

# 2003-04 ANNUAL REPORT

**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2004

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

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# AUDITOR'S REPORT

To the Board of Directors of iCORE Inc.

I have audited the statement of financial position of iCORE Inc. as at March 31, 2004 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the iCORE Inc.'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 iCORE Inc. as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**FCA**  
**Auditor General**

**Edmonton, Alberta**  
**May 3, 2004**

# STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2004

(IN THOUSANDS)

	<b>2004</b>	<b>2004</b>	<b>2003</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUES</b>			
Contribution from Alberta Science and Research Authority	\$ 10,000	\$ 9,555	\$ 6,022
Industry Funding	100	100	100
Other Income	-	75	59
<b>Total REVENUES</b>	<b>10,100</b>	<b>9,730</b>	<b>6,181</b>
<b>EXPENSES- Directly Incurred (Note 2)</b>			
Salaries, wages and employee benefits	560	519	581
Supplies and service	240	216	251
Communications	200	261	115
Research Grants	7,100	7,249	6,979
Graduate student grants	2,000	1,492	2,153
<b>Total EXPENSES</b>	<b>10,100</b>	<b>9,737</b>	<b>10,079</b>
<b>NET OPERATING RESULTS</b>	<b>\$ -</b>	<b>\$ (7)</b>	<b>\$ (3,898)</b>

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

# STATEMENT OF FINANCIAL POSITION

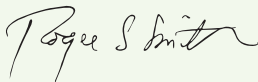
AS AT MARCH 31, 2004

(IN THOUSANDS)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash (Note 3)	\$ 99	\$ 53
Accounts Receivable (Note 4)	-	11
	<u>\$ 99</u>	<u>\$ 64</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 103	\$ 61
	<u>103</u>	<u>61</u>
<b>NET ASSETS</b>		
Net Assets, Beginning of Year	3	3,901
Net Operating Results	(7)	(3,898)
Net Assets, End of Year	<u>(4)</u>	<u>3</u>
	<u>\$ 99</u>	<u>\$ 64</u>

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

Approved by the Board of Directors



Dr. Roger Smith  
Chair of the Board  
iCORE Inc.



Dr. Peter Flynn  
Chair of the iCORE Audit Committee  
iCORE Inc.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

(IN THOUSANDS)

	<u>2004</u>	<u>2003</u>
<b>OPERATING TRANSACTIONS</b>		
Net Operating Results	\$ (7)	\$ (3,898)
Decrease in Accounts Receivable	11	-
Decrease (Increase) in Advances	-	3,900
Increase (Decrease) in Accounts Payable and Accrued Liabilities	42	(128)
Increase (Decrease) in Deferred Contributions	-	(100)
<b>CASH PROVIDED (applied to) BY OPERATING TRANSACTIONS</b>	<u>46</u>	<u>(226)</u>
<b>CAPITAL TRANSACTIONS</b>		
Decrease (Increase) in Restricted Cash	-	100
<b>CASH PROVIDED BY CAPITAL TRANSACTIONS</b>	<u>-</u>	<u>100</u>
<b>INCREASE (decrease) IN CASH</b>	46	(126)
<b>CASH, BEGINNING OF YEAR</b>	53	179
<b>CASH, END OF YEAR</b>	<u>\$ 99</u>	<u>\$ 53</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

## **Note 1 Authority and Purpose**

iCORE Inc. was established as a not-for-profit corporation in accordance with the Alberta Business Corporations Act, Chapter B-9, Revised Statutes of Alberta 2000, as amended. iCORE Inc. is a wholly owned subsidiary of the Alberta Science and Research Authority. The Alberta Science and Research Authority and its wholly owned subsidiaries are exempted from the payment of income tax under Section 149 of the Income Tax Act.

The mandate of iCORE Inc. 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 Inc. invests in the highest caliber research scientists and leaders who work on fundamental and applied problems in information and communications technology. It aims to fund iCORE Chairs at Alberta universities, around which world-class research teams will be developed.

## **Note 2 Summary of Significant Accounting Policies and Reporting Practices**

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. These financial statements are prepared in accordance with the following accounting policies:

### **a) Reporting Entity**

The reporting entity is iCORE Inc., which is a wholly owned subsidiary of the Alberta Science and Research Authority. The Alberta Science and Research Authority and its other wholly owned subsidiary, the Alberta Research Council Inc., are 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. The activities of the Department of Innovation and Science and the consolidated activities of the Alberta Science and Research Authority are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

### **b) 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. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

## **Note 2      Summary of Significant Accounting Policies and Reporting Practices (continued)**

### **b) Basis of Financial Reporting (continued)**

#### **Expenses**

*Directly Incurred* - Directly incurred expenses are those costs iCORE Inc. has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

*Incurred by Others* - Services contributed by other entities in support of iCORE Inc.'s operations are disclosed in Schedule 2.

*Communications* - Communications includes iCORE's outreach activities including: Banff Informatics Summit, Distinguished Lecturer Series, Annual Research Report, Year in Review report, website, newsletter, advertising, sponsorships, public launches, international research advisory committee (IRAC), and stakeholders events.

**Assets** - Financial assets of iCORE Inc. are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

**Liabilities** - Liabilities represent all financial claims payable by iCORE Inc. at fiscal year end.

**Net Assets** - Net assets represent the difference between the value of assets held by iCORE Inc. and its liabilities.

**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 and accrued liabilities are estimated to approximate their book values.

## **Note 3      CASH**

#### **Cash**

Cash consists primarily of a deposit in the Consolidated Cash Investment Trust Fund which is managed by Alberta Finance to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.



**Note 4 Accounts Receivable**

(In thousands)

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Government Departments and Agencies	\$ -	\$ -	\$ -	\$ 11

Accounts receivable are unsecured and non-interest bearing.

**Note 5 Commitments**

(In thousands)

iCORE Inc. had research grant commitments as at March 31, 2004 totaling \$11,212 (2003- \$11,000).

Year	Committed
2005	\$ 4,462
2006	3,300
2007	2,250
2008	1,200
Thereafter	-
	\$ 11,212

**Note 6 Comparative Figures**

The comparative figures have been reclassified where necessary to conform with the current year's presentation.

SCHEDULE 1

# SCHEDULE TO FINANCIAL STATEMENTS SALARY AND BENEFITS DISCLOSURE

FOR THE YEAR ENDED MARCH 31, 2004

	2004			2003
	Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
Chair of the Board	\$ 19,085	\$ -	\$ 19,085	\$ 31,483
President and Chief Executive Officer <sup>(3)</sup>	\$ 208,389	\$ -	\$ 208,389	\$ 203,907
Director of Programs	\$ 92,525	\$ 28,859	\$ 121,384	\$ 114,142

**NOTES:**

- (1) Salary includes regular base pay, bonuses, overtime and lump sum payments.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement savings plan, health care, dental coverage, vision coverage, and professional development allowance.
- (3) The salary amount for the President and Chief Executive Officer comprises \$100,211 (2003 - \$82,961) for consulting services and \$108,178 (2003 - \$120,946) paid to the University of Calgary for full-time secondment, reduced to 80% effective July 1, 2003

SCHEDULE 2

# SCHEDULE TO FINANCIAL STATEMENTS RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED MARCH 31, 2004

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

iCORE Inc. 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	
	2004	2003	2004	2003
<b>REVENUES</b>				
Grants from the Alberta Science and Research Authority	\$ 9,555	\$ 6,022	\$ -	\$ -

<b>EXPENSES - DIRECTLY INCURRED</b>				
Payments to the Alberta Research Council Inc.	\$ 13	\$ 25	\$ -	\$ -

iCORE Inc. 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	
	2004	2003	2004	2003
<b>EXPENSES - INCURRED BY OTHERS</b>				
Accommodation from the Alberta Research Council Inc.	\$ 39	\$ 38	\$ -	\$ -

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