates under the authority of the Province of Alberta 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 entities disclosed represent operating and program disbursements. Unallocated costs include materials and services contributed by Alberta Health Services (AHS) in support of the Foundation's operations, including IT and payroll services. These costs are not recognized in the financial statements.

<u>Program Investments provided to Related Parties</u>	<u>2020</u>	<u>2019</u>
AHS (Cancer Control)	\$ 6,958,544	\$ 6,774,746
University of Alberta	4,385,661	5,953,668
University of Calgary	2,851,404	1,422,953
Total program investments provided to related parties	<u>\$ 14,195,609</u>	<u>\$ 14,151,367</u>
<u>Unspent Program Investments Returned by Related Parties</u>	<u>2020</u>	<u>2019</u>
AHS (Cancer Control)	\$ 578,585	\$ 236,599
University of Calgary	16,666	349,411
University of Alberta	12,692	-
Total unspent program investments returned by related parties	<u>\$ 607,943</u>	<u>\$ 586,010</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.

Program investments and expenditures includes \$7,388,216 (2019 - \$6,737,744) of expenditures that were processed by related parties on behalf of the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount.

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 10 Related party transactions, continued

<u>Grants and donations from Related Parties</u>	<u>2020</u>	<u>2019</u>
AHS (Cancer Control)	\$ 27,500	\$ -
Alberta Health	-	1,000,000
	<hr/>	<hr/>
Total grants and donations from related parties	<u>\$ 27,500</u>	<u>\$ 1,000,000</u>

These grants were used in accordance with the terms of the agreements.

Related parties also include key management personnel (KMP) of the Foundation. KMP includes individuals who are part of the governing body with authority over planning, directing and controlling the activities of the Foundation. In addition, KMP include employees with day-to-day responsibility over activities and operations. KMP of the Foundation include members of the Board of Trustees and the senior management team. Related party transactions with KMP consist of compensation related payments to employees. These are considered to be routine employment transactions.

Note 11 Investment and other income

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 6,573,749	\$ 7,566,351
Realized gains, reclassified to the statement of operations	2,748,528	1,766,764
Realized gains during the year	49,326	124,342
Other income	663	7,096
	<hr/>	<hr/>
	<u>\$ 9,372,266</u>	<u>\$ 9,464,553</u>

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 12 Program investments during the year

	2020	2019
Research	\$ 12,347,995	\$ 13,235,415
Enhanced Care	4,748,497	3,830,304
Prevention	966,737	713,896
	\$ 18,063,229	\$ 17,779,615

Note 13 Future program investments

As at March 31, 2020, the Foundation has committed to the following future program investments:

	2021	2022	2023	2024	2025	Total
Research	16,274,315	8,192,639	6,317,013	4,520,775	3,646,254	38,950,996
Enhanced Care	6,238,325	1,955,539	49,275	49,275	49,275	8,341,689
Prevention	520,000	-	650,000	-	-	1,170,000
	\$ 23,032,640	\$ 10,148,178	\$ 7,016,288	\$ 4,570,050	\$ 3,695,529	\$ 48,462,685

Note 14 Commitments

The Foundation has entered into operating leases for the rental of its office spaces. Future minimum lease payments under the operating leases are as follows:

2021	338,860
2022	345,088
2023	162,857

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

**ALBERTA CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

Note 15 Subsequent event

In early March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy is not known at this time.

At the time of approval of these financial statements, the Foundation has undertaken the following actions in relation to the COVID-19 pandemic:

- Postponement and cancellation of fundraising events. Fundraising revenues for events that will take place subsequent to the year-end are deferred;
- Temporary and permanent termination of employees; and
- Temporary closure of offices within the Cross Cancer Institute and the Tom Baker Cancer Centre from March 13, 2020 based on public health recommendations.

The above actions may have a significant impact on future operations of the Foundation and an estimate of the financial effect on the Foundation is not practicable at this time.

Note 16 Comparative information

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