

Financial Statements of

**ALBERTA CANCER
FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- the statement of operations and changes in 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, 2022, 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.



Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2022 Report To Our Community".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and auditors' report thereon, included in a document likely to be entitled "2022 Report To Our Community" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a slight upward curve at the end.

Chartered Professional Accountants

Edmonton, Canada

May 25, 2022

ALBERTA CANCER FOUNDATION

Financial Statements

Year ended March 31, 2022

Financial Statements

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ALBERTA CANCER FOUNDATION

Statement of Financial Position

March 31, 2022, with comparative information for 2021

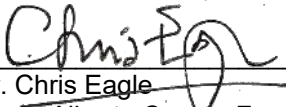
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,114,458	\$ 12,063,315
Accounts receivable and prepaid expenses	831,929	610,743
Pledges receivable (note 4)	512,500	184,816
	11,458,887	12,858,874
Investments (note 5)	186,560,247	193,338,786
Capital assets (note 6)	368,194	198,239
	\$ 198,387,328	\$ 206,395,899

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,374,294	\$ 393,832
Due to Alberta Health Services (note 9)	459,085	559,287
Deferred revenue and deposits	303,989	99,000
	2,137,368	1,052,119
Fund balances (note 3):		
General	3,611,317	3,422,801
Community initiatives and events	511,546	386,858
Campaigns	6,732,084	677,525
Cancer care and research	52,625,261	59,369,330
Endowment	127,533,676	95,831,951
	191,013,884	159,688,465
Accumulated remeasurement gains	5,236,076	45,655,315
	196,249,960	205,343,780
Future charitable disbursements (note 10)		
Commitments (note 11)		
	\$ 198,387,328	\$ 206,395,899

See accompanying notes to financial statements.

Approved by the Trustees:



Dr. Chris Eagle
Chair, Alberta Cancer Foundation

Trustee



Brian Bale
Chair, Audit & Finance Committee

Trustee

ALBERTA CANCER FOUNDATION

Statement of Operations and Changes in Fund Balances

March 31, 2022, with comparative information for 2021

	2022	2021
Revenues:		
Donations and contributions	\$ 21,331,386	\$ 15,174,850
Sponsorships and registrations	774,700	540,030
Lottery (note 7)	9,682,596	10,045,547
Grants	68,466	474,902
Investment and other income (note 8):		
Operations	24,440,804	14,979,491
Realized gains on investments restructuring	20,416,545	-
	<u>76,714,497</u>	<u>41,214,820</u>
Expenditures:		
Charitable disbursements:		
Research	13,761,746	10,400,556
Enhanced care and prevention	13,485,808	5,828,787
	<u>27,247,554</u>	<u>16,229,343</u>
Direct fundraising costs	4,388,168	5,206,305
Lottery (note 7)	7,253,804	6,900,075
Foundation operations	6,499,552	5,920,483
	<u>45,389,078</u>	<u>34,256,206</u>
Excess of revenues over expenditures	31,325,419	6,958,614
Fund balances, beginning of year	159,688,465	152,729,851
Fund balances, end of year	<u>\$ 191,013,884</u>	<u>\$ 159,688,465</u>

See accompanying notes to financial statements.

ALBERTA CANCER FOUNDATION

Statement of Remeasurement Gains and Losses

March 31, 2022, with comparative information for 2021

	2022		2021	
Accumulated remeasurement gains, beginning of year	\$	45,655,315	\$	25,589,102
Unrealized (losses) gains attributable to investments		(9,464,853)		24,513,357
Realized gains reclassified to the statement of operations		(30,954,386)		(4,447,144)
Accumulated remeasurement gains, end of year	\$	5,236,076	\$	45,655,315

See accompanying notes to financial statements.

ALBERTA CANCER FOUNDATION

Statement of Cash Flows

March 31, 2022, with comparative information for 2021

	2022	2021
Cash generated from (used by):		
Operating activities:		
Excess of revenues over expenditures	\$ 31,325,419	\$ 6,958,614
Items not involving cash:		
Realized gains on disposal of investments, net	(34,353,553)	(7,164,831)
Donated shares	(3,573,432)	(1,473,395)
Amortization of capital assets	79,409	79,409
Change in non-cash operating working capital accounts:		
Accounts receivable and prepaid expenses	(221,186)	371,403
Pledges receivable	(327,684)	145,100
Accounts payable and accrued liabilities	980,462	(298,300)
Due to Alberta Health Services	(100,202)	(745,382)
Deferred revenue and deposits	204,989	(197,050)
Cash used by operating activities	(5,985,778)	(2,324,432)
Investing and financing activities:		
Purchases of investments, net of proceeds on disposition	4,286,285	7,232,601
Purchase of capital assets	(249,364)	(25,625)
Cash generated from investing and financing activities	4,036,921	7,206,976
(Decrease) increase in cash and cash equivalents	(1,948,857)	4,882,544
Cash and cash equivalents, beginning of year	12,063,315	7,180,771
Cash and cash equivalents, end of year	\$ 10,114,458	\$ 12,063,315

See accompanying notes to financial statements.

ALBERTA CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

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.

2. Significant accounting policies:

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) General Fund - includes resources available for immediate purposes and accounts for the Foundation's general fundraising and administrative activities and the Foundation's capital assets.
- (ii) Community Initiatives and Events Fund – accounts for the Foundation's programs and events of community-based activities. This fund may include resources available for immediate purposes or restricted for an identified purpose as specified by the terms of the community program or event.
- (iii) Campaigns Fund – accounts for the Foundation's activities related to major capital fund raising campaigns benefiting the Calgary Cancer Centre and the Cross Cancer Institute.
- (iv) Cancer Care and Research Fund – the purpose of these funds are for cancer research, prevention and screening initiatives, as well as patient care and support, education and equipment. This fund includes externally restricted resources to be used for an identified purpose as specified by the donor or by fundraising initiatives or internally restricted resources to be used for an identified purpose as determined by the Board of Trustees.
- (v) Endowment Fund - includes those funds where either the donor or the Board of Trustees have stipulated that the principal investment be maintained by the Foundation on a permanent basis and investment income subject to restrictions stipulating that it be either added to the principal amount of the endowment or to be expended for an identified purpose as specified by the donor.

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Revenue recognition:

- (i) Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (ii) Externally restricted contributions other than endowment contributions are recognized as revenue in either the Community Initiatives and Events Fund or the Cancer Care and Research Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions can only be used for the purposes designated by external parties.
- (iii) Endowment contributions are recognized in the Endowment Fund as revenue when received or receivable.
- (iv) Investment income earned on amounts restricted for endowments must be spent on restricted purposes and is recognized as revenue in the Endowment Fund. Other investment income is recognized as revenue in the General 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 relate to internally imposed requirements as directed by the Board of Trustees or changes in the designation of funds as directed by the donor.

(c) Pledges receivable:

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

(d) Capital assets:

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

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

Capital assets under development are not amortized.

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(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;
- 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.

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(g) Foreign currency:

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

(h) Charitable disbursements:

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.

(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 standard changes:

The following accounting standards are applicable in future years: PS3280 Asset Retirement Obligations (effective April 1, 2022); PS3400 Revenue (effective April 1, 2023); PSG-8 Purchased Intangibles (effective April 1, 2023) and PS3160 Public Private Partnerships (effective April 1, 2023). Management is currently assessing the impact of these standards on the financial statements.

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Fund activities and balances:

Fund activities are comprised of the following:

	General	Community initiatives and events	Campaigns	Cancer care and research	Endowment	2022 Total	2021 Total
Revenues:							
Donations and contributions	\$ 5,514,055	\$ 2,837,382	\$ 9,071,834	\$ 3,559,507	\$ 348,608	21,331,386	\$ 15,174,850
Sponsorships and registrations	-	774,700	-	-	-	774,700	540,030
Lottery	-	9,682,596	-	-	-	9,682,596	10,045,547
Grants	13,795	-	-	54,671	-	68,466	474,902
Investment and other income:							
Operations	10,699,137	-	58	-	13,741,609	24,440,804	14,979,491
Realized gains on investments restructuring	20,416,545	-	-	-	-	20,416,545	-
	36,643,532	13,294,678	9,071,892	3,614,178	14,090,217	76,714,497	41,214,820
Expenditures:							
Charitable disbursements:							
Research	-	-	367,489	11,464,482	1,929,775	13,761,746	10,400,556
Enhanced care and prevention	-	-	7,487,699	5,403,612	594,497	13,485,808	5,828,787
	-	-	7,855,188	16,868,094	2,524,272	27,247,554	16,229,343
Direct fundraising costs	2,130,112	1,428,893	4,776	824,387	-	4,388,168	5,206,305
Lottery	-	7,253,804	-	-	-	7,253,804	6,900,075
Foundation operations	5,096,298	87,293	273,176	762,020	280,765	6,499,552	5,920,483
	7,226,410	8,769,990	8,133,140	18,454,501	2,805,037	45,389,078	34,256,206
Excess of revenues over expenditures before transfers							
	29,417,122	4,524,688	938,752	(14,840,323)	11,285,180	31,325,419	6,958,614
Interfund transfers							
	(29,228,606)	(4,400,000)	5,115,807	8,096,254	20,416,545	-	-
Excess of revenues over expenditures							
	188,516	124,688	6,054,559	(6,744,069)	31,701,725	31,325,419	6,958,614
Fund balances, beginning of year							
	3,422,801	386,858	677,525	59,369,330	95,831,951	159,688,465	152,729,851
Fund balances, end of year							
	\$ 3,611,317	\$ 511,546	\$ 6,732,084	\$ 52,625,261	\$ 127,533,676	\$ 191,013,884	\$ 159,688,465

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Fund activities and balances (continued):

Fund balances are comprised of the following:

	General	Community initiatives and events	Campaigns	Cancer care and research	Endowment	2022 Total	2021 Total
Unrestricted	\$ 2,243,124	\$ -	\$ -	\$ -	\$ -	\$ 2,243,124	\$ 2,224,562
Internally restricted	1,368,193	511,546	385,984	18,009,886	38,445,972	58,721,581	23,947,229
Externally restricted	-	-	6,346,100	34,615,375	29,264,740	70,226,215	74,628,487
Externally restricted endowment principal	-	-	-	-	59,822,964	59,822,964	58,888,187
	\$ 3,611,317	\$ 511,546	\$ 6,732,084	\$ 52,625,261	\$ 127,533,676	\$ 191,013,884	\$ 159,688,465

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Fund activities and balances (continued):

Internally restricted balances

The Board of Trustees has internally restricted the following balances, which are not available for other purposes without approval of the Board of Trustees.

	2022	2021
General Fund:		
Operating reserve	\$ 1,000,000	\$ 1,000,000
Invested in capital assets	368,193	198,239
	<u>1,368,193</u>	<u>1,198,239</u>
Community Initiatives and Events Fund:		
Reserve for future event disbursements	511,546	386,858
Campaigns Fund:		
Internally restricted reserve for future commitments	385,984	-
Cancer Care and Research Fund:		
Internally restricted reserve for future commitments	18,009,886	6,500,000
Endowment Fund:		
Trustee internal endowments, principal	33,319,793	12,903,248
Trustee internal endowments, expendable portion	5,126,179	2,958,884
	<u>38,445,972</u>	<u>15,862,132</u>
Total internally restricted fund balance	\$ 58,721,581	\$ 23,947,229

Externally restricted balances

Externally restricted balances represent contributions received for the following purposes, which had not been spent at year-end:

	2022	2021
Campaigns Fund:		
Restricted for future charitable disbursements	\$ 6,346,100	\$ -
Cancer Care and Research Fund:		
Restricted for future charitable disbursements	34,615,375	53,546,855
Endowment Fund:		
External endowments, expendable portion	29,264,740	21,081,632
Total externally restricted fund balance	\$ 70,226,215	\$ 74,628,487

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Fund activities and balances (continued):

Externally restricted endowment principal

	2022	2021
Cancer research	\$ 57,410,904	\$ 56,504,177
Building excellence	646,143	645,143
Patient financial assistance	1,027,842	1,027,841
Patient programs and equipment	738,075	711,026
	\$ 59,822,964	\$ 58,888,187

Interfund transfers

The Board of Trustees approved a transfer of \$5,115,807 of unrestricted funds from the General Fund for use in the Campaigns Fund.

The Board of Trustees approved a transfer of \$8,096,254 of unrestricted funds from the General Fund for use in the Cancer Care and Research Fund.

The Board of Trustees approved a transfer of \$20,416,545 of unrestricted funds from the General Fund to the internal endowment principal balance to the Endowment Fund.

The Board of Trustees approved the transfer of \$4,400,000 of externally restricted funds in the Community Initiatives and Events Fund to be matched against eligible disbursements in the Cancer Care and Research Fund.

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Pledges receivable:

	2022		2021	
Cancer Care and Research	\$	-	\$	124,816
Campaigns		512,500		60,000
	\$	512,500	\$	184,816

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 commitments.

At year end, the Foundation has the following commitments outstanding from donors have not been recognized in the financial statements:

	Cancer Care and Research		Campaigns		2022 Total	2021 Total
Year ended March 31:						
2023	\$	455,000	\$	13,950,218	\$	14,405,218
2024		420,000		1,206,750		1,626,750
2025		400,000		860,000		1,260,000
2026		400,000		755,000		1,155,000
2027		-		125,000		125,000
2028		-		20,000		20,000
	\$	1,675,000	\$	16,916,968	\$	18,591,968
					\$	120,100

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Investments:

	2022		2021	
	Fair value	Cost	Fair value	Cost
Cash	\$ 2,457	\$ 2,457	\$ 107,685	\$ 107,685
Accrued interest receivable	-	-	55,376	55,376
Level 1 Equity Instruments				
Canadian common shares	-	-	31,835,810	22,821,428
Level 2 Designated Fair Value Instruments				
Pooled equity funds - Canadian	39,628,395	38,840,646	7,563,159	4,320,876
Pooled equity funds - US	33,261,593	22,367,894	36,307,256	14,713,493
Pooled equity funds - Global	44,350,230	46,045,571	47,292,313	35,050,117
Pooled fixed income funds	59,935,697	64,685,728	59,383,775	59,820,162
Money market funds	9,381,875	9,381,875	1,873,646	1,873,646
Treasury bills with an average effective yield of 0.1%, matured during the year	-	-	8,919,766	8,920,688
	\$ 186,560,247	\$ 181,324,171	\$ 193,338,786	\$ 147,683,471

The Foundation is subject to various risks (see note 12). 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 (continued)

Year ended March 31, 2022

6. Capital assets:

	2022		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 377,323	\$ 354,948	\$ 22,375
Furniture and equipment	880,883	784,428	96,455
Enterprise systems	249,364	-	249,364
	<u>\$ 1,507,570</u>	<u>\$ 1,139,376</u>	<u>\$ 368,194</u>

	2021		
	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 377,323	\$ 327,124	\$ 50,199
Furniture and equipment	880,883	732,843	148,040
	<u>\$ 1,258,206</u>	<u>\$ 1,059,967</u>	<u>\$ 198,239</u>

The General Fund includes amortization expense of \$79,409 (2021 - \$79,409).

7. Lottery:

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

	2022	2021
Revenues	\$ 9,682,596	\$ 10,045,547
Expenditures:		
Prizes	4,293,047	4,372,903
Marketing and other	2,960,757	2,527,172
	<u>7,253,804</u>	<u>6,900,075</u>
Excess of revenues over expenditures	<u>\$ 2,428,792</u>	<u>\$ 3,145,472</u>

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Investment and other income:

	2022	2021
Operations:		
Interest and dividends	\$ 10,498,205	\$ 7,813,656
Realized gains, reclassified to the statement of operations	30,954,486	4,447,144
Realized (losses) gains during the year	(17,017,478)	2,717,687
Other income	5,591	1,004
	24,440,804	14,979,491
Realized gains on investments restructuring	20,416,545	-
	\$ 44,857,349	\$ 14,979,491

9. 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 charitable 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.

Charitable disbursements provided to related parties, net of amounts returned during the year, include:

	2022	2021
AHS (Cancer Control)	\$ 14,343,088	\$ 6,923,081
University of Alberta	6,114,729	4,096,338
University of Calgary	3,154,660	2,399,873
	\$ 23,612,477	\$ 13,419,292

These amounts 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 Board of Trustees.

Expenditures includes \$6,065,200 (2021 - \$5,967,403) 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 (continued)

Year ended March 31, 2022

9. Related party transactions (continued):

Donations and contributions from related parties include:

	2022	2021
AHS (Cancer Control)	\$ -	\$ 50,000
	\$ -	\$ 50,000

These donations and contributions 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.

10. Future charitable disbursements:

As at March 31, 2022, the Foundation has committed to the following future charitable disbursements:

	2023	2024	2025	2026	2027	Total
Research	\$ 12,249,579	\$ 7,331,293	\$ 5,919,573	\$ 4,984,047	\$ 4,491,468	\$ 34,975,960
Enhanced Care and Prevention	19,608,829	13,406,921	5,252,242	2,883,696	2,883,696	44,035,384
	\$ 31,858,408	\$ 20,738,214	\$ 11,171,815	\$ 7,867,743	\$ 7,375,164	\$ 79,011,344

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. 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:

2023	\$	286,804
2024		185,920
2025		193,667
2026		197,540
2027		205,287
	\$	1,069,218

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

12. Financial risk management:

The Foundation is exposed to market risks associated with its 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

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 (see note 5).

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 \$1,172,402 (2021 - \$1,229,985) All other variables held constant, this would result in a loss in fair value of the investments of 0.63% (2021 - 0.64%).

ALBERTA CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Financial risk management (continued):

Market risk (continued)

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:

	2022		2021	
Increase in interest rate	\$	(4,255,434)	\$	(4,536,920)
Decrease in interest rate	\$	5,040,592	\$	5,332,663

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, 2022, 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.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation assesses, on a continuous basis, its accounts receivable and provides for any amounts that are not collectible in an allowance for doubtful accounts. The maximum exposure to credit risk of the Foundation is the carrying value of these assets.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost under both normal and stressed conditions. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

The COVID-19 pandemic and the measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and impact on the economy and the financial impact on the Foundation is not known at this time. There have been no other significant changes to the Foundation's risk profile.

13. Comparative information:

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