

CONSOLIDATED FINANCIAL STATEMENTS »

MARCH 31, 2000

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the period ended March 31, 2000 and all other financial information contained in this annual report is the responsibility of management. The consolidated financial statements for the Alberta Science, Research and Technology Authority (ASRA) were prepared in accordance with the corporate accounting policies of the government.

Management is responsible for the integrity and fairness of the financial statements and for maintaining a comprehensive system of internal accounting controls. This system is designed to provide management assurance that transactions are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded.

The Alberta Auditor General is the independent auditor for ASRA and is responsible for expressing a professional opinion on the financial statements and assessing the adequacy of internal controls. The independent auditors have full and unrestricted access to management and the ASRA Audit Committee.

The ASRA Audit Committee is comprised of non-management ASRA board members and oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and the independent auditors to discuss auditing and financial matters, gain assurance that management is carrying out its responsibilities, and to review and recommend approval of the financial statements. The ASRA Board has approved the accompanying financial statements following recommendation by the ASRA Audit Committee.



Roger Palmer
President



Howard E. Tennant
Chair, Audit Committee



Paul Pellis
Chief Financial Officer

AUDITOR'S REPORT

To the Board of Management of the Alberta Science, Research and Technology Authority

I have audited the consolidated statement of financial position of the Alberta Science, Research and Technology Authority as at March 31, 2000 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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.

The Alberta Science, Research and Technology Authority is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policy is an exception from generally accepted accounting principles:

Excluded direct costs

Accommodation and certain other administration costs incurred in the operation of the Authority have not been included in expenses. These costs, estimated at \$11,873,000 are recorded by the departments that paid the expenses on behalf of the Authority.

In my opinion, except for the effect of the matters discussed in the preceding section, these financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Original signed by
FCA
Auditor General
Edmonton, Alberta, May 24, 2000

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2000

	(In thousands)		
	2000	2000	1999
	Budget	Actual	Actual
	(Schedule 2)	(Schedule 3)	
Revenues			
Grant from Department of Innovation & Science	\$ 60,330	\$ 45,395	\$ 42,510
Alberta Research Council Inc.			
Commercial	19,651	23,950	18,560
Alberta Government department and agencies	8,000	7,725	7,280
Other revenue	–	155	749
	87,981	77,225	69,099
Expenses (Schedule 1)			
Alberta Science and Research Authority Secretariat	1,000	931	–
Alberta Research Council Inc.	54,148	59,407	50,391
Strategic Research Initiatives	22,250	15,822	17,425
Alberta Informatics Circle of Research Excellence Inc.	10,000	853	–
	87,398	77,013	67,816
Valuation adjustments			
Provision for vacation pay	–	2	50
Total expenses	87,398	77,015	67,866
Net operating results	\$ 583	\$ 210	\$ 1,233

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

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended March 31, 2000

	(In thousands)	
	2000	1999
Operating transactions		
Net operating results from operations	\$ 210	\$ 1,233
Non-cash items included in net operating results:		
Amortization of capital assets	2,957	2,610
Valuation adjustments (Note 3(c))	2	50
	3,169	3,893
Increase in accounts receivable	(3,413)	58
Decrease in other assets	304	(98)
Increase (decrease) in accounts payable	(2,691)	1,779
Increase in unearned revenue	3,473	250
Net cash provided by operating transactions	842	5,882
Investing transactions		
Purchases of capital assets	(11,504)	(2,426)
Proceeds from disposal of capital assets	21	23
Increase in long term notes payable and promissory note	2,710	-
Cash used by investing transactions	(8,773)	(2,403)
Financing transactions		
Net transfers from General Revenues	(3,529)	1,286
	(3,529)	1,286
Net cash (used) provided	(11,460)	4,765
Cash, beginning of year	20,188	15,423
Cash, end of year	\$ 8,728	\$ 20,188

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2000

	(In thousands)	
	2000	1999
Assets		
Cash and cash equivalents (Note 5)	\$ 9,009	\$ 20,188
Accounts receivable (Note 6)	11,074	7,661
Other assets	–	304
Capital assets (Note 7)	19,251	10,727
	\$ 39,334	\$ 38,880
Liabilities		
Accounts payable and accrued liabilities	\$ 12,608	\$ 15,299
Unearned revenue	4,891	1,418
Promissory note	281	–
Current portion of long term debt	336	–
	18,116	16,717
Long term debt (Note 8)	2,374	–
	20,490	16,717
Net Assets		
Net assets, beginning of year (Note 3(c))	22,163	19,644
Net operating results	210	1,233
Net transfers from General Revenues	(3,529)	1,286
Net assets, end of year	18,844	22,163
	\$ 39,334	\$ 38,880

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2000

NOTE 1 AUTHORITY

The Minister of Innovation and Science is responsible for the Alberta Science, Research and Technology Authority (ASRA) and the Minister has been designated as responsible for various Acts by the Government Organization Act and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the consolidated Alberta Science, Research and Technology Authority.

ORGANIZATION	AUTHORITY
ALBERTA SCIENCE, RESEARCH AND TECHNOLOGY AUTHORITY	ALBERTA SCIENCE, RESEARCH AND TECHNOLOGY AUTHORITY ACT
ALBERTA RESEARCH COUNCIL INC. INCLUDING THE FOLLOWING WHOLLY OWNED SUBSIDIARIES: <ul style="list-style-type: none"> • C-FER TECHNOLOGIES (1999) INC. (FORMERLY C-FER INC.) • 764330 ALBERTA INC. (FORMERLY C-FER TECHNOLOGIES INC.) • PETROLEUM RECOVERY INSTITUTE • PRI SOLUTIONS 	ALBERTA SCIENCE, RESEARCH AND TECHNOLOGY AUTHORITY ACT
ALBERTA INFORMATICS CIRCLE OF RESEARCH EXCELLENCE INC.	ALBERTA SCIENCE, RESEARCH AND TECHNOLOGY AUTHORITY ACT

During the prior year, the Alberta Research Council Inc. operated under the authority of the Alberta Research Council Act, Chapter A-35.1, Statutes of Alberta 1981, which was repealed April 1, 1999. The Alberta Research Council Inc. continues as a wholly owned subsidiary of the Alberta Science, Research and Technology Authority.

On May 30, 2000, the Alberta Science, Research and Technology Authority Amendment Act, 2000 was given Royal Assent. This legislation transfers the assets and liabilities of the Alberta Agricultural Research Institute and the Alberta Oil Sands Technology and Research Authority to the Alberta Science, Research and Technology Authority effective August 1, 2000, and establishes these entities as unincorporated boards. In addition, the legislation changes the name of the Alberta Oil Sands Technology and Research Authority to the Alberta Energy Research Institute (AERI) and broadens the mandate for AERI to include all energy research.

NOTE 2 PURPOSE

The purpose of ASRA is to enhance the contribution of science, research and information technology to the sustainable prosperity and quality of life of all Albertans. The ultimate goal of ASRA is to increase the socio-economic benefits of science and research investments in the province of Alberta.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all Ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is ASRA and includes the operations of the Alberta Science, Research and Technology Authority, the Alberta Research Council Inc. and its subsidiaries, and Informatics Circle of Research Excellence Inc. ASRA is part of the Ministry of Innovation and Science for which the Minister of Innovation and Science is accountable. Other entities reporting to the Minister are the Department of Innovation and Science, the Alberta Agricultural Research Institute, and the Alberta Oil Sands Technology and Research Authority. The activities of these organizations are not included in these financial statements. The financial statements for the individual entities provide more detailed information about the operations of each entity.

Since significant financial transactions of the Ministry are reported outside ASRA's financial statements, the Ministry financial statements provide a more comprehensive accounting of the financial position and results of the Ministry's operations. The Ministry Annual Report provides a more complete picture of the responsibilities for which the Minister is accountable.

(b) Method of Consolidation

The activities of the entities within ASRA are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts within ASRA have been eliminated. Details of the consolidation adjustments are provided in Schedules 2 and 3.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue. Contract revenue is recognized as costs are incurred. Full provision is made for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Royalties and licensing fee revenue is recognized when the amount can be reasonably estimated and there is reasonable assurance of collectability of proceeds.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Expenses

Expenses represent the costs of resources consumed during the year on ASRA's operations.

Grants are recorded as expenditures when authorized and when all eligibility conditions have been satisfied.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

Certain expenses, primarily for office space and banking services, incurred on behalf of ASRA by other ministries are not reflected in the Statement of Operations. Schedule 6 discloses information on these related party transactions.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Assets

Financial assets include financial claims, such as advances to and receivables from other organizations, employees and other individuals.

The fair values of cash equivalents are estimated to approximate their carrying values.

Assets acquired by right are not included in these statements. Capital assets are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets.

Expenditures for patents owned as a result of research activity are not capitalized due to the uncertain value of benefits that may accrue.

Expenditures on the acquisition or development of other intangible assets including intellectual capital are not capitalized, as currently there is no acceptable methodology for measuring the value of future benefits accruing.

Net transfers from General Revenues is the difference between all cash receipts and all cash disbursements made.

Liabilities

Liabilities represent all financial claims payable by ASRA at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by ASRA and its liabilities.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

Fair values of loans are not reported: there is no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

(d) Change in Accounting Policy (In thousands)

Pension Expense

Effective April 1, 1999, ASRA changed the way it accounts for its participation in multi-employer pension plans to a defined contribution basis. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of this change, opening operating equity as of April 1, 1998, has increased by \$1,679. For the year ended March 31, 1999, the pension liability has decreased by \$1,204, and the salaries, wages and benefits expense has increased by \$475.

NOTE 4 CHANGES IN OPERATIONS AND PROGRAMS

(a) Alberta Research Council Inc.

Effective April 1, 1999, an Order in Council approved the transfer of the management and control of Petroleum Recovery Institute, and its subsidiary PRI Solutions Inc., to the Alberta Research Council Inc. (ARC) for consideration of \$nil. Petroleum Recovery Institute is a consortium-funded, research and technology development company supporting the needs of the oil industry.

Effective July 31, 1999, an Order in Council approved the acquisition of all outstanding shares of C-FER Inc., and its subsidiary C-FER Technologies Inc., ARC for cash consideration of \$12.00. C-FER develops engineering innovations for the energy, transportation and manufacturing industry, and specializes in new processes for the offshore oil and gas industry.

Both acquisitions have been accounted for using the purchase method and the results of operations are reported in the Alberta Research Council Inc.'s consolidated financial statements from their respective effective dates.

NOTE 4 CHANGES IN OPERATIONS AND PROGRAMS (continued)

Net assets acquired at fair value, are summarized as follows:

	(In thousands)	
	C-FER Inc.	Petroleum Recovery Institute
Assets acquired:		
Net working Capital	\$ (1,041)	\$ (951)
Capital Assets	4,346	743
Goodwill	–	208
	<u>\$ 3,305</u>	<u>\$ –</u>
Liabilities assumed:		
Long-term debt	\$ 2,930	\$ –
Promissionory note	375	–
	<u>\$ 3,305</u>	<u>\$ –</u>

(b) Alberta Informatics Circle of Research Excellence Inc. (In thousands)

The Alberta Informatics Circle of Research Excellence Inc. (iCORE) commenced operations on July 1, 1999 and was established on September 23, 1999 as a not-for-profit corporation in accordance with the Alberta Business Corporations Act, Chapter B – 15, Revised Statutes of Alberta 1980, as amended. Order-in-Council 105/2000 authorized the acquisition of iCORE by the Alberta Science, Research and Technology Authority.

The mandate of iCORE is to attract and grow a critical mass of outstanding researchers in the fields of computer science, electrical and computer engineering, physics, mathematics and other information and communications technology related disciplines. iCORE invests in the highest calibre research scientists and leaders who work on fundamental and applied problems in information technology. It aims to fund iCORE Chairs at Alberta universities, around which world-class research teams will be developed.

On October 26, 1999, the Minister of Innovation and Science announced a three-year \$30,000 commitment to iCORE. Annual funding of \$10,000 was committed from existing science and research funding in the Alberta Science, Research and Technology Authority.

NOTE 5 CASH AND CASH EQUIVALENTS

(a) Cash (In thousands)

Cash consists primarily of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is invested primarily in short-term and mid-term fixed income securities with a maximum term to maturity of five years. The securities are either issued or guaranteed by the Canadian federal and provincial governments, deposits given by or guaranteed by chartered banks, or short-term investment-grade-quality notes of Canadian corporations. Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 5 CASH AND CASH EQUIVALENTS (continued)

Interest is earned on the daily cash balance at the average rate of earnings of the CCITF, which varies depending on prevailing market interest rates.

Interest earned on the cash balances amounts to \$155 has been credited to the CCITF account, and is reflected in these financial statements.

(b) Cash Equivalents

At March 31, cash equivalents consist of:

		2000			1999	
	Expiry Date	Exercise Price per Share	Number	March 31 Market Value per Share	Number	March 31 Market Value per Share
Option	May 5, 2001	\$ 1.00	211,400	\$ 7.30	211,400	\$ 2.32
Option	Mar 31, 2003	2.00	55,000	8.30	75,000	4.65
Warrants	Jun 30, 2002	2.00	200,000	0.60	200,000	0.40

	2000		1999	
	Number	March 31 Market Value per Share	Number	March 31 Market Value per Share
Common shares (public company)	430,250	\$ 0.60	–	\$ –
Common shares (non-public company)	705,084	N/A	240,776	N/A
Common shares (non-public company)	400,000	N/A	400,000	N/A
Class A voting common shares	–	–	17,392	1.50

During the year \$80,000 was invested in a private company in exchange for 5.0% equity positions. The market value of the investment at March 31, 2000 is not reasonably determinable.

During fiscal 2000, 17,392 Class A voting, common shares of a public company were sold for \$30,790. The shares were received in 1998 as consideration for contract work provided by ASRA to the company. These shares were originally recorded at \$100,000 which represented the quoted market value of the shares at the time the contract work was completed. The shares were revalued at March 31, 1999 to \$26,088 in order to reflect the realizable value.

During the year, 20,000 options were sold for \$16.13 per option. The market value of this public company's common shares at March 31, 2000 was \$8.30 (1999 – \$4.65).

The options, warrants and common shares that were originally acquired as part of the consideration for granting of various licenses, are recorded at nominal values, except as otherwise noted.

Market risks exist with these stock options and warrants. As a result, the value of these financial instruments will fluctuate as a result of changes in market prices.

NOTE 6 ACCOUNTS RECEIVABLE (In thousands)

	2000			1999
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Commercial	\$ 7,042	\$ 296	\$ 6,746	\$ 4,812
Federal government	1,001	–	1,001	–
Alberta government				
department and agencies	3,327	–	3,327	2,849
	<u>\$ 11,370</u>	<u>\$ 296</u>	<u>\$ 11,074</u>	<u>\$ 7,661</u>

Accounts receivable are unsecured and non-interest bearing.

NOTE 7 CAPITAL ASSETS (In thousands)

	Estimated Useful Life	2000			1999
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	Indefinite	\$ 566	\$ –	\$ 566	\$ –
Building	30 yrs	2,106	107	1,999	–
Equipment ¹	3-25 years	38,390	26,500	11,890	6,513
Computer					
Hardware/Software	3-5 yrs	4,271	3,621	650	368
Leasehold					
Improvements	25 yrs	6,478	2,332	4,146	3,846
		<u>\$ 51,811</u>	<u>\$ 32,560</u>	<u>\$ 19,251</u>	<u>\$ 10,727</u>

¹ Equipment also includes furniture and fixtures.

NOTE 8 LOANS/NOTES PAYABLE (In thousands)

	2000
7.32% Bank of Montreal mortgage, payable in monthly instalments of \$40,887 including interest, due October 1, 2001.	\$ 2,580
Bank of Montreal term loan, at prime, payable in monthly instalments of \$4,161 plus interest, due October 12, 2002.	130
	<u>2,710</u>
Less current portion	336
	<u>\$ 2,374</u>

NOTE 8 LOANS/NOTES PAYABLE (In thousands) (continued)

A demand debenture with a fixed charge over land, building and equipment, a floating charge over other assets, an assignment of insurance proceeds and a general security agreement registered under the Personal Property Security Act creating a floating charge over all property and assets, both present and future have been pledged as collateral for the mortgage and term loan with the Bank of Montreal.

The estimated repayments during the next five years and in total is as follows:

Year	Repayments
2001	\$ 365
2002	389
2003	395
2004	392
2005	422
Thereafter	747
	<hr/>
	\$ 2,710

NOTE 9 COMMITMENTS (In thousands)**(a) General Commitments**

Commitments as at March 31, 2000 total \$46,014 (1999 – nil) for approved projects in the following years:

Year	Committed
2001	\$ 20,796
2002	13,705
2003	11,513
Thereafter	–
	<hr/>
	\$ 46,014

(b) Leases

Certain equipment is leased under operating leases that expire on various dates to 2004.

The aggregate amount payable for the unexpired terms of these leases are as follows:

Year	Amount
2001	\$ 110
2002	83
2003	68
2004	16
Thereafter	–
	<hr/>
	\$ 277

NOTE 10 CONTINGENCIES (In thousands)

During fiscal 1999, a \$4,079 claim naming the Alberta Research Council Inc. as the defendant. The claim relates to contamination produced from certain oil wells and arises out of a joint venture agreement to develop drilling fluid that would act as fracturing agent. A previous claim naming the Alberta Research Council Inc. as one of the defendants related to the same event was settled in the previous year. This matter has been referred to the insurers and the likelihood of loss or the amount of loss to the Alberta Research Council Inc. is not determinable at this time however, management has stated that any losses would be fully covered by insurance. Any settlement that may occur would be accounted for as a charge against current year's earnings at the time of settlement.

During fiscal 2000, a statement of claim, relating to intellectual property ownership was filed by a former employee. Management feels that the claim is without merit however, the likelihood of loss or the amount of the loss, if any, is not determinable at this time. Any settlement that may occur would be accounted for as a charge against current year's earnings at the time of settlement.

NOTE 11 PENSIONS (In thousands)

The authority participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The authority also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of \$1,506 for the year ending March 31, 2000 (1999 – \$1,380).

The increase from the prior year is due to the acquisitions of C-FER Inc. and Petroleum Recovery Institute.

At December 31, 1999, the Management Employees Pension Plan reported a surplus of \$46,019 (1998 – \$4,355) and the Public Service Pension Plan reported a surplus of \$517,020 (1998 – \$406,455). At December 31, 1999, the Supplementary Retirement Plan for Public Service Mangers had a surplus of \$33.

NOTE 12 COMPARATIVE FIGURES

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were reviewed by the audit committee, and recommended to the board for approval.

CONSOLIDATED SCHEDULE TO FINANCIAL STATEMENTS
SCHEDULE 1 – EXPENSES DETAILED BY OBJECT

For the year ended March 31, 2000

	(In thousands)		
	2000 Budget	2000 Actual	1999 Actual
	(a)		
Salaries, wages and employee benefits	\$ 34,058	\$ 35,700	\$ 29,284
Supplies and services	19,177	22,669	19,814
Grants	31,750	15,611	16,121
Financial transactions and other	–	78	114
Amortization of capital assets	2,413	2,957	2,533
Total expenses	\$ 87,398	\$ 77,015	\$ 67,866

- (a) Effective April 1, 1999, the Ministry of Innovation and Science was established as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year. The breakdown of expenses by object is based on management's best estimate.

CONSOLIDATED SCHEDULE TO FINANCIAL STATEMENTS
SCHEDULE 2 – OPERATING BUDGET

For the year ended March 31, 2000

	(In thousands)				
	Alberta Science, Research and Technology Authority	Alberta Research Council Inc.	Alberta Informatics Circle of Research Excellence Inc.	Consolidated Adjustments	Consolidated ASRA
Revenues:					
Grant from Department of Innovation & Science	\$ 60,330	\$ –	\$ –	\$ –	\$ 60,330
Alberta Research Council Inc.					
Commercial	–	19,651	–	–	19,651
Alberta Government departments and agencies	–	8,000	–	–	8,000
Contributions from:					
Alberta Science, Research and Technology Authority	–	27,080	10,000	(37,080)	–
Other revenue	–	–	–	–	–
	60,330	54,731	10,000	(37,080)	87,981
Expenses:					
Alberta Science and Research Authority Secretariat	1,000	–	–	–	1,000
Alberta Research Council Inc.	–	54,148	–	–	54,148
Strategic Research Initiatives	59,330	–	–	(37,080)	22,250
Alberta Informatics Circle of Research Excellence Inc.	–	–	10,000	–	10,000
	60,330	54,148	10,000	(37,080)	87,398
Valuation adjustments:					
Provision for vacation pay	–	–	–	–	–
	60,330	54,148	10,000	(37,080)	87,398
Net operating results	\$ –	\$ 583	\$ –	\$ –	\$ 583

CONSOLIDATED SCHEDULE TO FINANCIAL STATEMENTS
SCHEDULE 3 – OPERATING ACTUALS

For the year ended March 31, 2000

	(In thousands)				
	Alberta Science, Research and Technology Authority	Alberta Research Council Inc.	Alberta Informatics Circle of Research Excellence Inc.	Consolidated Adjustments	Consolidated ASRA
Revenues:					
Grant from the Department of Innovation & Science	\$ 45,395	\$ –	\$ –	\$ –	\$ 45,395
Alberta Research Council Inc.					
Commercial	–	23,950	–	–	23,950
Alberta Government departments and agencies	–	7,835	–	(110)	7,725
Contributions from:					
Alberta Science, Research and Technology Authority	–	27,081	846	(27,927)	–
Other revenue	145	–	10	–	155
	45,540	58,866	856	(28,037)	77,225
Expenses:					
Alberta Science and Research Authority Secretariat	931	–	–	–	931
Alberta Research Council Inc.	–	58,741	–	666	59,407
Strategic Research Initiatives	44,609	–	–	(28,787)	15,822
Alberta Informatics Circle of Research Excellence Inc.	–	–	853	–	853
	45,540	58,741	853	(28,121)	77,013
Valuation adjustments:					
Provision for vacation pay	–	–	2	–	2
	45,540	58,741	855	(28,121)	77,015
Net operating results	\$ –	\$ 125	\$ 1	\$ 84	\$ 210

CONSOLIDATED SCHEDULE TO FINANCIAL STATEMENTS
SCHEDULE 4 – COMPARISON OF EXPENSES BY ELEMENT
TO AUTHORIZED BUDGET

For the year ended March 31, 2000

	(In thousands)		
	2000	2000	Unexpended
	Authorized Budget	Actual Expense	(Over Expended) (a)
Alberta Science and Research Authority Secretariat	\$ 1,000	\$ 931	\$ 69
Alberta Research Council Inc.	54,148	59,407	(5,259)
Strategic Research Initiatives	22,250	15,822	6,428
Alberta Informatics Circle of Research Excellence Inc.	10,000	855	9,145
	\$ 87,398	\$ 77,015	\$ 10,383

- (a) A strategic decision was made to allocate Alberta Science, Research and Technology Authority funding to increase investments in university research by the Department of Innovation and Science.

CONSOLIDATED SCHEDULE TO FINANCIAL STATEMENTS
SCHEDULE 5 – SALARY, HONORARIA AND
BENEFITS DISCLOSURE

For the year ended March 31, 2000

	2000			1999
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Chairman of Board	\$ 25,315	\$ –	\$ 25,315	\$ 15,752
Board Members	16,969	–	16,969	12,647
President and Chief Executive Officer ⁽³⁾	–	–	–	–

NOTES:

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments and honoraria. Board members of the Alberta Science, Research and Technology Authority receive honoraria. The financial statements of the Alberta Research Council Inc. and the Alberta Informatics Circle of Research Excellence Inc. disclose the honoraria paid to their respective board members.
- (2) 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 death and dismemberment insurance, short and long-term disability plans, professional memberships and tuition fees.
- (3) The Deputy Minister of Innovation and Science is the President and Chief Executive Officer for the Alberta Science, Research and Technology Authority and is included in the salary and benefits disclosure schedule for the Department of Innovation and Science.

CONSOLIDATED SCHEDULE TO FINANCIAL STATEMENTS
SCHEDULE 6 – RELATED PARTY TRANSACTIONS

For the year ended March 31, 2000

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Department.

ASRA and its employees paid certain taxes and fees set by regulation for permits, license and other charges.

These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

ASRA had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	(In thousands)			
	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Revenues:				
Grant from Department of Innovation & Science	\$ 45,395	\$ 42,510	\$ –	\$ –
Grants to ASRA from:				
Alberta Agricultural Research Institute	2,470	2,657	–	–
Alberta Oil Sands Technology and Research Authority	1,072	1,360	–	–
Department of Innovation & Science	478	–	–	–
Other Ministries	–	–	3,172	3,606
	<u>\$ 49,415</u>	<u>\$ 46,527</u>	<u>\$ 3,172</u>	<u>\$ 3,606</u>
Expenses:				
Charges from Infrastructure	\$ –	\$ –	\$ 74	\$ 109
Other Ministries	–	–	3,172	3,606
	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 3,246</u>	<u>\$ 3,715</u>

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Revenues (notional):	\$ –	\$ –	\$ –	\$ –
Expenses (notional):				
Accommodation*	\$ –	\$ –	\$ 11,873	\$ 9,591

Accommodation costs paid by Alberta Infrastructure include building maintenance, grants in lieu of taxes, lease costs, non capital project expenditures and capital amortization.