

ALBERTA CANCER BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2006

ALBERTA CANCER BOARD
FINANCIAL STATEMENTS
MARCH 31, 2006

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 for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and 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 Audit and 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.

Statement of Management Responsibility
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 – Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries and Benefits
Schedule 3 – Schedule of Deferred Contributions

[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 the Alberta Cancer Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board as at March 31, 2006 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 Board'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 Board as at March 31, 2006 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 19, 2006

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2006
(in thousands)

	<u>2006</u>	<u>2005</u>
	Actual	Actual <small>(as restated, Note 20)</small>
ASSETS		
Current:		
Cash and investments (Note 3)	\$ 46,477	\$ 20,427
Accounts receivable	8,549	7,993
Contributions receivable from Alberta Health and Wellness	1,393	4,075
Inventories	7,092	6,098
Prepaid expenses	1,648	861
	<u>65,159</u>	<u>39,454</u>
Non-current cash and investments (Note 3)	43,651	39,198
Capital assets (Note 4)	144,607	135,679
	<u>144,607</u>	<u>135,679</u>
TOTAL ASSETS	<u>\$ 253,417</u>	<u>\$ 214,331</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 39,500	\$ 25,674
Accrued vacation pay	6,550	5,927
Deferred contributions (Schedule 3)	26,154	21,061
	<u>72,204</u>	<u>52,662</u>
Deferred capital contributions (Note 5)	10,381	12,928
Unamortized external capital contributions (Note 6)	116,649	118,884
	<u>199,234</u>	<u>184,474</u>
Net assets		
Accumulated surplus	13,105	2,150
Internal restricted funds (Note 7)	13,120	10,912
Investment in capital assets	27,958	16,795
Operating net assets	54,183	29,857
	<u>54,183</u>	<u>29,857</u>
Commitments and Contingencies (Note 8)		
	<u>54,183</u>	<u>29,857</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 253,417</u>	<u>\$ 214,331</u>

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

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
March 31, 2006
(in thousands)

	2006		2005
	Budget (Note 9)	Actual	Actual (in constant, Note 20)
Revenue			
Alberta Health and Wellness contributions (Note 10)	\$ 244,941	\$ 242,937	\$ 194,727
Other government contributions (Note 11)	2,876	2,758	3,536
Fees and charges (Note 12)	5,100	6,825	5,244
Ancillary operations, net (Note 13)	690	873	739
Donations	7,562	6,730	2,541
Research and education	10,746	12,692	9,817
Investment and other income (Note 14)	15,260	19,862	16,797
Amortized external capital contributions (Note 6)	13,451	13,054	13,069
TOTAL REVENUE	300,626	305,731	246,470
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	13,126	14,288	13,351
Facility-based emergency and outpatient services	84,864	78,311	66,275
Community-based care	37,755	27,818	25,759
Diagnostic and therapeutic services	68,253	70,337	57,100
Promotion, prevention and protection services	14,092	11,736	9,927
Research and education	28,891	26,822	23,624
Administration (Note 15)	9,115	10,188	8,123
Information technology	8,757	10,331	8,954
Support services (Note 16)	26,036	26,734	22,921
Amortization of facilities and improvements	4,737	4,769	4,724
TOTAL EXPENSES	295,626	281,324	240,758
Excess of revenue over expenses	\$ 5,000	\$ 24,407	\$ 5,712

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2006
(in thousands)

	2006		2005
	Accumulated surplus/ (deficit) (Note 7)	Investment in capital assets from internally funded sources Total	Total (as restated, Note 20)
Balance at beginning of year	\$ 13,062	\$ 16,795	\$ 29,857
Excess of revenue over expenses	24,407	-	24,407
Capital assets purchased with internal funds	(14,734)	14,734	-
Amortization of internally funded capital assets	3,571	(3,571)	-
Other - Transfer to External Funding	(81)	-	(81)
Balance at end of year	\$ 26,225	\$ 27,958	\$ 54,183

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
March 31, 2006
(in thousands)

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual (as restated, Note 20)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	\$ 5,000	\$ 24,407	\$ 5,712
Non-cash transactions:			
Amortization of capital equipment - internally funded	4,000	3,571	3,094
- externally funded	8,528	8,297	8,534
Amortization of facilities and improvements	4,923	4,946	4,724
Amortized external capital contributions (Note 6)	(13,451)	(13,243)	(13,258)
Loss (gain) on disposal of capital equipment	-	140	20
Changes in non-cash working capital account	1,938	19,060	5,169
Cash generated from (used by) operations	10,938	47,178	13,995
Investing activities:			
Purchase of investments	(13,000)	(10,971)	(13,153)
Purchase of capital assets:			
internally funded	(10,621)	(14,734)	(4,871)
externally funded - equipment (Note 6)	(12,084)	(6,505)	(9,197)
externally funded - facility and improvements (Note 6)	(8,553)	(4,643)	(3,222)
Proceeds on sale of investments	11,500	8,862	11,722
Allocation to non-current cash	4,911	(2,344)	-
Cash used by investing activities	(27,847)	(30,335)	(18,721)
Financing activities:			
Capital contributions received	12,200	9,207	21,130
Change in non-current cash	-	-	(4,856)
Cash generated from financing activities	12,200	9,207	16,654
Increase (decrease) in cash and investments	(4,709)	26,050	11,938
Cash and investments, beginning of year	20,427	20,427	8,489
Cash and investments, end of year	\$ 15,718	\$ 46,477	\$ 20,427

Note 1 Authority, Purpose and Operations

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

The Board is exempt from the 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 operations of the Board 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 Radio-pharmaceutical Centre – Edmonton
Southern Alberta Cancer Research Centre – Calgary

The financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation or the Cross Cancer Institute Volunteer Association except as disclosed in Note 17.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Basis of presentation

These financial statements use the deferral method, the key elements of which are:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.
- (iv) Restricted contributions to purchase capital assets that will not be amortized are recorded 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.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise other assets, supplies and services that would otherwise have been purchased 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) Employer 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 to a multi-employer defined benefit plan for which the authority 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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Board provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Board. 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. Prior service costs of the benefit obligation are amortized over the average remaining service life of the group.

The Board fully accrues its obligations (if any) for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

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 accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values because of the short-term maturity of these items. The fair value of cash and investments is disclosed in note 3.

(f) Inventories

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

(g) Capital assets

Capital assets and construction projects 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:

	<i>Useful Life</i>
Buildings	40 years
Building service equipment	20 years
Parkade	30 years
Equipment excluding Information Systems (IS)	5-20 years
IS equipment	5 years
IS software and licenses	5 years or term

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Construction projects in progress are not amortized until the project is complete.

Land and the artwork collection are not amortized.

(h) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

Cash and investments	2006		2005	
	Cost	Fair Value	Cost	Fair Value
Cash on deposit	\$ 1,318	\$ 1,318	\$ (381)	\$ (381)
CCITF - operations	45,159	45,159	20,808	20,808
CCITF - capital (non current)	8,870	8,870	6,525	6,525
	<u>55,347</u>	<u>55,347</u>	<u>26,952</u>	<u>26,952</u>
Money market securities	456	456	1,185	1,185
Fixed income securities:				
Canadian federal and provincial				
Government Bonds	9,799	10,033	8,704	8,946
Corporate bonds and debentures	8,885	8,681	7,950	7,970
Canadian equities	15,391	22,734	14,834	19,064
United States and Foreign equities	250	248	-	-
	<u>34,781</u>	<u>42,152</u>	<u>32,673</u>	<u>37,115</u>
Total current and non-current cash and investments	<u>90,128</u>	<u>97,499</u>	<u>59,625</u>	<u>64,067</u>
Classified as:				
Current	46,477	46,477	20,427	20,427
Non-current	43,651	51,022	39,198	43,640
Total cash and investments	<u>\$ 90,128</u>	<u>\$ 97,499</u>	<u>\$ 59,625</u>	<u>\$ 64,067</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, 2006 was 2.90% (March 31, 2005- 2.43%).

Note 3 Cash and investments (continued)

- (ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed-income instruments and 45% to 55% for equities. Risk is also reduced through diversification.

- (iii) Fixed-income securities have an average effective yield 5.3% (2005- 5.4%) per annum for securities maturing between 1 and 30 years. As at March 31, 2006 the securities have the following maturity structure:

	%
Under 1 year	46%
1 to 5 years	16%
5 to 10 years	27%
Over 10 years	<u>11%</u>
	<u>100%</u>

- (iv) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2006	2005
Externally restricted for capital acquisitions (Note 5)	\$ 10,381	\$ 12,928
Internally restricted for Board's reserves (Note 7)	13,120	10,912
Unrestricted non-current investments	<u>20,150</u>	<u>15,358</u>
	<u>\$ 43,651</u>	<u>\$ 39,198</u>

Note 4 Capital Assets

Capital Asset	Cost				Closing Balance March 31, 2006
	Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	
Land	\$ 4,556	\$ -	\$ -	\$ -	\$ 4,556
Art	146	-	-	-	146
Buildings	86,548	934	2,092	-	89,574
Building service equipment	39,075	-	12	-	39,087
Parkade	5,507	-	-	-	5,507
Equipment excluding IS	103,541	1,646	7,968	(1,253)	111,902
IS equipment	18,318	-	4,648	(550)	22,416
Construction in progress	1,066	(934)	2,538	-	2,670
Deposits on equipment	4,184	(2,062)	7,260	-	9,382
IS software and licences	8,212	24	1,762	-	9,998
	<u>\$ 271,153</u>	<u>\$ (392)</u>	<u>\$ 26,280</u>	<u>\$ (1,803)</u>	<u>\$ 295,238</u>

Note 4 Capital Assets (continued)

Capital Asset	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2005	Current year amortization	Amortization on disposals	Closing Balance March 31, 2006	2006	2005
Land	\$ -	\$ -	\$ -	\$ -	\$ 4,556	\$ 4,556
Art	-	-	-	-	146	146
Buildings	39,179	3,133	-	42,312	47,260	47,369
Building service equipment	24,454	1,648	-	26,102	12,985	14,621
Parkade	2,853	189	-	3,042	2,466	2,654
Equipment excluding IS	53,248	8,072	(1,107)	60,213	51,688	50,293
IS equipment	11,572	2,392	(549)	13,415	9,004	6,746
Construction in progress	-	-	-	-	2,671	1,066
Deposits on equipment	-	-	-	-	9,380	4,184
IS software and licences	4,168	1,379	-	5,547	4,451	4,044
	<u>\$ 135,474</u>	<u>\$ 16,813</u>	<u>\$ (1,656)</u>	<u>\$ 150,631</u>	<u>\$ 144,607</u>	<u>\$ 135,679</u>

(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 Alberta Cancer 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 Centre 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 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:

	2006	2005
Externally funded (unamortized external capital contributions)	\$ 116,649	\$ 118,884
Internally funded (invested in capital assets)	<u>27,958</u>	<u>16,795</u>
	<u>\$ 144,607</u>	<u>\$ 135,679</u>

Note 5 Deferred Capital Contributions

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness contributions	\$ 2,341	\$ 8,803
Restricted other government contributions	6,930	7,746
Donations restricted for capital purposes	671	3,453
Other capital contributions	(42)	2,521
	<u>9,900</u>	<u>22,523</u>
Transferred to:		
Unamortized external capital contributions (Note 6)	(11,148)	(12,419)
Reduction in asset value	(906)	-
Operating revenue, amounts used for minor capital contributions	(774)	(1,388)
Transfer to net assets	81	-
	<u>(12,747)</u>	<u>(14,215)</u>
Change during the year	(2,547)	8,716
Balance, beginning of year	<u>12,928</u>	<u>4,212</u>
Balance, end of year	<u>\$ 10,381</u>	<u>\$ 12,928</u>
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	\$ 2,638	\$ 5,316
IT Equipment & Software	976	2,581
New construction	6,125	4,155
New Equipment - Centre for Biological Imaging and Adaptive Radiotherapy	642	876
	<u>\$ 10,381</u>	<u>\$ 12,928</u>

Note 6 Unamortized External Capital Contributions

The Board follows the deferral method of recognizing capital contributions as described in Note 2 (a)(ii). The balance of Unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	\$ 118,884	\$ 119,693
Transfers from deferred capital contributions (Note 5)	11,148	12,419
Transfer from net assets	-	35
Less net book value of disposals	(140)	(5)
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(8,297)	(8,157)
Amortized external capital contributions: Fac. & improvements	(4,757)	(4,912)
Amortized external capital contributions: Ancillary operations	(189)	(189)
Balance, end of year	\$ 116,649	\$ 118,884

Note 7 Net assets

The Board's net assets comprise the following:

	2006	2005
Unrestricted net assets	\$ 13,105	\$ 2,150
Internally restricted net assets		
Future equipment replacement and IT upgrades	6,699	4,681
Research reserve	-	378
Edmonton Radio-Pharmaceutical Centre	2,921	2,353
Breast Centre, Prostate Centre and Clinical Reserves	3,500	3,500
	13,120	10,912
	<u>\$ 26,225</u>	<u>\$ 13,062</u>

Note 8 Commitments and Contingencies

(a) Commitments:

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

2007	\$ 1,049
2008	807
2009	712
2010	634
2011	335
Thereafter	306
	<u>\$ 3,843</u>

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2006. 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, 2006.

The Board also has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Public Service Pension Plan (PSPP). A \$1.25 billion claim has been filed jointly and severally against the Province of Alberta and all the employers participating in PSPP. The outcome of the claim is not determinable.

Note 9 Budget

	2005/06 Approved Budget ⁽¹⁾	Additional Funding	Adjustments	2005/06 Reported Budget
Revenue				
Alberta Health and Wellness contributions	\$ 244,941	\$ -	\$ -	\$ 244,941
Other government contributions	2,876	-	-	2,876
Fees and charges	5,100	-	-	5,100
Ancillary operations, net	690	-	-	690
Donations	7,562	-	-	7,562
Research and education	10,746	-	-	10,746
Investment and other income	15,260	-	-	15,260
Amortized external capital contributions	13,451	-	-	13,451
TOTAL REVENUE	300,626	-	-	300,626
Expenses				
Facility-based inpatient acute nursing services	13,126	-	-	13,126
Facility-based emergency and outpatient services	84,864	-	-	84,864
Community-based care	37,755	-	-	37,755
Diagnostic and therapeutic services	68,253	-	-	68,253
Promotion, prevention and protection services	14,092	-	-	14,092
Research and education	28,891	-	-	28,891
Administration	9,115	-	-	9,115
Information technology	8,757	-	-	8,757
Support services	26,036	-	-	26,036
Amortization of facilities and improvements	4,737	-	-	4,737
TOTAL EXPENSES	295,626	-	-	295,626
Excess (deficiency) of revenue over expense	\$ 5,000	\$ -	\$ -	\$ 5,000

(1) The budget was approved by the Board on April 20, 2005, and submitted to the Minister of Health and Wellness for approval.

Note 10 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions	\$ 239,476	\$ 191,496
Transfers from deferred contributions (Schedule 3)	3,461	3,231
	<u>\$ 242,937</u>	<u>\$ 194,727</u>

Note 11 Other Government Contributions

	2006	2005
<u>Transfers from deferred contributions (Schedule 3)</u>		
Alberta Government	\$ 218	\$ 85
Federal Government	2,540	3,451
	<u>\$ 2,758</u>	<u>\$ 3,536</u>

Note 12 Fees and charges

	Inpatient/Resident		Outpatient	
	2005/06	2004/05	2005/06	2004/05
Acute Care				
Out-of-province	\$ 957	\$ 1,000	\$ 3,164	\$ 3,020
Out-of-country base amount		46	52	51
Out-of-country surcharge		14	30	36
WCB standard charges	98	33	338	252
Federal	14	37	228	191
Uninsured drugs	-	-	1,944	654
Total	<u>\$ 1,069</u>	<u>\$ 1,130</u>	<u>\$ 5,756</u>	<u>\$ 4,114</u>

Note 13 Ancillary Operations

	2006				2005
	Non-Patient Food Services	Parking Operations	Education Radiopharm aceutical Centre	Total	Total
Revenue					
Revenue	\$ 1,245	\$ 908	\$ 4,640	\$ 6,793	\$ 6,001
Amortized external capital contributions	-	189	-	189	189
	<u>1,245</u>	<u>1,097</u>	<u>4,640</u>	<u>6,982</u>	<u>6,190</u>
Expenses					
Other expenses	1,252	592	4,037	5,881	5,221
Amortization	4	189	35	228	230
	<u>1,256</u>	<u>781</u>	<u>4,072</u>	<u>6,109</u>	<u>5,451</u>
Excess of revenue over expense	\$ (11)	\$ 316	\$ 568	\$ 873	\$ 739

Note 14 Investment and other income

	2006	2005
Investment income	\$ 3,191	\$ 1,654
Drug rebates and other recoveries	12,563	11,387
Calgary Health Region Contribution - Bone Marrow Transplant Program	4,108	3,756
	<u>\$ 19,862</u>	<u>\$ 16,797</u>

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

Note 15 Administration

	2006	2005
General Administration	\$ 7,793	\$ 6,134
Human Resources	1,802	1,508
Finance	593	481
	<u>\$ 10,188</u>	<u>\$ 8,123</u>

Note 16 Support services

	2006	2005
Medical Physics	\$ 9,058	\$ 7,764
Building maintenance, operations and security	8,027	6,861
Patient health records	5,091	4,083
Housekeeping	1,712	1,607
Materials management	1,033	996
Education	647	554
Laundry and linen	498	456
Volunteer Services	495	458
Patient representative	173	142
	<u>\$ 26,734</u>	<u>\$ 22,921</u>

Note 17 Related Parties

(a) Province of Alberta

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Board is established under the Cancer Programs Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Board and the Province are disclosed in the Statement of Operations and in notes 5, 10 and 11 to the financial statements.

(b) Health Authorities

The Board had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

Balances

	(in thousands)			
	Receivable from:		Payable to:	
	2006	2005	2006	2005
Health Authorities	\$ 1,031	\$ 355	\$ 3,893	\$ 3,036
	<u>\$ 1,031</u>	<u>\$ 355</u>	<u>\$ 3,893</u>	<u>\$ 3,036</u>

Revenue and Expenses

	(in thousands)			
	Revenue:		Expenses:	
	2006	2005	2006	2005
Health Authorities	\$ 6,037	\$ 4,981	\$ 17,620	\$ 16,748
	<u>\$ 6,037</u>	<u>\$ 4,981</u>	<u>\$ 17,620</u>	<u>\$ 16,748</u>

Note 17 Related parties (continued)

Health Authorities

(c) Alberta Cancer Foundation

The Board controls the Alberta Cancer 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 Alberta Cancer Foundation is not consolidated in these statements. Audited financial statements of the Foundation are available upon request. A Financial summary of the Alberta Cancer Foundation as at March 31, 2006 and 2005 and for the years then ended is as follows:

	2006	2005
Total assets	\$ 65,124	\$ 48,840
Total liabilities	<u>(10,583)</u>	<u>(5,966)</u>
Net assets	<u>\$ 54,541</u>	<u>\$ 42,874</u>
Revenue	13,977	9,191
Expenses	<u>11,911</u>	<u>7,265</u>
Excess of revenue over expenses	<u>\$ 2,066</u>	<u>\$ 1,926</u>

Contributions received by the Board		Resources held by Foundation	
Year ended March 31,		at March 31, 2006	
2006	2005	Externally Restricted	Unrestricted
<u>\$ 10,283</u>	<u>\$ 6,068</u>	<u>\$ 29,867</u>	<u>\$ 24,674</u>

(d) Cross Cancer Institute Volunteer Association

The Board exercises significant influence over the Cross Cancer Institute Volunteer 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).

Note 17 Related parties (continued)

Cross Cancer Institute Volunteer Association

	2006	2005
Total assets	\$ 311	\$ 287
Total liabilities	<u>(37)</u>	<u>(32)</u>
Net assets	<u>\$ 274</u>	<u>\$ 255</u>
Revenue	348	385
Expenses	<u>328</u>	<u>302</u>
Excess of revenue over expenses	<u>\$ 20</u>	<u>\$ 78</u>

Note 18 Trust Funds

The Board receives funds in trust for conferences, etc. These amounts are not reported in the statements. During the year the Board received \$212 and disbursed \$330. The balance held by the Board is \$251.

Note 19 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 \$5,164 for the year ended March 31, 2006 (2005 \$4,416).

At December 31, 2005, the PSPP reported an estimated actuarial deficit of \$187,704 (2004 \$450,000).

(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 19 Pension Costs (continued)

Supplemental Executive Retirement Plan (SERP)

	2006	2005
Net accrued benefit obligation, beginning of year	\$ 1,392	\$ 491
Current service cost	258	152
Interest cost	96	39
Prior service cost	-	594
Actuarial loss	155	116
Net accrued benefit obligation, end of year	1,901	1,392
Net accrued benefit obligation	(171)	-
Unrecognized actuarial loss	273	-
Unrecognized prior service costs	666	777
Reported liability	768	777
Current service cost	258	152
Interest cost	96	39
Prior service cost amortization	111	111
Actuarial loss amortization	14	24
Returns on assets	(26)	-
SERP expense	5 453	5 326
Assumptions at end of year		
Discount rate	5.4%	5.8%
Expected average remaining service life of employees	8 years	8 years
Salary scale increases	3%	2%

The above information is based on the annual actuarial valuation performed as of March 31, 2006.

Plan assets (held by trustee)		
Employer contributions	860	-
Return on plan assets	10	-
Taxes paid	(2)	-
Market value over cost	3	-
Fair value of assets - March 31, 2006	871	-
Short term treasury bills	870	-
Cash on hand	1	-
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	860	-
Taxes paid on plan income	2	-
Total refundable taxes	862	-
Total plan assets	1,733	-
Unfunded actuarial liability	5 168	5 1,392

Note 20 Restatement of prior years

Prior year comparative figures have been adjusted with retroactive effect to reflect drug rebates received annually after year end, that were not previously recorded as accounts receivable and revenue for the affected years.

	2005	2005	2005
	As previously reported	Adjustment	As restated
Accounts receivable	\$ 7,191	\$ 802	\$ 7,993
Total assets	213,529	802	214,331
Net assets, March 31, 2004	23,526	654	24,180
Excess of revenue over expense	5,564	148	5,712
Net assets, March 31, 2005	29,055	802	29,857

Note 21 Comparative figures

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

Note 22 Approval of financial statements

These financial statements have been approved by the Board.

ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
 March 31, 2006
 (in thousands)

Schedule 1

	Budget	2006	2005
Salaries and Benefits (Schedule 2)	\$ 118,542	\$ 105,712	\$ 90,195
Drugs and gases	75,074	69,514	55,572
Medical and surgical supplies	2,802	3,529	2,917
Other contracted services	33,068	35,287	31,296
Referred out Services	21,959	20,688	18,280
Supplies	13,479	14,318	13,264
Equipment and IT Maintenance	5,941	6,482	5,333
Other	11,120	15,089	13,000
Amortization:			
Capital equipment - internally funded	4,006	3,559	3,094
Capital equipment - externally funded	8,897	8,297	8,534
Facilities and improvements	4,756	4,958	4,724
	<u>299,644</u>	<u>287,433</u>	<u>246,209</u>
Less amounts reported in ancillary operations (Note 13)	4,018	6,109	5,451
	<u>\$ 295,626</u>	<u>\$ 281,324</u>	<u>\$ 240,758</u>

Schedule 2

ALBERTA CANCER BOARD
 SCHEDULE OF SALARIES AND BENEFITS
 March 31, 2006
 (in thousands)

	2006						2005				
	Number of Individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Severance ⁽⁴⁾ Number of Individuals	Amount	Total	Number of Individuals ⁽¹⁾	Salaries, Honoraria, Benefits ⁽²⁾	Severance ⁽⁴⁾	Total
Board Chairperson											
Gry Campbell		\$ 47	\$ -	\$ 47	-	\$ -	\$ 47		\$ 39	\$ -	\$ 39
Board members											
Jean Agrios		4	-	4	-	-	4		3	-	3
Frad Dibbon		-	-	-	-	-	-		4	-	4
Gordon Goung		2	-	2	-	-	2		6	-	6
Jack Hilpin		14	-	14	-	-	14		22	-	22
Allan Hargreaves		4	-	4	-	-	4		6	-	6
Patricia Jones		8	-	8	-	-	8		9	-	9
Richard Michim		3	-	3	-	-	3		4	-	4
Irene Nicolson		7	-	7	-	-	7		8	-	8
May O'Neill		1	-	1	-	-	1		-	-	-
Brian Rogers		6	-	6	-	-	6		8	-	8
Cathy Roosen		0	-	0	-	-	0		-	-	-
Bronwyn Slough		5	-	5	-	-	5		4	-	4
Sub-total	-	105	-	105	-	-	105	-	113	-	113
Staff											
Chief Executive Officer ⁽⁵⁾	1	302	166	558	-	-	558	1	518	-	518
Management person(s) reporting to the CEO											
VP (Operations) ⁽⁶⁾	1	258	45	303	-	-	303	1	257	-	257
VP (Research)	0.6	93	1	94	-	-	94	0.6	91	-	91
VP (Population Health Information) ⁽⁶⁾	1	369	75	444	-	-	444	1	407	-	407
VP (Tom Baker Cancer Centre) ⁽⁶⁾	1	375	70	445	-	-	445	0.75	304	-	304
Other management reporting directly to the VPs	27	2,436	360	2,796	-	-	2,796	22	2,416	-	2,416
Other management and out of scope	280	15,648	2,492	18,137	2	134	18,271	214	13,596	101	13,697
Medical doctors not included above	23	5,233	448	5,681	-	-	5,681	19	4,669	-	4,669
Registered nurses not included above*	-	-	-	-	-	-	-	-	-	-	-
- RNs, Reg. Psych nurses, Grad nurses	280	18,506	2,852	21,358	-	-	21,358	236	19,117	-	19,117
Other health technical and professionals	486	31,005	4,777	35,782	1	28	35,810	410	30,593	-	30,593
Other staff	493	16,935	2,914	19,849	-	-	19,849	454	17,985	28	18,013
Sub-total	1,503	91,247	14,200	105,447	3	162	105,609	1,359	89,953	129	90,082
Grand Total	1,503	\$ 91,350	\$ 14,200	\$ 105,550	3	\$ 162	\$ 105,712	1,359	\$ 90,066	\$ 129	\$ 90,195

**ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2006**

- (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: 1,965 (2005 2,032).
- 'Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.
- (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 includes 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) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.
- (5) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.
- (6) Retirement arrangements
Under the terms of the Supplemental Executive Retirement Plan (SERP), established April 1, 2004, executive officers may receive supplemental retirement payments.
Retirement arrangement costs, which are included in executive benefits, 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.

ALBERTA CANCER BOARD - SCHEDULE OF DEFERRED CONTRIBUTIONS (SCHEDULE 3)

March 31, 2006

(in thousands)

Source of Contributor	Opening Balance April 1, 2005	Amounts received and receivable					Amounts recognized as revenue					Transfers				Closing Balance March 31, 2006
		Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Between Projects/Regions	To UUECC	To Deferred Capital Contributions	Returned Funds	
Alberta Health and Wellness																
AFP Development & Financial Review	\$ 129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129
Information Security Compliance	359	279	-	-	-	-	-	-	-	-	-	-	-	-	-	638
AH & WPIN Interface	-	200	-	-	-	-	34	-	-	-	-	-	-	-	-	166
Client/Provider Registry Cleanup	-	650	-	-	-	-	-	-	-	-	-	-	-	-	-	650
Teihealth Funding	162	200	-	-	-	-	238	-	-	-	-	-	-	-	-	124
Virtual Learning Clinic	250	-	-	-	-	-	163	-	-	-	-	-	-	-	-	87
Teihealth Clinical Funding	-	63	-	-	-	-	-	-	-	-	-	-	-	-	-	63
Provincial Breast Screening	2,205	-	-	-	-	-	1,178	-	-	-	-	-	-	-	-	1,027
Cervical Screening	806	1,563	-	-	-	-	1,810	-	-	-	-	-	-	-	-	559
Colorectal Cancer Screening	100	(15)	-	-	-	-	38	-	-	-	-	-	-	-	-	47
Sub-total	4,011	2,940	-	-	-	-	3,461	-	-	-	-	-	-	-	-	3,490
Other Government contributors																
AADAC Youth Tobacco	140	-	38	-	-	-	-	171	-	-	-	-	-	-	-	7
AADAC Youth Cessation	-	-	41	-	-	-	-	25	-	-	-	-	-	-	-	16
Alberta Infrastructure	-	-	951	-	-	-	-	-	-	-	-	-	-	-	-	951
Federal Pallium Project	-	-	1,242	-	-	-	-	1,242	-	-	-	-	-	-	-	-
Ask & Advise Health Canada	-	-	8	-	-	-	-	-	-	-	-	-	-	-	1	7
Sub-total	140	-	2,280	-	-	-	-	1,438	-	-	-	-	-	-	1	981
Foundations																
Alberta Cancer Foundation	5,128	-	-	9,710	-	586	-	-	6,730	-	-	-	-	-	-	8,694
Sub-total	5,128	-	-	9,710	-	586	-	-	6,730	-	-	-	-	-	-	8,694
External Donations																
Research Grants & Funding Agencies	3,784	-	-	11	-	5,374	-	1,207	-	-	3,692	-	-	-	-	4,470
Health Boards of Alberta	210	-	-	-	-	103	-	-	-	-	45	-	-	-	-	269
Clinical Trials Pharmaceuticals	5,608	-	-	-	-	9,121	-	-	-	-	9,280	-	-	-	24	5,425
Various projects	2,180	-	-	-	-	1,281	-	113	-	-	523	-	-	-	-	2,825
Sub-total	11,782	-	-	11	-	15,879	-	1,320	-	-	13,540	-	-	-	24	12,989
Grand Total 2005/2006	\$ 21,061	\$ 2,940	\$ 2,280	\$ 9,721	\$ -	\$ 16,465	\$ 3,461	\$ 2,758	\$ 6,730	\$ -	\$ 13,540	\$ -	\$ -	\$ -	\$ 25	\$ 26,154

	2006	2005
Current (list)	\$ 26,154	\$ 21,061
Non-current (list)	-	-
Total	\$ 26,154	\$ 21,061

Note: List all grants where the sum of the opening balance and the amount received in the current year is greater than ten thousand dollars.