



Consolidated Financial Statements March 31, 2001

Responsibility for Financial Reporting

The accompanying financial statements for the period ended March 31, 2001 and all other financial information contained in this annual report are the responsibility of management. The consolidated financial statements for the Alberta Science and Research 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 asset 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.

"Dan Bader"

Dan Bader
President

"Howard E. Tennant"

Howard E. Tennant
Chair, Audit Committee

"Brian Fischer"

Brian Fischer
Chief Financial Officer

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

I have audited the consolidated statement of financial position of the Alberta Science and Research Authority as at March 31, 2001 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the entity'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 Alberta Science and Research Authority as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

"Peter Valentine"

Original signed by
Peter Valentine, FCA
Auditor General
Edmonton, Alberta
May 23, 2001

Consolidated Statement of Operations

For the Year Ended March 31, 2001

	(In thousands)		
	2001	2001	2000
	Budget	Actual	Actual
Revenues (Note 3 and Schedules 2 and 3)			
Internal Government Transfers			
Transfer from Department - General Revenue Fund	\$ 52,120	\$ 58,034	\$ 45,395
Transfer from Department - Lottery Fund	40,832	40,832	-
Transfers from Government of Canada	1,625	2,306	-
Commercial Revenue	31,188	28,906	23,950
Contracts with Other Ministries	6,095	3,391	7,725
Contracts with Own Ministry	1,994	3,386	-
Interest Income	-	702	155
Other Revenue	-	1,771	-
Total Revenues	133,854	139,328	77,225
Expenses-Directly Incurred (Note 3 and Schedules 1, 2, 3, 4 and 7)			
Program Expenses			
Operations and Policy Research	600	575	931
University Research Investments	29,600	22,545	-
Strategic Research Initiatives	12,250	21,743	15,822
Research Excellence Envelope	3,500	3,500	-
Technology Commercialization	3,470	4,586	-
Agricultural Research Initiative	-	1,438	-
Energy Research Initiative	-	6,735	-
Alberta Research Council Inc.	65,435	62,588	59,407
iCORE Inc.	10,000	10,004	853
Grant to Alberta Agricultural Research Institute	8,582	8,582	-
Total Program Expenses	133,437	142,296	77,013
Valuation Adjustments			
Provision for Vacation Pay	-	12	2
Total Valuation Adjustments	-	12	2
Total Expenses	133,437	142,308	77,015
Net Operating Results	\$ 417	\$ (2,980)	\$ 210

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

Consolidated Statement of Financial Position

As At March 31, 2001

	(In thousands)	
	2001	2000
Assets		
Cash and Cash Equivalents (Note 5)	\$ 13,858	\$ 9,009
Restricted Cash (Note 5)	756	–
Accounts Receivable (Note 7)	23,467	11,074
Capital Assets (Note 8)	19,170	19,251
	\$ 57,251	\$ 39,334
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 14,507	\$ 12,608
Unearned Revenue	5,707	4,891
Holdback Liability	636	–
Promissory Note	–	281
Current Portion of Long Term Debt (Note 10)	390	336
	21,240	18,116
Accumulated Provision for Project Abandonment (Note 9)	1,469	–
Long Term Debt (Note 10)	1,956	2,374
	24,665	20,490
Net Assets		
Net Assets, Beginning of Year	\$ 18,844	\$ 22,163
Net Operating Results	(2,980)	210
Net Transfers from General Revenue	1,370	(3,529)
Net Asset Transfer from Alberta Agricultural Research Institute (Note 4)	4,140	–
Net Asset Transfer from Alberta Oil Sands Technology and Research Authority (Note 4)	11,212	–
Net Assets, End of Year	32,586	18,844
	\$ 57,251	\$ 39,334

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

Consolidated Statement of Changes in Financial Position

For the Year Ended March 31, 2001

	(In thousands)	
	2001	2000
Operating Transactions		
Net Operating Results	\$ (2,980)	\$ 210
Non-Cash Items:		
Amortization of Capital Assets	2,951	2,957
Valuation Adjustments	12	2
	(17)	3,169
Increase in Accounts Receivable	(12,393)	(3,413)
Decrease in Other Assets	-	304
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,887	(2,691)
Increase in Unearned Revenue	816	3,473
Increase in Holdback Liability	636	-
Increase (Decrease) in Promissory Note	(281)	281
Increase in Current Portion of Long Term Debt	54	-
Increase in Accumulated Provision for Project Abandonment	1,469	-
Net Cash Provided (Used) By Operating Transactions	(7,829)	1,123
Investing Transactions		
Increase in Restricted Cash	(756)	-
Repayment of Long Term Debt	(418)	-
Issuance of Long Term Debt	-	2,710
Purchases of Capital Assets	(2,898)	(11,504)
Proceeds from Disposal of Capital Assets	28	21
Cash Used By Investing Transactions	(4,044)	(8,773)
Financing Transactions		
Net Transfers from General Revenue	1,370	(3,529)
Cash Provided (Used) By Financing Transactions	1,370	(3,529)
Net Asset Transfers (Note 4)		
Alberta Agricultural Research Institute	4,140	-
Alberta Oil Sands Technology and Research Authority	11,212	-
Cash Provided By Net Asset Transfers	15,352	-
Net Cash Provided (Used)	4,849	(11,179)
Cash, Beginning of Year	9,009	20,188
Cash, End of Year	\$ 13,858	\$ 9,009

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

Note 1 Authority

The Minister of Innovation and Science is responsible for the Alberta Science and Research Authority. To fulfill this responsibility, the Minister administers the organizations listed below. The authority under which each organization operates is the Alberta Science and Research Authority Act. Together, these organizations form the consolidated Alberta Science and Research Authority.

Organizations

- Alberta Science and Research Authority
- Alberta Research Council Inc. including its wholly owned subsidiaries:
 - C-FER Technologies (1999) Inc. (formerly C-FER Inc.)
 - 764330 Alberta Inc. (formerly C-FER Technologies Inc.)
- iCORE Inc. (Alberta Informatics Circle of Research Excellence)

On May 30, 2000, the Alberta Science and Research Authority Amendment Act, 2000 was given Royal Assent. Effective August 1, 2000 this legislation:

- dissolved the corporations known as the Alberta Agricultural Research Institute and the Alberta Oil Sands Technology and Research Authority and transferred the assets and liabilities of the corporations to ASRA;
- changed the name of the Alberta Oil Sands Technology and Research Authority to the Alberta Energy Research Institute and broadened the mandate for the Alberta Energy Research Institute to include all energy research.

On October 18, 2000, Order in Council 403/2000 approved the dissolution and winding up of PRI Solutions Inc. and 764330 Alberta Inc. subsidiaries of the Alberta Research Council Inc.

On December 4, 2000, the Miscellaneous Statutes Amendment Act, 2000 (No. 2) changed the title of the Alberta Science, Research and Technology Authority Act to the Alberta Science and Research Authority Act and the name of the Alberta Science, Research and Technology Authority to the Alberta Science and Research Authority.

Note 2 Purpose

The purpose of the Alberta Science and Research Authority 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 Alberta Science and Research Authority is to increase the socio-economic benefits of science and research investments in the province of Alberta.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2001

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 the Alberta Science and Research Authority and includes the operations of the Alberta Science and Research Authority, iCORE Inc. (Alberta Informatics Circle of Research Excellence) and the Alberta Research Council Inc. and its subsidiaries. The Alberta Science and Research Authority is part of the Ministry of Innovation and Science for which the Minister of Innovation and Science is accountable. The other entity reporting to the Minister is the Department of Innovation and Science (Department). The activities of the Department are not included in these financial statements. The financial statements for the Department provide more detailed information about its 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 the Alberta Science and Research Authority (ASRA) are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Intra-entity 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.

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

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 (Cont'd)**Expenses**

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

Directly Incurred

Directly incurred expenses are those costs ASRA has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- Amortization of capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which 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, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of ASRA's operations are disclosed in Schedule 7.

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.

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

Expenses 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.

Liabilities

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

Net Assets

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

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2001

Note 3 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

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, accounts payable, accrued liabilities, and unearned revenues are estimated to approximate their book values

Note 4 Changes in Operations and Programs

(a) Alberta Agricultural Research Institute

Part 2 of the Alberta Science and Research Authority Act, dissolved the corporation known as the Alberta Agricultural Research Institute and vested all of the Alberta Agricultural Research Institute's assets and liabilities in ASRA. The following assets and liabilities were transferred from the Alberta Agricultural Research Institute on August 1, 2000:

	(In thousands)
Cash	\$ 2,618
Restricted Cash	695
Accounts Receivable & Accrued Receivable	6,442
Accounts Payable	(1)
Accrued Liabilities	(4,919)
Deferred Contributions	(695)
Net assets transferred	\$ 4,140

(b) Alberta Oil Sands Technology and Research Authority

Part 3 of the Alberta Science and Research Authority Act, dissolved the corporation known as the Alberta Oil Sands Technology and Research Authority and vested all of the Alberta Oil Sands Technology and Research Authority's assets and liabilities in ASRA. The following assets and liabilities were transferred from the Alberta Oil Sands Technology and Research Authority on August 1, 2000:

	(In thousands)
Cash	\$ 13,628
Accrued Receivables	75
Accrued Grant Liabilities	(330)
Holdback Liability	(388)
Provision for Project Abandonment	(1,623)
Unearned Revenue	(150)
Net assets transferred	\$ 11,212

Note 5 Cash and Cash Equivalents (In thousands)**(a) Cash**

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. 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 by the Alberta Research Council Inc.'s CCITF account is credited to the general revenues of the Province of Alberta and is not reflected in these financial statements.

The interest of \$702 (2000 - \$155) earned on the cash balance of ASRA's remaining CCITF account has been credited to the account, and is reflected in these financial statements.

(b) Cash Equivalents

At March 31, cash equivalents consist of:

	2001	2000
Marketable securities	\$ 177	\$ 151
6% investment in private company	250	-
	\$ 427	\$ 151

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The quoted market value of marketable securities at March 31, 2001 was \$358 (2000 - \$258). The net realizable value of the investment in shares of a private company approximates cost.

(c) Restricted Cash

Restricted cash \$756 (2000 - nil) represents unspent contributions that are subject to externally imposed restrictions related to specific research projects or programs.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2001

Note 6 Warrants and Options (In thousands)

As part of the consideration for granting various licenses, the Alberta Research Council Inc. has received a number of options and warrants to acquire common shares of public companies. The following options and warrants have been recorded at nominal value.

	2001		2000	
	Exercise Price	Market Value	Exercise Price	Market Value
Options which expire in 2002	\$ 106	\$ 146	\$ 211	\$ 1,543
Options which expire in 2003	510	263	510	577
	<u>\$ 616</u>	<u>\$ 409</u>	<u>\$ 721</u>	<u>\$ 2,120</u>

As part of the licensing agreement associated with the options which expire in 2002, the Alberta Research Council Inc. has designated one-half of the net proceeds on the sale of the shares received upon exercising these options for collaborative research projects.

The Alberta Research Council Inc. is subject to market risks with these stock options and warrants. As a result, the value of these financial instruments will fluctuate as a result of changes in the market price.

Note 7 Accounts Receivable (In thousands)

	2001		2000	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Commercial	\$ 10,514	\$ (272)	\$ 10,242	\$ 6,746
Federal Government	1,308	–	1,308	1,001
Alberta Government Departments and Agencies	11,917	–	11,917	3,327
	<u>\$ 23,739</u>	<u>\$ (272)</u>	<u>\$ 23,467</u>	<u>\$ 11,074</u>

Accounts receivable are unsecured and non-interest bearing.

Note 8 Capital Assets (In thousands)

	Estimated Useful Life	Cost	2001		2000
			Accumulated Amortization	Net Book Value	Net Book Value
Land	Indefinite	\$ 566	\$ –	\$ 566	\$ 566
Building	30 yrs	2,106	141	1,965	1,999
Equipment ¹	3-25 years	39,630	27,965	11,665	11,890
Computer					
Hardware/Software	3-5 yrs	4,362	3,689	673	650
Leasehold					
Improvements	25 yrs	7,021	2,720	4,301	4,146
		<u>\$ 53,685</u>	<u>\$ 34,515</u>	<u>\$ 19,170</u>	<u>\$ 19,251</u>

¹ Equipment also includes furniture and fixtures.

Note 9 Accumulated Provision for Future Project Abandonment (In thousands)

Under joint participation agreements, ASRA will incur certain costs when wells and experimental projects are abandoned. Management's estimate of future abandonment costs is \$1,469 (2000 – nil).

Note 10 Long Term Debt (In thousands)

	2001	2000
7.32% mortgage, payable in monthly instalments of \$41 including interest, due October 1, 2001.	\$ 2,262	\$ 2,580
Bank term loan, at prime, payable in monthly instalments of \$4 plus interest, due October 12, 2002.	84	130
	2,346	2,710
Less current portion	390	336
	<u>\$ 1,956</u>	<u>\$ 2,374</u>

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.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2001

Note 10 Long Term Debt (In thousands) (Cont'd)

The following estimated principal repayments during the next five years and in total are based on the assumption that the mortgage will be renewed under similar terms and conditions:

Year	Repayments
2002	\$ 390
2003	395
2004	392
2005	422
2006	747
	<u>\$ 2,346</u>

Note 11 Commitments (In thousands)

(a) Grant Commitments

Commitments as at March 31, 2001 total \$81,425 (2000 - \$46,014) for approved projects in the following years:

Year	Committed
2002	\$ 39,758
2003	21,404
2004	10,216
2005	3,666
2006	2,958
Thereafter	3,423
	<u>\$ 81,425</u>

(b) Leases

Certain equipment is leased under operating leases that expire on various dates to 2006.

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

Year	Amount
2002	\$ 110
2003	90
2004	44
2005	28
2006	20
Thereafter	—
	<u>\$ 292</u>

Note 12 Contingencies (In thousands)

During fiscal 1999, ASRA was made aware of 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 a 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 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, ASRA was made aware of a \$2,200 claim relating to intellectual property ownership which was filed by a former employee of the Alberta Research Council Inc. Management feels that the claim is without merit, however, the likelihood of loss 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 13 Pensions (In thousands)

ASRA participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. ASRA also participates in the multi-employer 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 \$1,598 for the year ending March 31, 2001 (2000 – \$1,506).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of \$104,658 (1999 - \$46,019) and the Public Service Pension Plan reported a surplus of \$635,084 (1999 - \$517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$180 (1999 -\$33).

Note 14 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 15 Approval of Financial Statements

These financial statements were reviewed by the audit committee and recommended to the ASRA Board for approval.

Consolidated Schedule to Financial Statements - Schedule 1

Expenses - Directly Incurred Detailed by Object for the Year Ended March 31, 2001

	(In thousands)		
	2001	2001	2000
	Budget	Actual	Actual
Object			
Salaries, Wages and Employee Benefits	\$ 34,680	\$ 39,172	\$ 35,700
Supplies and Services	32,346	25,882	22,669
Grants	63,932	74,283	15,611
Financial Transactions and Other	-	20	78
Amortization of Capital Assets	2,479	2,951	2,957
Total Expenses	\$ 133,437	\$ 142,308	\$ 77,015

Consolidated Schedule to Financial Statements - Schedule 2

Operating Budget For the Year Ended March 31, 2001

(In thousands)
2001

	Alberta Science and Research Authority	Alberta Research Council Inc.	Alberta iCORE Inc.	Consolidation Adjustments	Consolidated Alberta Science and Research Authority
Revenues					
Internal Government Transfers					
Transfer from = Department - GRF	\$ 52,120	\$ 25,075	\$ 10,000	\$ (35,075)	\$ 52,120
Transfer from Department - Lottery Fund	40,832	-	-	-	40,832
Transfer from Government of Canada	125	1,500	-	-	1,625
Commercial Revenue	-	31,188	-	-	31,188
Contracts with Other Ministries	-	6,095	-	-	6,095
Contracts with Own Ministry	-	1,994	-	-	1,994
Interest Income	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	93,077	65,852	10,000	(35,075)	133,854
Expenses					
Program Expenses					
Operations and Policy Research	600	-	-	-	600
University Research Investments	29,600	-	-	-	29,600
Strategic Research Initiatives	12,250	-	-	-	12,250
Research Excellence Envelope	3,500	-	-	-	3,500
Technology Commercialization	3,470	-	-	-	3,470
Agricultural Research Initiative	-	-	-	-	-
Energy Research Initiative	-	-	-	-	-
Alberta Research Council Inc.	25,075	65,435	-	(25,075)	65,435
iCORE Inc.	10,000	-	10,000	(10,000)	10,000
Grant to Alberta Agricultural Research Institute	8,582	-	-	-	8,582
Total Program Expenses	93,077	65,435	10,000	(35,075)	133,437
Other Expenses					
Valuation Adjustment - Provision for Vacation Pay	-	-	-	-	-
Total Other Expenses	-	-	-	-	-
Total Expenses	93,077	65,435	10,000	(35,075)	133,437
Net Operating Results	\$ -	\$ 417	\$ -	\$ -	\$ 417
Capital Investment	\$ -	\$ 2,927	\$ -	\$ -	\$ 2,927

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Consolidated Schedule to Financial Statements - Schedule 3

Operating Results - For the Year Ended March 31, 2001

(In thousands)
2001

	Alberta Science and Research Authority	Alberta Research Council Inc.	Alberta iCORE Inc.	Consolidation Adjustments	Consolidated Alberta Science and Research Authority
REVENUES					
Internal Government Transfers					
Transfer from Department - GRF	\$ 58,034	\$ 25,075	\$ 9,933	\$ (35,008)	\$ 58,034
Transfer from Department - Lottery Fund	40,832	-	-	-	40,832
Transfer from Government of Canada	120	2,186	-	-	2,306
Commercial Revenue	833	28,073	-	-	28,906
Contracts with Other Ministries	-	3,391	-	-	3,391
Contracts with Own Ministry	-	6,894	-	(3,508)	3,386
Interest Income	631	-	71	-	702
Other Revenue	1,574	197	-	-	1,771
Total Revenues	102,024	65,816	10,004	(38,516)	139,328
Expenses					
Program Expenses					
Operations and Policy Research	575	-	-	-	575
University Research Investments	22,545	-	-	-	22,545
Strategic Research Initiatives	21,743	-	-	-	21,743
Research Excellence Envelope	3,500	-	-	-	3,500
Technology Commercialization	4,586	-	-	-	4,586
Agricultural Research Initiative	1,438	-	-	-	1,438
Energy Research Initiative	6,735	-	-	-	6,735
Alberta Research Council Inc.	25,075	65,403	-	(27,890)	62,588
iCORE Inc.	9,933	-	10,004	(9,933)	10,004
Grant to Alberta Agricultural Research Institute	8,582	-	-	-	8,582
Total Program Expenses	104,712	65,403	10,004	(37,823)	142,296
Other Expenses					
Valuation Adjustment - Provision for Vacation Pay	12	-	-	-	12
Total Other Expenses	12	-	-	-	12
Total Expenses	104,724	65,403	10,004	(37,823)	142,308
Net Operating Results	\$ (2,700)	\$ 413	\$ -	\$ (693)	\$ (2,980)
Capital Investment	\$ -	\$ 2,898	\$ -	\$ -	\$ 2,898

Consolidated Schedule to Financial Statements - Schedule 4

Comparison of Expenses by Element to Authorized Budget For the Year Ended March 31, 2001

	Authorized	Actual	Unexpended
	Budget	Expense	(Over Expended)
Operations and Policy Research	\$ 600	\$ 575	\$ 25
University Research Investments	29,600	22,545	7,055
Strategic Research Initiatives	12,250	21,743	(9,493)
Research Excellence Envelope	3,500	3,500	-
Technology Commercialization	3,470	4,586	(1,116)
Agricultural Research Initiative	- ⁽¹⁾	1,438	(1,438)
Energy Research Initiative	- ⁽²⁾	6,735	(6,735)
Alberta Research Council Inc.	65,435	62,588	2,847
iCORE Inc.	10,000	10,004	(4)
Grant to Alberta Agricultural Research Institute	8,582 ⁽³⁾	8,582	-
	\$ 133,437	\$ 142,296	\$ (8,859)

⁽¹⁾ Effective August 1, 2000, the assets and liabilities of the corporate entity Alberta Agricultural Research Institute were transferred to ASRA.

⁽²⁾ Effective August 1, 2000, the assets and liabilities of the corporate entity Alberta Oil Sands Technology and Research Authority were transferred to ASRA. The Alberta Oil Sands Technology and Research Authority was renamed to the Alberta Energy Research Institute.

⁽³⁾ Prior to the dissolution of the corporate entity Alberta Agricultural Research Institute, the Institute received a grant of \$8,582 from ASRA.

Consolidated Schedule to Financial Statements - Schedule 5

Salary, Honoraria and Benefits Disclosure For the Year Ended March 31, 2001

				2001	2000
	Salary ⁽¹⁾	Honoraria ⁽²⁾	Benefits & Allowances ⁽³⁾	Total	Total
Chair of Alberta Science and Research Authority	\$ -	\$ 34,301	\$ -	\$ 34,301	\$ 25,315
Co-Chairs of Alberta Agricultural Research Institute	7,993	9,779	-	17,772	-
Co-Chairs of Alberta Energy Research Institute	-	4,096	-	4,096	-
Board Members ⁽⁴⁾	-	36,368	-	36,368	16,969

Notes:

- ⁽¹⁾ One MLA serves as a Co-Chair for the Alberta Agricultural Research Institute and receives a monthly salary.
- ⁽²⁾ The Chair of the Alberta Science and Research Authority, the Co-Chairs of the Alberta Agricultural Research Institute, the Co-Chairs of the Alberta Energy Research Institute and all Board Members are eligible to receive honoraria.
- ⁽³⁾ 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.
- ⁽⁴⁾ Board Members include the Board Members of the Alberta Science and Research Authority, and the Board Members of ASRA's two unincorporated boards: the Alberta Agricultural Research Institute and the Alberta Energy Research Institute.

Consolidated Schedule to Financial Statements - Schedule 6

Related Party Transactions For the Year Ended March 31, 2001

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, licenses 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	
	2001	2000	2001	2000
Revenues				
Grants from the Department of Innovation and Science	\$ 98,866	\$ 45,395	\$ -	\$ -
Grants to ASRA from:				
Alberta Agricultural Research Institute	2,310	2,470	-	-
Alberta Oil Sands Technology and Research Authority	379	1,072	-	-
Department of Innovation and Science	-	478	-	-
Contracts with Other Ministries	-	-	3,391	3,172
	<u>\$ 101,555</u>	<u>\$ 49,415</u>	<u>\$ 3,391</u>	<u>\$ 3,172</u>
Expenses - Directly Incurred				
Charges from Alberta Infrastructure	\$ -	\$ -	\$ 34	\$ 74
Contracts with Other Ministries	-	-	3,391	3,172
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,425</u>	<u>\$ 3,246</u>
Receivable From the Department of Innovation and Science				
	<u>\$ 9,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Consolidated Schedule to Financial Statements - Schedule 6 (Cont'd)

Related Party Transactions For the Year Ended March 31, 2001

ASRA 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.

	(In thousands)			
	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Administrative support by the Department of Innovation and Science	\$ 4,090	\$ -	\$ -	\$ -
Accommodation from Alberta Infrastructure	-	-	12,372	11,873
Legal services from Alberta Justice	-	-	9	-
	<u>\$ 4,090</u>	<u>\$ -</u>	<u>\$ 12,381</u>	<u>\$ 11,873</u>

Consolidated Schedule to Financial Statements - Schedule 7

Allocated Costs For the Year Ended March 31, 2001

(In Thousands)										
							2001			2000
							Valuation			
							Adjustment			
							Expenses Incurred by Others			
		Accommodation		Administrative			Vacation			
Program	Expenses ⁽¹⁾	Costs ⁽²⁾	Legal Costs ⁽³⁾	Costs ⁽⁴⁾	Pay ⁽⁵⁾	Total			Total	
Operations and										
Policy Research	\$ 575	\$ 145	\$ 9	\$ 410	\$ 12	\$ 1,151			\$ 933	
University Research										
Investments	22,545	-	-	418	-	22,963			-	
Strategic Research										
Initiatives	21,743	-	-	416	-	22,159			15,822	
Research Excellence										
Envelope	3,500	-	-	67	-	3,567			-	
Technology										
Commercialization	4,586	-	-	1,550	-	6,136			-	
Agricultural Research										
Initiative	1,438	-	-	475	-	1,913			-	
Energy Research										
Initiative	6,735	-	-	754	-	7,489			-	
Alberta Research										
Council Inc.	62,588	12,159	-	-	-	74,747			71,280	
iCORE Inc.	10,004	68	-	-	-	10,072			853	
Grant to Alberta										
Agricultural										
Research Institute	8,582	-	-	-	-	8,582			-	
	<u>\$ 142,296</u>	<u>\$ 12,372</u>	<u>\$ 9</u>	<u>\$ 4,090</u>	<u>\$ 12</u>	<u>\$ 158,779</u>			<u>\$ 88,888</u>	

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⁽¹⁾ Expenses - Directly Incurred as per the Consolidated Statement of Operations, excluding valuation adjustments.

⁽²⁾ Costs shown for Accommodation provided by the Department of Infrastructure.

⁽³⁾ Costs shown for Legal Services provided by the Department of Justice.

⁽⁴⁾ Costs shown for Administrative Support provided by the Department of Innovation and Science.

⁽⁵⁾ Vacation Pay as per the Consolidated Statement of Operations.

