

ALBERTA CANCER BOARD
FINANCIAL STATEMENTS
MARCH 31, 2005

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

ALBERTA CANCER BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2005

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 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
President and 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, 2005 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, 2005 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 30, 2005

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2005
(in thousands)

	2005	2004
	Actual	Actual
ASSETS		
Current:		
Cash and investments (Note 3)	\$ 20,427	\$ 8,489
Accounts receivable	7,191	9,003
Contributions receivable from Alberta Health and Wellness	4,075	2,060
Inventories	6,098	4,508
Prepaid expenses	861	594
	<u>38,652</u>	<u>24,654</u>
Non-current cash and investments (Note 3)	39,198	33,301
Capital assets (Note 4)	135,679	134,761
TOTAL ASSETS	<u>\$ 213,529</u>	<u>\$ 192,716</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 25,674	\$ 26,042
Accrued vacation pay	5,927	4,736
Deferred contributions (Schedule 3)	21,061	14,507
	<u>52,662</u>	<u>45,285</u>
Deferred capital contributions (Note 5)	12,928	4,212
Unamortized external capital contributions (Note 6)	118,884	119,693
	<u>184,474</u>	<u>169,190</u>
Net assets		
Accumulated surplus	1,348	68
Internal restricted funds (Note 7)	10,912	8,390
Investment in capital assets	16,795	15,068
Operating net assets	<u>29,055</u>	<u>23,526</u>
Commitments and Contingencies (Note 8)		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 213,529</u>	<u>\$ 192,716</u>

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

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
March 31, 2005
(in thousands)

	2005		2004
	Budget (Note 9)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 10)	\$ 195,137	\$ 194,727	\$ 166,913
Other government contributions (Note 11)	1,480	3,536	661
Fees and charges (Note 12)	3,700	5,244	4,500
Ancillary operations, net (Note 13)	540	739	421
Donations	4,500	2,541	4,517
Investment and other income (Note 14)	28,393	26,466	27,751
Amortized external capital contributions (Note 6)	12,776	13,069	12,055
TOTAL REVENUE	246,526	246,322	216,818
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	12,926	13,351	12,827
Facility-based emergency and outpatient services	67,420	66,275	58,759
Community-based care	32,096	25,759	21,921
Diagnostic and therapeutic services	56,960	57,100	54,249
Promotion, prevention and protection services	10,177	9,927	9,153
Research and education	27,990	23,624	24,286
Administration (Note 15)	7,422	8,123	5,812
Information technology	7,506	8,954	7,133
Support services (Note 16)	24,662	22,921	21,033
Amortization of facilities and improvements	4,567	4,724	4,495
TOTAL EXPENSES	251,726	240,758	219,668
Excess (deficiency) of revenue over expense	\$ (5,200)	\$ 5,564	\$ (2,850)

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(in thousands)

	2005		2004	
	Accumulated surplus (Note 7)	Investment in capital assets from internally funded sources	Total	Total
Excess of revenue over expense	\$ 5,564	\$ -	\$ 5,564	\$ (2,850)
Capital assets purchased with internal funds	(4,856)	4,856		
Amortization on internally funded capital assets	3,094	(3,094)		
Transfer to external contributions (Note 6)		(35)	(35)	(6)
Net change	3,802	1,727	5,529	(2,856)
Balance at beginning of year	8,458	15,068	23,526	26,382
Balance at end of year	\$ 12,260	\$ 16,795	\$ 29,055	\$ 23,526



ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS

March 31, 2005
(in thousands)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	\$ (5,200)	\$ 5,564	\$ (2,850)
Non-cash transactions:			
Amortization of capital equipment - internally funded	3,518	3,094	3,067
- externally funded	8,222	8,534	7,574
Amortization of facilities and improvements	4,744	4,724	4,671
Amortized external capital contributions (Note 6)	(12,966)	(13,258)	(12,245)
Loss on disposal of capital equipment	-	20	-
Gain on sale of investments	-	-	(2,985)
Changes in non-cash working capital account	(3,430)	5,317	10,842
Cash generated from (used by) operations	(5,112)	13,995	8,074
Investing activities:			
Purchase of investments	(40,000)	(13,153)	(43,899)
Purchase of capital assets:			
internally funded	(3,418)	(4,871)	(3,357)
externally funded - equipment (Note 6)	(12,221)	(9,197)	(11,291)
externally funded - facility and improvements (Note 6)	(5,494)	(3,222)	(1,385)
Proceeds on sale of investments	40,000	11,722	43,141
Cash used by investing activities	(21,133)	(18,721)	(16,791)
Financing activities:			
Capital contributions received	21,727	21,130	11,494
Change in non-current cash	(2,200)	(4,466)	(393)
Cash generated from financing activities	19,527	16,664	11,101
Increase (decrease) in cash and investments	(6,718)	11,938	2,384
Cash and investments, beginning of year	8,489	8,489	6,105
Cash and investments, end of year	\$ 1,771	\$ 20,427	\$ 8,489

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2005
(in thousands)

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 24. 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) 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 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 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:

	<u>Useful Life</u>
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	2005		2004	
	Cost	Fair value	Cost	Fair value
Cash on deposit	\$ (381)	\$ (381)	\$ 1,291	\$ 1,291
CCITF - operations	20,808	20,808	7,198	7,198
CCITF - capital (non current)	6,525	6,525	2,059	2,059
	<u>26,952</u>	<u>26,952</u>	<u>10,548</u>	<u>10,548</u>
Money market securities	1,185	1,185	1,377	1,377
Fixed income securities:				
Canadian federal and provincial government bonds	8,704	8,946	7,058	7,219
corporate bonds and debentures	7,950	7,920	8,486	8,641
Canadian equities	14,834	19,064	14,321	15,039
	<u>32,673</u>	<u>37,115</u>	<u>31,242</u>	<u>32,276</u>
Total current and non-current cash and investments	<u>59,625</u>	<u>64,067</u>	<u>41,790</u>	<u>42,824</u>
Classified as:				
Current	20,427	20,427	8,489	8,489
Non current	39,198	43,640	33,301	34,335
Total cash and investments	<u>\$ 59,625</u>	<u>\$ 64,067</u>	<u>\$ 41,790</u>	<u>\$ 42,824</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, 2005 was 2.43% (March 31, 2004 - 3.0%).

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 5.4% (2004 - 5.4%) per annum for securities maturing between 1 and 29 years. As at March 31, 2005 the securities have the following maturity structure:

	%
Under 1 year	49%
1 to 5 years	14%
5 to 10 years	26%
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:

	2005	2004
Externally restricted for capital acquisitions (Note 5)	\$ 12,928	\$ 4,212
Internally restricted for Board's reserves (Note 7)	10,912	8,390
Unrestricted non-current investments	<u>15,358</u>	<u>20,699</u>
	<u>\$ 39,198</u>	<u>\$ 33,301</u>

Note 4 Capital assets

Capital asset	Cost				
	Opening balance April 1, 2004	Transfers from work in progress	Additions	Disposals	Closing balance March 31, 2005
Land	\$ 4,556	\$ -	\$ -	\$ -	\$ 4,556
Art	141	-	5	-	146
Buildings	83,144	2,291	1,113	-	86,548
Building service equipment	38,754	-	321	-	39,075
Parkade	5,507	-	-	-	5,507
Equipment excluding IS	87,541	7,976	9,277	(1,253)	103,541
IS equipment	15,214	100	3,613	(609)	18,318
Construction in progress	2,492	(2,291)	865	-	1,066
Deposits on equipment	10,923	(8,076)	1,337	-	4,184
IS software and licences	7,447	-	765	-	8,212
	<u>\$ 255,719</u>	<u>\$ -</u>	<u>\$ 17,296</u>	<u>\$ (1,862)</u>	<u>\$ 271,153</u>

Note 4 Capital assets (continued)

Capital asset	Accumulated amortization				Net book value	
	Opening balance April 1, 2004	Current year amortization	Amortization on disposals	Closing balance March 31, 2005	2005	2004
Land	\$ -	\$ -	\$ -	\$ -	\$ 4,556	\$ 4,556
Art	-	-	-	-	146	141
Buildings	36,066	3,113	-	39,179	47,369	47,078
Building service equipment	22,830	1,624	-	24,454	14,621	15,924
Parkade	2,664	189	-	2,853	2,654	2,843
Equipment excluding IS	46,550	7,941	(1,243)	53,248	50,293	40,977
IS equipment	9,954	2,213	(595)	11,572	6,746	5,275
Construction in progress	-	-	-	-	1,066	2,492
Deposits on equipment	-	-	-	-	4,184	10,922
IS software and licences	2,894	1,274	-	4,168	4,044	4,553
	<u>\$ 120,958</u>	<u>\$ 16,354</u>	<u>\$ (1,838)</u>	<u>\$ 135,474</u>	<u>\$ 135,679</u>	<u>\$ 134,761</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 Capital Health 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:

	2005	2004
Externally funded (unamortized external capital contributions)	\$118,884	\$119,693
Internally funded (invested in capital assets)	<u>16,795</u>	<u>15,068</u>
	<u>\$135,679</u>	<u>\$134,761</u>

6

Note 5 Deferred capital contributions

	2005	2004
Amounts received:		
Restricted Alberta Health and Wellness contributions	\$ 8,803	\$ 1,865
Restricted other government contributions	7,746	2,205
Donations restricted for capital purposes	3,453	1,803
Other capital contributions	<u>2,521</u>	<u>7,048</u>
	22,523	12,921
Transferred to:		
Unamortized external capital contributions (Note 6)	(12,419)	(12,676)
Operating revenue, amounts used for minor capital contributions	<u>(1,388)</u>	<u>(1,427)</u>
Change during the year	8,716	(1,182)
Balance, beginning of year	<u>4,212</u>	<u>5,394</u>
Balance, end of year	<u>\$ 12,928</u>	<u>\$ 4,212</u>
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	\$ 5,316	\$ 438
Betterment of capital assets	4,155	2,948
New equipment - Centre for Biological Imaging and Adaptive Radiotherapy.	876	826
Information Systems	<u>2,581</u>	
	<u>\$ 12,928</u>	<u>\$ 4,212</u>

7

Note 6 Unamortized external capital contributions

The region 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.

	2005	2004
Balance, beginning of year	\$ 119,693	\$ 119,256
Transfers from deferred capital contributions (Note 5)	12,419	12,676
Transfer from internal equity	35	6
Less net book value of disposals	(5)	-
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(8,157)	(7,574)
Amortized external capital contributions: Fac. & improvements	(4,912)	(4,481)
Amortization - Ancillary operations	(189)	(190)
Balance, end of year	<u>\$ 118,884</u>	<u>\$ 119,693</u>

Note 7 Net assets

The Board's net assets comprise the following:

	2005	2004
Unrestricted net assets	<u>\$ 1,348</u>	<u>\$ 68</u>
Internally restricted funds		
Future equipment replacement and IT upgrades	4,681	4,112
Research reserve	378	2,479
Edmonton Radio-Pharmaceutical Centre	2,353	1,799
Breast Centre	1,500	
Prostate Centre	1,000	
Clinical reserve	1,000	
	<u>10,912</u>	<u>8,390</u>
	<u>\$ 12,260</u>	<u>\$ 8,458</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:

2006	\$ 772
2007	901
2008	763
2009	638
2010	550
Thereafter	<u>641</u>
	<u>\$ 4,265</u>

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2005. 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, 2005.

Note 9 Budget

	2004/05 Approved Budget ⁽¹⁾	Additional Funding ⁽²⁾	2004/05 Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$ 183,444	\$ 11,693	\$ 195,137
Other government contributions	1,480	-	1,480
Fees and charges	3,700	-	3,700
Ancillary operations, net	540	-	540
Donations	4,500	-	4,500
Investment and other income	28,393	-	28,393
Amortized external capital contributions	12,776	-	12,776
TOTAL REVENUE	234,833	11,693	246,526
Expenses			
Facility-based inpatient acute nursing services	12,946	(20)	12,926
Facility-based emergency and outpatient services	67,506	(86)	67,420
Community-based care	32,146	(50)	32,096
Diagnostic and therapeutic services	57,610	(650)	56,960
Promotion, prevention and protection services	10,477	(300)	10,177
Research and education	28,420	(430)	27,990
Administration	7,262	160	7,422
Information technology	7,757	(251)	7,506
Support services	24,907	(245)	24,662
Amortization of facilities and improvements	4,567	-	4,567
TOTAL EXPENSES	253,598	(1,872)	251,726
Excess (deficiency) of revenue over expense	<u>\$ (18,765)</u>	<u>\$ 13,565</u>	<u>\$ (5,200)</u>

- (1) The budget was approved by the Board on May 12th, 2004, 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 to address funding expectations.

Note 10 Alberta Health and Wellness contributions

	2005	2004
Unrestricted contributions	\$ 191,496	\$ 160,910
Transfers from deferred contributions (Schedule 3)	3,231	6,003
	<u>\$ 194,727</u>	<u>\$ 166,913</u>

Note 11 Other government contributions

	2005	2004
Alberta Government		
Transfers from deferred contributions (Schedule 3)	\$ 85	\$ 131
Federal Government	3,451	530
	<u>\$ 3,536</u>	<u>\$ 661</u>

Note 12 Fees and charges

	<u>Inpatient</u>		<u>Outpatient</u>	
	2004/05	2003/04	2004/05	2003/04
Acute Care				
Out-of-province	\$ 1,000	\$ 1,175	\$ 3,020	\$ 2,447
Out-of-country base amount	46		51	50
Out-of-country surcharge	14		36	34
WCB standard charges	33	43	252	61
Federal	37	47	101	124
Uninsured drugs		8	654	511
Total	<u>\$ 1,130</u>	<u>\$ 1,273</u>	<u>\$ 4,114</u>	<u>\$ 3,227</u>

Note 13 Ancillary operations

	2005				2004
	Non-patient food services	Parking operations	Edmonton Radiopharm- aceutical Centre	Total	Total
Revenue					
Revenue	\$ 1,146	\$ 755	\$ 4,100	\$ 6,001	\$ 4,990
Amortized deferred capital contributions	1	188	-	189	190
	<u>1,147</u>	<u>943</u>	<u>4,100</u>	<u>6,190</u>	<u>5,180</u>
Expenses					
Other expenses	1,142	574	3,505	5,221	4,537
Amortization	1	189	40	230	222
	<u>1,143</u>	<u>763</u>	<u>3,545</u>	<u>5,451</u>	<u>4,759</u>
Excess of revenue over expense	<u>\$ 4</u>	<u>\$ 180</u>	<u>\$ 555</u>	<u>\$ 739</u>	<u>\$ 421</u>

Note 14 Investment and other income

	2005	2004
Investment income	\$ 1,654	\$ 4,123
Restricted research and operating grants	10,672	10,997
Drug rebates and other recoveries	10,384	8,791
Calgary Health Region Contribution - Bone Marrow Transplant Program	3,756	3,840
	<u>\$ 26,466</u>	<u>\$ 27,751</u>

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

Note 15 Administration

	2005	2004
General Administration	\$ 6,134	\$ 4,344
Finance	481	412
Human Resources	1,508	1,056
	<u>\$ 8,123</u>	<u>\$ 5,812</u>

Note 16 Support services

	2005	2004
Medical Physics	\$ 7,764	\$ 6,709
Building maintenance, operations and security	6,861	6,567
Patient health records	4,083	3,669
Housekeeping	1,607	1,568
Materials management	996	951
Education	554	598
Volunteer Services	458	420
Laundry and linen	456	428
Patient representative	142	123
	<u>\$ 22,921</u>	<u>\$ 21,033</u>

Note 17 Related parties

(a) Province of Alberta

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 to the financial statements.

(b) Health Authorities

The Board shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Board and other Health Authorities are reported in the Statement of Operations.

(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, 2005 and 2004 and for the years then ended is as follows:

Note 17 Related parties (continued)

Alberta Cancer Foundation

	2005	2004
Total assets	\$ 48,840	\$ 44,325
Total liabilities	(5,966)	(3,710)
Net assets	<u>42,874</u>	<u>40,615</u>
Revenue	9,191	8,382
Expenses	<u>7,265</u>	<u>7,377</u>
Excess of revenue over expenses	<u>\$ 1,926</u>	<u>\$ 1,005</u>

Contributions received by the Board Year ended March 31,		Resources held by Foundation at March 31, 2005	
2005	2004	Externally restricted	Unrestricted
<u>\$6,068</u>	<u>\$6,019</u>	<u>\$20,265</u>	<u>\$22,529</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

	2005	2004
Total assets	\$ 287	\$ 333
Total liabilities	(32)	(156)
Net assets	<u>\$ 255</u>	<u>\$ 177</u>
Revenue	\$ 385	\$ 344
Expenses	<u>307</u>	<u>327</u>
Excess of revenue over expenses	<u>\$ 78</u>	<u>\$ 17</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 \$273 and disbursed \$132. The balance held by the Board is \$369.

Note 19 Pension costs

The Board participates in the Public Service Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of \$4,416 for the year ended March 31, 2005 (2004 \$3,356).

At December 31, 2004, the Public Service Pension Plan reported an estimated actuarial deficit of \$450,000 (2004 \$596,213).

On April 1, 2004 the Board started a non-contributing defined benefit Supplemental Executive Retirement Plan (SERP) for senior executives. At March 31, 2005 the unfunded liability on this Plan was estimated to be \$1,275, assuming a discount rate of 6% at April 1, 2004, 4% salary increases and a retirement age of 65.

The plan has recognized the immediate cost of prior service (\$888) which it is amortizing over the expected average remaining service of the active employees and contractors (8 years at April 1, 2004). Of this amount \$111 was expensed this year, leaving \$777 unamortized. In addition, the 2004/05 service and interest costs amounted to \$190. The net liability of the plan (\$498) is included in accounts payable and accrued liabilities.

An actuarial valuation of this plan is in progress.



**ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005
(in thousands)**

Note 20 Comparative figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

Note 21 Approval of financial statements

These financial statements have been approved by the Board.

	<u>Budget</u>	<u>2005</u>	<u>2004</u>
Salaries and Benefits (Schedule 2)	\$ 104,359	\$ 90,170	\$ 84,928
Drugs and gases	58,874	55,572	48,902
Medical and surgical supplies	2,601	2,917	2,627
Other contracted services	27,286	31,321	27,317
Referred out Services	19,422	18,280	16,829
Supplies	12,127	13,264	11,852
Equipment and IT Maintenance	5,418	5,333	5,439
Other	9,173	13,000	11,221
Amortization:			
Capital equipment - internally funded	3,518	3,094	3,067
Capital equipment - externally funded	8,222	8,534	7,574
Facilities and improvements	4,744	4,724	4,671
	<u>255,744</u>	<u>246,209</u>	<u>224,427</u>
Less amounts reported in ancillary operations (Note 13)	4,018	5,451	4,759
	<u>\$ 251,726</u>	<u>\$ 240,758</u>	<u>\$ 219,668</u>



ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

2005

2004

	FTE'S ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Severance ⁽⁴⁾		Total	Number of Individuals ⁽¹⁾	Salaries, Honoraria, Benefits ⁽²⁾⁽³⁾	Severance ⁽⁴⁾	Total
					Number of Individuals	Amount					
Board Chairperson				-			-				-
Gary Gambbell		\$ 39		\$ 39			\$ 39		\$ 35		\$ 35
Board members				-			-				-
Jean Agrios		3		3			3		1		1
Fred Dibben		4		4			4		3		3
Gordon Garong		6		6			6		6		6
Elizabeth Hall-Petry		-		-			-		8		8
Jack Halpin		22		22			22		11		11
Allan Hargreaves		6		6			6		6		6
Patricia Jones		9		9			9		8		8
Richard Melchin		4		4			4		4		4
Irene Nicolson		8		8			8		8		8
Brian Rogers		8		8			8		8		8
Bronwyn Shoush		4		4			4		5		5
Sub-total		0	113	-	113		-	0	103	-	103
Staff											
Chief Executive Officer ^(5,6)	1	364	16	380			380	1	416		416
Management person(s) reporting to the CEO:											
VP (Operations) ⁽⁶⁾	1	231	13	244			244	0.67	173		173
VP (Research) ⁽⁶⁾	0.60	90	1	91			91	0.60	91		91
VP (Population Health Information) ⁽⁶⁾	1	336	16	352			352	1	328		328
VP (Tom Baker Cancer Centre) ⁽⁶⁾	0.75	254	15	269			269	0	-		-
Supplemental Executive Retirement Plan (SERP) ⁽⁶⁾		-	216	216			216	0	-		-
Other management	236	13,914	2,098	16,012	3	101	16,113	239	14,813	69	14,882
Medical doctors not included above	19	4,279	390	4,669			4,669	18	4,464	-	4,464
Regulated nurses not included above*											
- RNs, Reg. Psych. nurses, Grad nurses	236	16,478	2,639	19,117			19,117	231	17,576	-	17,576
Other health technical and professionals	410	26,292	4,301	30,593			30,593	395	28,812	46	28,858
Unregulated health service providers											
Other staff	454	15,413	2,572	17,985	1	28	18,013	423	17,979	58	18,037
Sub-total	1,359	77,651	12,277	89,928	4	129	90,057	1,309	84,652	173	84,825
Grand Total	1,359	\$ 77,764	\$ 12,277	\$ 90,041	4	\$ 129	\$ 90,170	1,309	\$ 84,755	\$ 173	\$ 84,928

Schedule 2 (continued)

**SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005**

- (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: 2,032 (2004 1,936)

'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) A Supplemental Executive Retirement Plan was established April 1st, 2004.

a. The Current Year Costs of the plan were:

	<u>Service Costs</u>	<u>Interest Costs</u>
Chief Executive Officer	\$47	\$16
VP Operations	11	1
VP Population Health Information	29	10
VP Tom Baker Cancer Centre	<u>33</u>	<u>2</u>
	<u>\$120</u>	<u>\$29</u>

- b. The Annual amortized cost of the prior service liability amounted to:

	<u>Prior Service Costs</u>
Chief Executive Officer	\$56
VP Operations	1
VP Population Health Information	10
VP Tom Baker Cancer Centre	<u>-</u>
	<u>\$67</u>

ALBERTA CANCER BOARD SCHEDULE OF DEFERRED CONTRIBUTIONS <i>(in thousands)</i>		Amounts received or receivable					Amounts recognized as revenue					Schedule 3	
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2005
Opening Balance April 1, 2004	\$ 14,507	\$ 2,387	\$ 30	\$ 1,799	\$ -	\$ 10,291							
Amounts received or receivable													
Alberta Health and Wellness:													
Research Initiative program	\$ 776	-					\$ 776						\$ -
AFP Dev. & Financial review	134						5						129
Information Security Compliance	104	254											358
System Transitions	189						189						-
Telehealth funding	182	241					261						162
Breast Screening- marketing	205												205
Cervical Screening	454	2,010				113	1,657			114			806
Locums	215						215						-
Cancer genetics	78						78						-
Aboriginal Cancer Awareness	50						50						-
Provincial Breast Screening		2,000											2,000
Colorectal Cancer Screening		100											100
Virtual learning clinic		250											250
Telehealth lung		210											210
Other contributors:													
AADAC	30		195					85					140
Alberta Cancer Fd. Donations	1,799				5,748	119				2,538			5,128
Research grants from funding agencies	3,379		1,262			3,239		1,262			2,834		3,784
Clinical Trials sponsored by	5,279					4,868				4,539			5,608
Federal government: Pallium project	-		2,189					2,189					-
Other restricted grants	1,633					1,129				581			2,181
Total 2004/05	\$ 14,507	\$ 5,065	\$ 3,646	\$ -	\$ 5,748	\$ 9,468	\$ 3,231	\$ 3,536	\$ -	\$ 2,538	\$ 8,068		\$ 21,061

Unspent amounts at year end are as follows:

	<u>2005</u>	<u>2004</u>
Current	\$ 21,061	\$ 14,507
Non-current		

