



CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2013

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the years ended March 31, 2013 and March 31, 2012 are the responsibility of management and have been reviewed and approved by senior management. The consolidated financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

Alberta Health Services carries out its responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the consolidated financial statements prepared by management.

[Original signed by]

Dr. Chris Eagle
President and Chief Executive Officer
Alberta Health Services

[Original signed by]

Deborah Rhodes, CA
Senior Vice President Finance
Alberta Health Services

[Original signed by]

Duncan Campbell, CA
Executive Vice President and Chief Financial Officer
Alberta Health Services

June 6, 2013

Independent Auditor's Report



To the Members of the Alberta Health Services Board and
the Minister of Health

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Alberta Health Services, which comprise the consolidated statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the consolidated statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, and the consolidated statement of accumulated remeasurement gains and losses for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Health Services as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, and its remeasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 6, 2013

Edmonton, Alberta

**CONSOLIDATED STATEMENTS OF OPERATIONS
 YEARS ENDED MARCH 31**

	2013		2012
	Budget (Note 4) (Schedule 3)	Actual	Actual (Note 2) (Schedule 4)
Revenue:			
Alberta Health transfers			
Base operating grant	\$ 10,212,000	\$ 10,213,791	\$ 9,634,221
Other operating grants	1,164,000	1,076,481	835,412
Capital grants	96,000	106,688	120,522
Other government transfers (Note 5)	362,000	393,135	345,761
Fees and charges	439,000	412,038	416,385
Ancillary operations	127,000	117,726	121,563
Donations, fundraising and non-government grants (Note 6)	129,000	144,067	146,504
Investment and other income (Note 7)	200,000	210,677	213,691
TOTAL REVENUE	12,729,000	12,674,603	11,834,059
Expenses:			
Inpatient acute nursing services	2,923,000	2,972,309	2,760,746
Emergency and other outpatient services	1,356,000	1,406,688	1,314,344
Facility-based continuing care services	971,000	887,139	866,587
Ambulance services	415,000	409,239	394,585
Community-based care	1,054,000	1,007,326	913,748
Home care	496,000	507,009	452,823
Diagnostic and therapeutic services	2,148,000	2,074,711	1,961,249
Promotion, prevention and protection services	368,000	336,863	310,963
Research and education	249,000	224,623	218,003
Administration (Note 8)	436,000	444,358	397,278
Information technology	480,000	454,919	435,339
Support services (Note 9)	1,841,000	1,843,028	1,721,495
TOTAL EXPENSES (Schedule 1)	12,737,000	12,568,212	11,747,160
OPERATING SURPLUS (DEFICIT)	\$ (8,000)	106,391	86,899
Accumulated operating surplus, beginning of year		971,723	884,824
Accumulated operating surplus, end of year (Note 19)		\$ 1,078,114	\$ 971,723

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2013	March 31, 2012	April 1, 2011
	Actual	Actual (Note 2) (Schedule 4)	Actual (Note 2) (Schedule 4)
Assets:			
Cash and cash equivalents (Note 11)	\$ 684,604	\$ 812,526	\$ 1,124,112
Portfolio investments (Note 12)	1,415,223	1,556,246	1,406,046
Accounts receivable (Note 13)	363,421	413,500	495,392
Other assets	12,455	38,082	16,447
Tangible capital assets (Note 14)	7,515,882	7,215,171	6,707,464
Inventories for consumption	93,548	96,740	99,097
Prepaid expenses	86,119	59,586	59,980
TOTAL ASSETS	\$ 10,171,252	\$ 10,191,851	\$ 9,908,538
Liabilities:			
Accounts payable and accrued liabilities (Note 15)	\$ 1,157,924	\$ 1,348,583	\$ 1,284,432
Employee future benefits (Note 16)	524,827	514,515	470,966
Deferred revenue (Note 17)	6,959,575	6,905,059	6,868,912
Debt (Note 18)	375,384	369,979	336,299
TOTAL LIABILITIES	9,017,710	9,138,136	8,960,609
Net Assets:			
Accumulated operating surplus (Note 19)	1,078,114	971,723	884,824
Accumulated rereasurement gains and losses	10,221	-	-
Accumulated unrealized net gains (Note 20)	-	18,252	3,332
Endowments (Note 21)	65,207	63,740	59,773
TOTAL NET ASSETS	1,153,542	1,053,715	947,929
	\$ 10,171,252	\$ 10,191,851	\$ 9,908,538

Contractual Obligations and Contingent Liabilities (Note 22)

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

Approved by the Board of Directors

[Original signed by]

Stephen H. Lockwood, Q.C.
Chair

[Original signed by]

Don Sieben, MBA, FCA, B Com, DHSA
Audit and Finance Committee Chair

**CONSOLIDATED STATEMENT OF ACCUMULATED REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31**

	<u>2013</u>
Balance, beginning of year	\$ -
Adjustment on adoption of the financial instruments standard (Note 2(c)(v))	5,272
Unrestricted unrealized net gains on portfolio investments	6,858
Unrestricted realized net gains on portfolio investments recognized in the Consolidated Statement of Operations	<u>(1,909)</u>
Balance, end of year (Note 12)	\$ <u>10,221</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31

	2013		2012
	Budget (Note 4) (Schedule 3)	Actual	Actual (Note 2) (Schedule 4)
Operating transactions:			
Operating surplus (deficit)	\$ (8,000)	\$ 106,391	\$ 86,899
Non-cash transactions:			
Amortization, disposals and write-downs	521,000	533,168	474,537
Recognition of expended deferred capital revenue	(374,000)	(375,307)	(342,550)
Revenue recognized for acquisition of land	-	(15)	(599)
Bond amortization expense	13,000	15,973	22,781
Decrease (increase) in:			
Accounts receivable related to operating transactions	(20,000)	56,217	87,947
Inventories for consumption	(8,000)	3,192	2,357
Other assets	18,000	25,627	(21,635)
Prepaid expenses	-	(26,533)	394
Increase (decrease) in:			
Accounts payable and accrued liabilities related to operating transactions	55,000	(94,213)	45,283
Employee future benefits	52,000	10,312	43,549
Deferred revenue related to operating transactions	(79,000)	(131,555)	(161,110)
Cash provided by operating transactions	<u>170,000</u>	<u>123,257</u>	<u>237,853</u>
Capital transactions:			
Acquisition of tangible capital assets	(556,000)	(527,349)	(486,916)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	13,000	(100,600)	18,868
Cash applied to capital transactions	<u>(543,000)</u>	<u>(627,949)</u>	<u>(468,048)</u>
Investing transactions:			
Purchase of portfolio investments	(4,310,000)	(2,589,186)	(2,946,407)
Proceeds on sale of portfolio investments	4,522,000	2,731,366	2,788,346
Cash provided by (applied to) investing transactions	<u>212,000</u>	<u>142,180</u>	<u>(158,061)</u>
Financing transactions:			
Deferred capital revenue received	163,000	250,962	178,503
Deferred capital revenue returned	(107,000)	(128,042)	(15,759)
Deferred capital revenue payable transferred from (to) accounts payable and accrued liabilities	107,000	119,754	(119,754)
Proceeds from debt	32,000	32,300	194,000
Principal payments on debt	(38,000)	(40,384)	(160,320)
Cash provided by financing transactions	<u>157,000</u>	<u>234,590</u>	<u>76,670</u>
Net decrease in cash and cash equivalents	(4,000)	(127,922)	(311,586)
Cash and cash equivalents, beginning of year	<u>837,000</u>	<u>812,526</u>	<u>1,124,112</u>
Cash and cash equivalents, end of year	\$ <u>833,000</u>	\$ <u>684,604</u>	\$ <u>812,526</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2013**

Note 1 Authority, Purpose and Operations

Alberta Health Services (AHS) was established under the *Regional Health Authorities Act* (Alberta), effective April 1, 2009, as a result of the amalgamation of 12 formerly separate health entities in Alberta.

Pursuant to the *Regional Health Authorities Act* (Alberta), AHS is responsible in Alberta to:

- promote and protect the health of the population and work toward the prevention of disease and injury;
- assess on an ongoing basis the health needs of the population;
- determine priorities in the provision of health services and allocate resources accordingly;
- ensure reasonable access to quality health services; and
- promote the provision of health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities.

Additionally, AHS is accountable to the Minister of Health (the Minister) for the delivery and operation of the public health system.

The AHS consolidated financial statements include the revenue and expenses associated with its responsibilities. These consolidated financial statements do not reflect the complete costs of provincial health care. For example, the Ministry of Health is responsible for paying most physician fees. For a complete picture of the costs of provincial healthcare, readers should consult the Consolidated Financial Statements of the Government of Alberta.

AHS and its contracted health service providers deliver health services at facilities and sites grouped in the following areas: addiction treatment, community mental health, standalone psychiatric facilities, acute care hospitals, sub-acute care in auxiliary hospitals, long-term care, palliative care, supportive living, cancer care, community ambulatory care centres and urgent care centres.

AHS and its consolidated entities listed in Note 3(a) are exempt from the payment of income taxes under the *Income Tax Act* (Canada).

Note 2 Transition to Public Sector Accounting Standards

Commencing with the 2012-13 fiscal year, AHS became a first-time adopter of the CICA Public Sector Accounting Standards (PSAS). Prior to 2012-13, AHS followed the recommendations of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook Part V (CGAAP).

(a) Impact of Transition

The impact of the conversion on the Consolidated Statements of Operations, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows and Consolidated Schedules of Expenses by Object are presented in Schedule 4. The key impacts on the adoption of these new standards are as follows:

	Accumulating Non-Vesting Sick Leave Liability ⁽ⁱ⁾	Controlled Foundations ⁽ⁱⁱ⁾	Other	Total
As at April 1, 2011:				
Total assets	\$ -	\$ 219,693	\$ (6,648)	\$ 213,045
Total liabilities	85,441	113,267	-	198,708
Total net assets	(85,441)	106,426	(6,648)	14,337
For the year ended March 31, 2012:				
Total revenue	\$ -	\$ 51,699	\$ 599	\$ 52,298
Total expenses	928	53,089	(4,027)	49,990
Operating surplus (deficit)	\$ (928)	\$ (1,390)	\$ 4,626	\$ 2,308
Cash provided by (applied to):				
Operating transactions	\$ -	\$ (3,289)	\$ 284,641	\$ 281,352
Capital transactions	-	-	-	-
Investing transactions	-	10,030	(404,947)	(394,917)
Financing transactions	-	7,422	-	7,422

(i) Accumulating Non-Vesting Sick Leave Liability

Under PSAS, AHS is required, on a retroactive and with restatement basis, to accrue for its liability for accumulating non-vesting sick leave. This liability was actuarially determined as at April 1, 2011 (Note 16(a)).

(ii) Controlled Foundations

Under PSAS, AHS is required, on a retroactive and with restatement basis, to consolidate its controlled foundations.

(b) Exemptions

PS 2125 permits a first-time adopter to elect certain exemptions in presenting its opening Consolidated Statements of Financial Position. AHS has elected to use the following exemptions:

(i) Retirement and Post-Employment Benefits

Based on PS 3250 – Retirement Benefits and PS 3255 – Post-employment Benefits, Compensated Absences and Termination Benefits, a government organization amortizes actuarial gains and losses to the liability or asset, and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group or a reasonable future period for plans with no active members. Retroactive application of this approach requires a government organization to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to PSAS into a recognized portion and an unrecognized portion. However, a first-time adopter may elect to recognize all cumulative actuarial gains and losses at the date of transition to PSAS directly in accumulated operating surplus (deficit).

Note 2 Transition to Public Sector Accounting Standards (continued)

Additionally, according to PS 3250 and PS 3255, accrued benefit obligations, post-employment benefits and compensated absences are determined by a government organization by applying a discount rate with reference to its plan asset earnings or with reference to its cost of borrowing. Retroactive application of PS 3250 and PS 3255 requires a government organization to recalculate accrued benefit obligations, post-employment benefits and compensated absences at the time of transition to PSAS. However, a first-time adopter may elect to delay application of PS 3250 and PS 3255 relative to the discount rate used until the date of their next actuarial valuation or within three years of the transition date to PSAS, whichever is sooner.

AHS has elected to use these exemptions and therefore recognized all cumulative unamortized actuarial losses as at April 1, 2011 totaling \$6,559 in accumulated operating surplus. Actuarial gains and losses arising after April 1, 2011 are accounted for in accordance with PS 3250 and PS 3255 where AHS will amortize actuarial gains and losses to the liability or asset over the average remaining service life of the related employee group. In addition AHS has elected to apply PS 3250 and PS 3255 relative to the use of the discount rate for the actuarial valuation as at April 1, 2012; the accrued benefit obligation increased by \$9,632.

(ii) Business Combinations

PS 2510 – Additional Areas of Consolidation, requires the purchase method to be applied to all business combinations. While the purchase method has been used previously, the details of the purchase method may vary with the accounting framework change. Retroactive application would therefore require a government organization to revisit all prior business combinations to review the identified assets and liabilities, and then assess if the values assigned are in accordance with PS 2510.

AHS has elected to use this exemption and has applied PS 2510 from the date of transition and has therefore excluded from its opening Consolidated Statement of Financial Position any item recognized under previous financial reporting standards that does not qualify for recognition as an asset or liability.

(iii) Tangible Capital Asset Impairment

PS 3150 – Tangible Capital Assets, indicates the conditions for accounting for a write-down of a tangible capital asset. A first-time adopter need not comply with those requirements for write-downs of tangible capital assets that were incurred prior to the date of transition to PSAS. If a first-time adopter uses this exemption, the conditions for a write-down of a tangible capital asset in PS 3150 are applied on a prospective basis from the date of transition.

AHS has elected to use this exemption and therefore adopted PS 3150 on a prospective basis from the date of transition and has not revisited any prior write-downs relative to the new PSAS requirements.

In accordance with the requirements of PS 2125, the accounting policies set out in Note 3 have been consistently applied to all years presented and adjustments resulting from the adoption of the new accounting standards have been applied retroactively with restatement of prior periods excluding cases where the optional exemptions available under PS 2125 have been applied and excluding sections which were released after August 2010 and to which PS 2125 does not apply. AHS's adoption of PSAS standards released after August 2010 is described in Note 2(c).

Note 2 Transition to Public Sector Accounting Standards (continued)

(c) Other Considerations

AHS has also adopted the following sections that are effective April 1, 2012. Other than previously stated in this note, there were no transition adjustments required for adopting these sections.

(i) Financial Statement Presentation

PS 1201 – Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in the consolidated financial statements. This section applies in the period when PS 2601 – Foreign Currency Translation and PS 3450 – Financial Instruments are adopted. AHS has adopted PS 1201 as at April 1, 2012.

(ii) Foreign Currency Translation

PS 2601 – Foreign Currency Translation establishes standards on how to account for and report transactions that are denominated in a foreign currency. Even though this section applies to fiscal periods beginning on or after April 1, 2012, and permits early adoption, the application of this section retroactively is prohibited when an organization applies it in the same period it adopts PSAS for the first time. This section is applied in the period when PS 3450 – Financial Instruments is adopted. AHS has adopted PS 2601 as at April 1, 2012.

(iii) Portfolio Investments

PS 3041 – Portfolio Investments establishes standards on how to account for and report portfolio investments in the consolidated financial statements. This section applies in the period when PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation, and PS 3450 – Financial instruments are adopted. AHS has adopted PS 3041 as at April 1, 2012.

(iv) Government Transfers

PS 3410 – Government Transfers deals with how to account for and report government transfers. AHS has adopted this section retroactively with restatement as at April 1, 2012.

(v) Financial Instruments

PS 3450 – Financial Instruments deals with how to account for and report all types of financial instruments including derivatives. Even though the section applies to fiscal periods beginning on or after April 1, 2012, and permits early adoption, the application of this section retroactively is prohibited when an organization applies it in the same period it adopts PSAS for the first time. This section is applied in the period when PS 2601 – Foreign Currency Translation is adopted. AHS has adopted PS 3450 as at April 1, 2012.

Note 3 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

AHS operates as a Government Not-for-Profit Organization (GNPO). These consolidated financial statements have been prepared in accordance with PSAS and the financial directives issued by Alberta Health (AH).

These financial statements have been prepared on a consolidated basis. The transactions between AHS and the following entities have been eliminated on consolidation.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

 (i) Wholly Owned Subsidiaries

- Calgary Laboratory Services Ltd. (CLS), who provides medical diagnostic services in Calgary and southern Alberta.
- Capital Care Group Inc. (CCGI), who manages continuing care programs and facilities in the Edmonton area.
- Carewest, who manages continuing care programs and facilities in the Calgary area.

 (ii) Controlled Foundations

The following are the foundations controlled by AHS as at March 31, 2013:

Alberta Cancer Foundation (ACF)	Jasper Health Care Foundation
Bassano and District Health Foundation	Lacombe Hospital and Care Centre Foundation
Bow Island and District Health Foundation	Medicine Hat and District Health Foundation
Brooks and District Health Foundation	Mental Health Foundation
Calgary Health Trust (CHT)	North County Health Foundation
Canmore and Area Health Care Foundation	Oyen and District Health Care Foundation
Cardston and District Health Foundation	Peace River and District Health Foundation
Claresholm and District Health Foundation	Ponoka and District Health Foundation
Crowsnest Pass Health Foundation	Stettler Health Services Foundation
David Thompson Health Trust	Strathcona Community Hospital Foundation
Fort Macleod and District Health Foundation	Tofield and Area Health Services Foundation
Fort Saskatchewan Community Hospital Foundation	Viking Health Foundation
Grande Cache Hospital Foundation	Vulcan County Health and Wellness Foundation
Grimshaw/Berwyn Hospital Foundation	Windy Slopes Health Foundation

The following foundations are also considered controlled, but are in the process of being wound-up or are considered to be inactive:

Central Peace Hospital Foundation	McLennan Community Health Care Foundation
Lakeland Regional Health Authority	Peace Health Region Foundation
Manning Community Health Centre Foundation	Vermillion and Region Health and Wellness Foundation

 (iii) Government Partnerships

AHS uses the proportionate consolidation method to account for its 30% interest in the HUTV Limited Partnership (HUTV) with David Chittick Management Ltd, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 50% interest in the Primary Care Network (PCN) government partnerships with physician groups (Note 24).

AHS has joint control with various physician groups over PCNs. AHS entered into local primary care initiative agreements to jointly manage and operate the delivery of primary care services, to achieve the PCN business plan objectives, and to contract and hold property interests required in the delivery of PCN services.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

The following PCNs are included in these consolidated financial statements:

Alberta Heartland Primary Care Network	Mosaic Primary Care Network
Athabasca Primary Care Network	Northwest Primary Care Network
Big Country Primary Care Network	Palliser Primary Care Network
Bonnyville / Aspen Primary Care Network	Peace Region Primary Care Network
Bow Valley Primary Care Network	Provost/Consort Primary Care Network
Calgary Foothills Primary Care Network	Red Deer Primary Care Network
Calgary Rural Primary Care Network	Rocky Mountain House Primary Care Network
Calgary West Central Primary Care Network	Sexsmith/Spirit River Primary Care Network
Camrose Primary Care Network	Sherwood Park-Strathcona County Primary Care Network
Chinook Primary Care Network	South Calgary Primary Care Network
Cold Lake Primary Care Network	St. Albert & Sturgeon Primary Care Network
Edmonton North Primary Care Network	St. Paul / Aspen Primary Care Network
Edmonton Oliver Primary Care Network	Vermilion Primary Care Network
Edmonton Southside Primary Care Network	Wainwright Primary Care Network
Edmonton West Primary Care Network	West Peace Primary Care Network
Grande Prairie Primary Care Network	WestView Primary Care Network
Highland Primary Care Network	Wetaskiwin Primary Care Network
Kalyna Country Primary Care Network	Wolf Creek Primary Care Network
Leduc Beaumont Devon Primary Care Network	Wood Buffalo Primary Care Network
Lloydminster Primary Care Network	
McLeod River Primary Care Network	

(iv) Provincial Health Authorities of Alberta Liability and Property Insurance Plan (LPIP)

AHS consolidates its interest in the LPIP. AHS has the majority of representation on the LPIP's governance board and is therefore considered to control the LPIP. The main purpose of the LPIP is to share the risks of general and professional liability to lessen the impact on any one subscriber. The LPIP is exempt from the payment of income tax but is subject to the Alberta provincial premium tax.

(v) Other

These consolidated financial statements include the assets, liabilities and operations of the Queen Elizabeth II Hospital Child Care Centre and the trust funds administered by the Capital Care Charitable Trust.

These consolidated financial statements include the payments to voluntary and private organizations under contract to provide health services in the Province of Alberta (Note 10). Also included are certain tangible capital assets owned by AHS but operated by contracted health service providers. Other operations not funded by AHS and other assets and liabilities of the contracted health service providers are not included in these consolidated financial statements. These consolidated financial statements do not include the Health Benefit Trust of Alberta (HBTA) or trust funds administered on behalf of others (Note 25).

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(b) Revenue Recognition

Revenue is recognized in the period in which the transactions or events occur that give rise to the revenue as described below. All revenue is recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable.

(i) Government Grants

Transfers from AH, other governments and other government entities are referred to as government grants.

Government grants are recorded as deferred revenue if the terms for use of the grant, or the terms along with AHS's actions and communications as to the use of the grant, create a liability. These grants are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use of the grant.

All other government grants without terms for the use of the grant are recorded and recognized as revenue when AHS is eligible to receive the funds.

(ii) Donations, Fundraising and Non-government Grants

Donations, fundraising, and non-government grants are received from individuals, corporations, and other not-for-profit organizations. Donations, fundraising, and non-government grants may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations, fundraising, and non-government grants are recorded and recognized as revenue in the year received or in the year the funds are committed to AHS if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, fundraising, non-government grants, realized gains and losses, and unrealized gains and losses as at April 1, 2012 (Note 3(d)(i)) for the associated externally restricted investment income are recorded as a liability until the resources are used for their specified purpose or the purpose which AHS has publicly communicated at which time the donations or grants are recognized as revenue.

In-kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist AHS, the value of their services is not recognized as revenue and expenses in the consolidated financial statements because fair value cannot be reasonably determined.

(iii) Grants and Donations of or for Land

AHS records grants and donations to buy land as a liability when received, and recognizes as revenue when AHS buys the land. AHS recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When AHS cannot determine the fair value, it records such in-kind contributions at nominal value.

(iv) Endowments

Donations, fundraising, government grants and non-government grants that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable.

All unrealized gains and losses attributable to endowments are recognized as an increase or decrease in deferred revenue.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

Expendable realized gains and losses attributable to endowments are recognized as increases or decreases in deferred revenue when received or receivable and are subsequently recognized in the Consolidated Statement of Operations when terms of use are met, as stipulated by the donors. Realized investment gains for endowment capital preservation purposes, are recognized as a direct increase in endowment net assets when received or receivable.

(v) Earned Revenue

Earned revenue includes fees and charges, ancillary operations, and other income. Earned revenue is recognized in the period that goods are delivered or services are provided.

(vi) Investment Income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted grants or donations are recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations except for restricted investment income which is recognized as revenue in the period the related expenses are incurred, or the terms of use are met.

(c) Expenses

The key elements of AHS's expense recognition policy are:

- (i) Directly incurred expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Expenses include grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

- (ii) Expenses incurred include contracted health services provided by other entities in support of AHS's responsibilities and operations and are disclosed in Note 10.

Note 3 Significant Accounting Policies and Reporting Practices (continued)
(d) Financial Instruments

The following describes the financial instruments accounting policies from April 1, 2012 and prior to April 1, 2012.

(i) Financial instruments from April 1, 2012

Effective April 1, 2012 AHS has adopted PS 3450 – Financial Instruments on a prospective basis (Note 2(c)(v)).

The following table identifies AHS's financial assets and liabilities and identifies how they are subsequently measured:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>	<u>Subsequent Measurement and Recognition</u>
Cash and cash equivalents and portfolio investments	Fair value	Measured at fair value with changes in fair values recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses, accounts payable or deferred revenue until realized at which time the cumulative changes in fair value are recognized in the Consolidated Statements of Operations.
Accounts receivable, accounts payable and accrued liabilities and debt	Cost or amortized cost	Measured at amortized cost using the effective interest rate method.

PS 3450 requires portfolio investments in equity instruments to be recorded under the fair value category and AHS may choose to record other financial assets under the fair value category if there is an investment strategy to evaluate the performance of a group of these financial assets on a fair value basis. AHS has designated money market securities and fixed income securities to the fair value category. The three levels of information that may be used to measure fair value are:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated 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.

AHS measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value. For the year ended March 31, 2013, AHS has no embedded derivatives that require separation from the host contract.

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 as a realized loss.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

 (ii) Financial instruments prior to April 1, 2012

AHS had classified its financial assets and financial liabilities in the preceding years (Schedule 4) as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>	<u>Subsequent Measurement and Recognition</u>
Cash and cash equivalents	Held for trading	Measured at fair value with changes in fair value recognized in the Consolidated Statements of Operations.
Investments	Available for sale	Measured at fair value with changes in fair value recognized in the Accumulated Net Unrealized Gain (Losses) on Portfolio Investments until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statements of Operations.
	Held for trading	Measured at fair value with changes in fair value recognized in the Consolidated Statements of Operations.
Accounts receivable, contributions and capital contributions receivable from AH	Loans and receivables	After initial fair value measurement, measured at amortized cost using the effective interest rate method.
Accounts payable and accrued liabilities and debt	Other financial liabilities	After initial fair value measurement, measured at amortized cost using the effective interest rate method.

In the prior year, AHS did not use hedge accounting and was not impacted by the requirements of CICA accounting standard Section 3865 – Hedges. AHS, as a not-for-profit organization, elected to not apply the standards for embedded derivatives in non-financial contracts. In addition, AHS elected not to adopt Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, and instead continued to disclose financial instruments under 3861 – Financial Instruments Disclosure and Presentation.

When it was determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions was removed and recognized in the Consolidated Statements of Operations even though the financial asset had not been derecognized. Impairment losses recognized in the Consolidated Statements of Operations for a financial instrument classified as available for sale are not reversed.

- (iii) Transaction costs associated with the acquisition and disposal of cash and cash equivalents and portfolio investments are expensed as incurred. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

(e) Inventories For Consumption

Inventories for consumption or distribution at no charge are valued at lower of cost (defined as moving average cost) and current replacement value.

Note 3 Significant Accounting Policies and Reporting Practices (continued)
(f) Tangible Capital Assets

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the assets. Cost includes overhead directly attributable to construction and development including interest costs that are directly attributable to the acquisition or construction of the asset. Tangible capital assets and work in progress acquired from other government organizations are recorded at the carrying value of that government organization. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress and expended deferred capital revenue as AI incurs costs.

The threshold for capitalizing new systems development is \$250 and major enhancements is \$100. The threshold for all other tangible capital assets is \$5. All land is capitalized.

Tangible capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Facilities and improvements	10-40 years
Equipment	2-20 years
Information systems	3-5 years
Leased vehicles, facilities and improvements	Term of lease
Building service equipment	5-40 years
Land improvements	5-40 years

Work in progress, which includes facilities and improvements projects and development of information systems, is not amortized until after a project is complete.

Leases transferring substantially all benefits and risks of capital asset ownership are reported as tangible capital asset acquisitions financed by long-term obligations. These capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of AHS's rate for incremental borrowing or the interest rate implicit in the lease (if known). Note 18(d) provides a schedule of repayments and amount of interest on the leases.

Tangible capital assets are written down when conditions indicate that they no longer contribute to AHS's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statements of Operations. Write-downs are not reversed.

Contributed tangible capital assets are recorded at their fair value on the date of donation. When AHS cannot determine the fair value, in-kind contributions are recorded at a nominal value.

Intangible assets, works of art, historical treasures and collections are not recognized in these consolidated financial statements.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(g) Employee Future Benefits

(i) Registered Benefit Pension Plans

AHS participates in the following registered defined benefit pension plans: the Local Authorities Pension Plan (LAPP) and the Management Employees Pension Plan (MEPP). These multi-employer public sector defined benefit plans provide pensions for participants, based on years of service and final average earnings. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The Minister of Treasury Board and Finance is the legal trustee and administrator of the plans. The Department of Treasury Board and Finance accounts for the liabilities for pension obligations as a participating employer for former and current employees in the LAPP and the MEPP for all of the organizations included in the Government of Alberta (GOA) consolidated reporting entity except for government business enterprises. As AHS is included in the GOA consolidated reporting entity AHS follows the standards for defined contribution accounting for these pension plans under PS 3250. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that AHS is required to pay for its employees during the fiscal year.

(ii) Other Defined Contribution Pension Plans

AHS sponsors Group Registered Retirement Savings Plans (GRRSPs) for certain employee groups. Under the GRRSPs, AHS matches a certain percentage of any contribution made by plan participants up to certain limits. AHS also sponsors a defined contribution pension plan for certain employee groups where the employee and employer each contribute specified percentages of pensionable earnings.

(iii) Supplemental Executive Retirement Plans (SERPs)

AHS sponsors SERPs which are funded and has three Retirement Compensation Arrangements (RCA) for these plans. These plans cover certain employees and supplement the benefits under AHS's registered plans that are limited by the *Income Tax Act* (Canada). Each plan was closed to new entrants effective April 1, 2009. A majority of the SERPs are final average plans; however, certain participant groups have their benefits determined on a career average basis. Also, some participant groups receive post-retirement indexing similar to the benefits provided under the registered defined benefit pension plans; while others receive non-indexed benefits.

Due to *Income Tax Act* (Canada) requirements, the SERPs are subject to the RCA rules; therefore approximately half the assets are held in a non-interest bearing Refundable Tax Account with the Canada Revenue Agency. The remaining assets of the SERPs are invested in a fixed income portfolio.

The obligations and costs of these benefits are determined annually through an actuarial valuation as at March 31 using the projected benefit method pro-rated on service. Under PSAS, first-time adopters are required to recalculate accrued benefit obligations on a retroactive with restatement basis by applying a discount rate based on plan asset earnings or with reference to its cost of borrowing. However, AHS has elected to use the PSAS first-time adoption exemption that allows AHS to delay application relative to the discount rate. AHS has elected to use a discount rate based on plan asset earnings to recalculate the accrued benefit obligation as at April 1, 2012.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

The net retirement benefit cost of SERPs reported in these consolidated financial statements is comprised of the retirement benefits expense and the retirement benefits interest expense. The key components of retirement benefits expense include the current period benefit cost, cost of any plan amendments including related net actuarial gains or losses incurred in the period, gains and losses from any plan settlements or curtailments incurred in the period, and amortization of actuarial gains and losses. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets. As a result of the transition to PSAS, the cumulative unamortized actuarial gains and losses, unamortized past service costs and unamortized initial obligations as at April 1, 2011 have been recognized and the appropriate adjustment made to accumulated operating surplus. Thereafter, actuarial gains and losses that arise will be accounted for in accordance with PSAS whereby AHS will amortize actuarial gains and losses from the liability or asset over the average remaining service life of the related employee group.

Prior period service costs arising from plan amendments are recognized in the period of the plan amendment. When an employee's accrued benefit obligation is fully discharged, all unrecognized amounts associated with that employee are fully recognized in the net retirement benefit cost in the following year.

In the case of a curtailment event which results in the elimination for a significant number of active employees of the right to earn defined benefits for their future services, a curtailment gain or loss is recorded. Gains and losses determined upon a curtailment are accounted for in the period of the curtailment.

(iv) Supplemental Pension Plan (SPP)

Subsequent to April 1, 2009, staff who would have been eligible for SERP, are enrolled in a defined contribution SPP. Similar to the SERP, the SPP supplements the benefits under AHS registered plans that are limited by the *Income Tax Act* (Canada). AHS contributes a certain percentage of an eligible employee's pensionable earnings, excluding pay at risk, in excess of the limits of the *Income Tax Act* (Canada). This plan provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participant.

(v) Sick Leave Liability

Sick leave benefits accumulate with employee service and are provided by AHS to certain employee groups of AHS, as defined by employment agreements, to cover illness related absences that are outside of short-term and long-term disability coverage. Benefit amounts are determined and accumulate with reference to employees' final earnings at the time they are paid out. The cost of the accumulating non-vesting sick leave benefits is expensed as the benefits are earned.

AHS accrues its liabilities for accumulating non-vesting sick leave benefits but does not record a liability for replenishing sick leave benefits as these are renewed annually and do not represent a long-term liability. The sick leave liability is included in employee future benefits (Note 16) in the Consolidated Statements of Financial Position.

(vi) Other Benefits

AHS provides its employees with basic life, accidental death and dismemberment, short-term disability, long-term disability, extended health, dental and vision benefits through benefits carriers. AHS fully accrues its obligations for employee non-pension future benefits.

Note 3 Significant Accounting Policies and Reporting Practices (continued)
(h) Net Assets

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

PSAS requires a "net debt" presentation for the statement of financial position in the summary financial statements of government. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenue required to pay for past transactions and events. AHS operates within the government reporting entity, and does not finance all of its expenditures by independently raising revenue. Accordingly, these consolidated financial statements do not report a net debt indicator.

(i) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a significant variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recorded for amortization of tangible capital assets and recognition of expended deferred capital revenue are based on the estimated useful life of the related assets. The amounts recorded for employee future benefits are based on estimated future cash flows. The provision for unpaid claims, allowance for doubtful accounts and accrued liabilities are subject to significant management estimates and assumptions. These estimates and assumptions are reviewed at least annually. Actual results could differ from the estimates determined by management in these consolidated financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

(j) Future Accounting Changes

In June 2010 the Public Sector Accounting Board issued PS 3260 – Liability for Contaminated Sites. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environment standard. AHS would be required to recognize a liability related to the remediation of such contaminated site subject to certain recognition criteria. Management is currently assessing the impact of this adoption on the consolidated financial statements and cannot provide an estimate of any liability at this time.

Note 4 Budget

The AHS Health Plan and Business Plan 2012-15, which included the 2012-13 annual budget, was approved by the members of AHS Board (AHS Board) on May 3, 2012. The budget details were presented under CGAAP but included a reconciliation for PSAS transition adjustments. Schedule 3 demonstrates how the AHS Board approved budget under CGAAP for 2012-13 has been transitioned fully to PSAS. The AHS Board approved a budgeted operating deficit of \$8,000 for 2012-13 under PSAS.

Note 5 Other Government Transfers

Other government transfers include amounts transferred from provincial and federal governments, excluding AH as separately disclosed.

	2013	2012
Unrestricted operating transactions	\$ 48,807	\$ 57,320
Restricted operating transactions	105,203	86,895
Restricted capital transactions	239,125	201,546
	<u>\$ 393,135</u>	<u>\$ 345,761</u>

Note 6 Donations, Fundraising and Non-government Grants

	2013	2012
Unrestricted operating transactions	\$ 2,181	\$ 3,530
Restricted operating transactions	112,392	122,703
Restricted capital transactions	29,494	20,271
	<u>\$ 144,067</u>	<u>\$ 146,504</u>

Note 7 Investment and Other Income

	2013	2012
Investment income	\$ 42,724	\$ 38,106
Other income:		
External recoveries	99,509	116,963
External recoveries for administration provided to others (Note 8)	5,247	4,803
Purchase incentives and rebates	28,917	17,745
Other revenue	34,280	36,074
	<u>\$ 210,677</u>	<u>\$ 213,691</u>

Note 8 Administration

	2013	2012
General administration ^(a)	\$ 197,550	\$ 157,837
Human resources ^(b)	103,105	96,033
Finance ^(c)	64,551	63,096
Communications ^(d)	20,202	23,270
Administration expense of contracted health service providers (Note 10) ^(e)	58,950	57,042
Total administration expense	<u>\$ 444,358</u>	<u>\$ 397,278</u>
Less external recoveries for administration provided to others (Note 7)	(5,247)	(4,803)
Net administration expense	<u>\$ 439,111</u>	<u>\$ 392,475</u>

Net administration expense has been presented to align with the Canadian Institute of Health Information definition, which includes a reclassification of communications previously disclosed as support services. Activities and costs directly supporting clinical activities are not included in administration.

- (a) General administration includes senior leaders' expenses, the Board of Trustees, and other administrative functions such as planning and development, privacy, risk management, internal audit, infection control, quality assurance, insurance, patient safety, and legal.
- (b) Human resources includes personnel services, staff recruitment and selection orientation, labour relations, employee health and employee record keeping.
- (c) Finance includes the recording, monitoring and reporting of the financial and statistical aspects of AHS's planned and actual activities.
- (d) Communications includes the receipt and transmittal of AHS's communications including telephone, paging, monitors, telex, fax, visitor information and mail services. It also includes personnel dedicated to maintenance and repair of communication systems and devices.
- (e) Administrative expense of contracts with health service providers is an allocation for general administration, human resources, finance and communication expenses incurred by voluntary and private health service providers with whom AHS contracts for health services. The allocation of expenses for contracts with health service providers is in Note 10.

Note 9 Support Services

	2013	2012
Facilities operations	\$ 731,741	\$ 673,871
Patient health records, food services and transportation	328,965	308,578
Material management	197,888	190,091
Housekeeping, laundry and linen	196,844	188,815
Support services expense of contracted health service providers (Note 10)	113,808	105,027
Ancillary operations	110,337	99,179
Fundraising expenses and grants awarded	35,314	32,902
Other	128,131	123,032
	<u>\$ 1,843,028</u>	<u>\$ 1,721,495</u>

Note 10 Contracts with Health Service Providers

AHS is responsible for the delivery and operation of the public health system in Alberta (Note 1). To this end, AHS contracts with various voluntary and private health service providers to continue to provide health services throughout Alberta. The largest of these service providers is Covenant Health; the total amount funded to Covenant Health during the year was \$666,381 (2012 - \$640,982).

Direct AHS funding provided and allocation of expenses in the Consolidated Statements of Operations is as follows:

	2013	2012
Voluntary health service providers	\$ 1,061,526	\$ 1,005,079
Private health service providers	1,104,743	1,013,181
Total direct AHS funding	<u>\$ 2,166,269</u>	<u>\$ 2,018,260</u>
	2013	2012
Inpatient acute nursing services	\$ 286,308	\$ 269,975
Emergency and other outpatient services	87,787	84,166
Facility-based continuing care services	543,821	537,863
Ambulance services	153,199	150,226
Community-based care	407,065	346,403
Home care	175,647	145,997
Diagnostic and therapeutic services	325,307	309,443
Promotion, prevention and protection services	7,886	7,517
Research and education	6,106	4,132
Administration (Note 8)	58,950	57,042
Information technology	385	469
Support services (Note 9)	113,808	105,027
Total allocated expenses	<u>\$ 2,166,269</u>	<u>\$ 2,018,260</u>

Note 11 Cash and Cash Equivalents

	March 31, 2013	March 31, 2012	April 1, 2011
Cash	\$ 165,602	\$ 553,703	\$ 509,980
Money market securities < 90 days	519,002	258,823	614,132
Total cash and cash equivalents	<u>\$ 684,604</u>	<u>\$ 812,526</u>	<u>\$ 1,124,112</u>

Cash and cash equivalents include money market securities which are comprised of Government of Canada treasury bills maturing June 2013 and bearing interest at an average yield of 0.95% at March 31, 2013 (March 31, 2012 – 0.94%; April 1, 2011 – 0.72%).

Included in cash and cash equivalents are \$134,985 (March 31, 2012 - \$459,418, April 1, 2011 - \$329,979) that are segregated from other cash and cash equivalents and are intended to be used for specified purposes set out in their related agreements.

Cash and cash equivalents are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. The fair values of cash and cash equivalents are estimated to approximate their carrying values because of their short-term nature.

Note 12 Portfolio Investments

	March 31, 2013		March 31, 2012		April 1, 2011	
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost
Money market securities > 90 days	\$ 63,192	\$ 63,192	\$ 104,044	\$ 104,044	\$ 26,500	\$ 26,500
Fixed income securities	1,138,744	1,128,522	1,348,967	1,339,076	1,276,987	1,285,322
Equities	213,287	188,127	103,235	93,988	102,559	88,344
Total portfolio investments	<u>\$ 1,415,223</u>	<u>\$ 1,379,841</u>	<u>\$ 1,556,246</u>	<u>\$ 1,537,108</u>	<u>\$ 1,406,046</u>	<u>\$ 1,400,166</u>

At March 31, 2012, \$1,411,626 (April 1, 2011 - \$1,244,338) of investments were classified as available for sale and \$144,620 (April 1, 2011 - \$161,708) of investments were classified as held for trading. Available for sale and held for trading classifications do not exist under PSAS.

Effective April 1, 2012, portfolio investments are measured at fair value with the differences between cost and fair value being recorded as a remeasurement gain or loss. The following are the net remeasurement gains on portfolio investments:

	March 31, 2013
Unrestricted unrealized net gains recorded in the Consolidated Statement of Accumulated Remeasurement Gains and Losses	\$ 10,221
Restricted unrealized net gains attributable to endowments and recorded in deferred operating revenue (Note 17)	9,105
Restricted unrealized net gains attributable to and recorded in:	
Deferred operating revenue (Note 17)	7,741
Deferred capital revenue (Note 17)	4,161
Accounts payable and accrued liabilities (Note 15)	4,154
	<u>\$ 35,382</u>

Note 12 Portfolio Investments (continued)

The data used to measure the fair value of AHS's portfolio investments falls under Level 1 - \$213,287 and Level 2 - \$1,201,936 of the fair value hierarchy. There were no transfers between levels during the current year or comparative years.

Included in the portfolio investments are \$236,770 (March 31, 2012 - \$212,050, April 1, 2011 - \$204,214) that are segregated from other portfolio investments and are intended to be used for specified purposes set out in their related agreements.

As AHS is made up of multiple entities as described in Note 3(a), portfolio investments are governed independently under multiple investment policies and procedures. The fair value of portfolio investments governed under each investment policy is as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
AHS Investment Bylaw	\$ 1,138,667	\$ 1,314,639	\$ 1,175,666
ACF Investment Policy	109,002	96,987	90,436
LPIP Investment Policy	96,413	74,248	73,051
CHT Statement of Investment Policies and Goals	71,141	70,372	66,893
	<u>\$ 1,415,223</u>	<u>\$ 1,556,246</u>	<u>\$ 1,406,046</u>

(a) Market Risk

Market risk is the risk of adverse financial impact as a consequent of market movements such as interest rates, currency rates and other price changes.

In order to earn financial returns at an acceptable level of market risk, each of the investment policies have established a maximum asset mix. The AHS Investment Bylaw has established maximum asset mix ranges of 0% to 100% for cash and money market securities, 0% to 80% for fixed income securities, and 0% to 40% for equities.

The ACF Investment Policy has established maximum asset mix policy of 0% to 10% for money market securities, 30% to 60% for fixed income securities, and 30% to 70% for equities. The LPIP Investment Policy has established maximum asset mix ranges of 80% to 87% for cash and fixed income securities, 10% to 15% for equities, and 3% to 5% for real estate. The CHT Statement of Investment Policies and Goals has established maximum asset mix policy of 30% to 70% for fixed income securities, and 30% to 70% for equities. Risk is reduced under all of the investment policies through asset class diversification, diversification within each asset class, and portfolio quality constraints.

A 10% change in market value relating to equity securities would have increased or decreased fair value by approximately \$21,187 (2012 - \$10,323).

(b) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. AHS manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

AHS is exposed to interest rate risk through its investments in debt securities with both fixed and floating interest rates.

A 1% change in market yield relating to fixed income debt securities would have increased or decreased fair value by approximately \$34,661 (2012 - \$56,410).

Note 12 Portfolio Investments (continued)

Portfolio investments include fixed income securities, such as bonds, and have an average effective yield of 1.79% (March 31, 2012 – 1.78%; April 1, 2011 – 2.60%) per year, maturing between 2013 and 2044. The securities have the following average maturity structure:

	March 31, 2013	March 31, 2012	April 1, 2011
1 – 5 years	81%	85%	86%
6 – 10 years	17%	12%	11%
Over 10 years	2%	3%	3%

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. AHS is exposed to foreign exchange fluctuations on its investments denominated in foreign currencies. However, this risk is managed by the fact that the investment policies limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. As at March 31, 2013, investments in non-Canadian equities represented 1.58% (March 31, 2012 – 1.15%; April 1, 2011 – 0.98%) of total portfolio investments.

(d) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies. All of the investment policies restrict the types and proportions of eligible investments, thus mitigating AHS's overall exposure to credit risk.

Under the AHS Investment Bylaw money market securities are limited to a rating of R1 or equivalent or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher and no more than 40% of the total fixed income securities. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. Short selling is not permitted.

The ACF Investment Policy limits the overall rating of all fixed income instruments to at least an A rating, and no more than 10% of publically traded equities may be invested in any one issuer.

The LPIP Investment Policy limits money market securities to a rating of R1 or equivalent or higher and no more than 10% may be invested in any one issuer unless guaranteed by the Government of Canada or a Canadian province. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher. Investments in debt and equity of any one issuer are limited to 10% of total equities.

The CHT Statement of Investment Policies and Goals limits the overall rating of fixed income securities to BBB or equivalent or higher and no more than 10% of fixed income securities or equities may be invested in any one issuer.

(e) Liquidity Risk

Liquidity risk is the risk that AHS will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Liquidity requirements of AHS are met through funding in advance by AH, income generated from investments, and by investing in liquid assets, such as money market investments, equities and bonds, traded in an active market that are easily sold and converted to cash.

Note 13 Accounts Receivable

	March 31, 2013			March 31, 2012	April 1, 2011
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	Net Realizable Value
Patient accounts receivable	\$ 118,484	\$ 31,936	\$ 86,548	\$ 121,922	\$ 132,099
AH operating grants receivable	99,109	-	99,109	78,253	200,313
AH capital grants receivable	2,650	-	2,650	2,293	11,476
Other operating grants receivable	19,183	-	19,183	35,049	18,169
Other capital grants receivable	97,956	-	97,956	92,175	76,937
Other accounts receivable	58,623	648	57,975	83,808	56,398
	<u>\$ 396,005</u>	<u>\$ 32,584</u>	<u>\$ 363,421</u>	<u>\$ 413,500</u>	<u>\$ 495,392</u>

Accounts receivable are unsecured and non-interest bearing. At March 31, 2012, the allowance for doubtful accounts was \$31,899 (April 1, 2011 - \$21,217).

Note 14 Tangible Capital Assets

	March 31, 2012	Additions ^(a)	Transfers for work-in- progress	Disposals and write-downs ^(b)	March 31, 2013
Historical cost					
Facilities and improvements	\$ 6,138,968	\$ -	\$ 1,809,005	\$ (10,379)	\$ 7,937,594
Work in progress	2,109,881	579,612	(2,001,736)	-	687,757
Equipment	1,898,642	225,360	44,954	(55,540)	2,113,416
Information systems	932,565	28,907	99,361	(13)	1,060,820
Building service equipment	381,646	-	44,294	-	425,940
Land	109,429	-	15	-	109,444
Leased facilities and improvements	165,013	-	1,220	-	166,233
Land improvements	64,753	-	2,887	-	67,640
	<u>\$ 11,800,897</u>	<u>\$ 833,879</u>	<u>\$ -</u>	<u>\$ (65,932)</u>	<u>\$ 12,568,844</u>

	March 31, 2012	Amortization expense	Effect of transfers	Effect of disposals and write-downs ^(b)	March 31, 2013
Accumulated amortization					
Facilities and improvements	\$ 2,293,008	\$ 212,266	\$ -	\$ (7,902)	\$ 2,497,372
Work in progress	-	-	-	-	-
Equipment	1,282,031	160,820	-	(52,743)	1,390,108
Information systems	646,573	115,318	-	(13)	761,878
Building service equipment	216,804	24,418	-	-	241,222
Land	-	-	-	-	-
Leased facilities and improvements	97,007	12,596	-	-	109,603
Land improvements	50,303	2,476	-	-	52,779
	<u>\$ 4,585,726</u>	<u>\$ 527,894</u>	<u>\$ -</u>	<u>\$ (60,658)</u>	<u>\$ 5,052,962</u>

	April 1, 2011	Additions ^(a)	Transfers for work-in- progress	Disposals and write-downs ^(b)	March 31, 2012
Historical cost					
Facilities and improvements	\$ 6,001,128	\$ -	\$ 137,840	\$ -	\$ 6,138,968
Work in progress	1,669,214	776,256	(335,589)	-	2,109,881
Equipment	1,740,143	184,010	7,261	(32,772)	1,898,642
Information systems	757,329	21,379	154,546	(689)	932,565
Building service equipment	349,066	-	32,580	-	381,646
Land	108,830	599	-	-	109,429
Leased facilities and improvements	162,892	-	2,121	-	165,013
Land improvements	63,512	-	1,241	-	64,753
	<u>\$ 10,852,114</u>	<u>\$ 982,244</u>	<u>\$ -</u>	<u>\$ (33,461)</u>	<u>\$ 11,800,897</u>

	April 1, 2011	Amortization expense	Effect of transfers	Effect of disposals and write-downs ^(b)	March 31, 2012
Accumulated amortization					
Facilities and improvements	\$ 2,118,659	\$ 174,349	\$ -	\$ -	\$ 2,293,008
Work in progress	-	-	-	-	-
Equipment	1,160,474	151,775	-	(30,218)	1,282,031
Information systems	541,302	105,701	-	(430)	646,573
Building service equipment	194,307	22,497	-	-	216,804
Land	-	-	-	-	-
Leased facilities and improvements	81,900	15,107	-	-	97,007
Land improvements	48,008	2,295	-	-	50,303
	<u>\$ 4,144,650</u>	<u>\$ 471,724</u>	<u>\$ -</u>	<u>\$ (30,648)</u>	<u>\$ 4,585,726</u>

Note 14 Tangible Capital Assets (continued)

	Net Book Value		
	March 31, 2013	March 31, 2012	April 1, 2011
Facilities and improvements	\$ 5,440,222	\$ 3,845,960	\$ 3,882,469
Work in progress	687,757	2,109,881	1,669,214
Equipment	723,308	616,611	579,669
Information systems	298,942	285,992	216,027
Building service equipment	184,718	164,842	154,759
Land	109,444	109,429	108,830
Leased facilities and improvements	56,630	68,006	80,992
Land improvements	14,861	14,450	15,504
	<u>\$ 7,515,882</u>	<u>\$ 7,215,171</u>	<u>\$ 6,707,464</u>

(a) Transferred Tangible Capital Assets

Additions include non-cash work in progress totaling \$293,041 (2012 - \$495,328) transferred from AI to AHS.

(b) Disposals and Write-Downs

Disposals include a write-down of information systems at a cost of \$nil (2012 - \$566) with an effect to accumulated amortization of \$nil (2012 - \$305).

(c) Leased Land

Land at the following sites has been leased to AHS at nominal values:

<u>Site</u>	<u>Leased from</u>	<u>Lease expiry</u>
Cross Cancer Institute Parkade	University of Alberta	2019
Banff Health Unit	Covenant Health	2028
Evansburg Community Health Centre	Yellowhead County	2031
Two Hills Helipad	Stella Stefiuk	2041
Northeast Community Health Centre	City of Edmonton	2046
Foothills Medical Centre Parkade	University of Calgary	2054
McConnell Place North	City of Edmonton	2056
Alberta Children's Hospital	University of Calgary	2101

(d) Leased Equipment

Equipment includes assets acquired through capital leases at a cost of \$24,728 (2012 - \$11,496) with accumulated amortization of \$12,000 (2012 - \$10,721). Equipment additions for the year ended March 31, 2013 include vehicle capital leases totaling \$13,489 (2012 - \$nil).

(e) Capitalized Interest

Total capitalized interest for the year ended March 31, 2013 was \$3,489 (2012 - \$16,605).

(f) Tangible Capital Assets Operated by Contracted Health Service Providers

As at March 31, 2013, the net book value of tangible capital assets owned by AHS but operated by a voluntary or private health service provider was \$179,343 (2012 - \$183,872; April 1, 2011 - \$185,510).

Note 15 Accounts Payable and Accrued Liabilities

	March 31, 2013	March 31, 2012	April 1, 2011
Payroll remittances payable and accrued liabilities	\$ 553,181	\$ 546,331	\$ 461,573
Trade accounts payable and accrued liabilities ^(a)	456,154	652,034	675,442
Provision for unpaid claims ^(b)	102,774	101,619	76,802
Other liabilities	41,661	48,599	70,615
	<u>1,153,770</u>	<u>1,348,583</u>	<u>1,284,432</u>
Unrealized net gains on portfolio investments related to accounts payable and accrued liabilities (Note 12)	4,154	-	-
	<u>\$ 1,157,924</u>	<u>\$ 1,348,583</u>	<u>\$ 1,284,432</u>

(a) Capital Transactions

Trade accounts payable and accrued liabilities includes payables related to capital transactions of \$142,634 (2012 - \$243,234; April 1, 2011 - \$224,366).

(b) Provision for Unpaid Claims

Provision for unpaid claims represents the losses from identified claims likely to be paid and provisions for liabilities incurred but not yet reported. The establishment of the provision for unpaid claims relies on the judgment and opinions of many individuals, on historical precedent and trends, on prevailing legal, economic, and social and regulatory trends, and on expectation as to future developments. The process of determining the provision necessarily involves risks that the actual results will deviate perhaps materially from the best estimates made.

Under accepted actuarial practice, the appropriate value of the claims liabilities is the discounted value of such liabilities plus the provision for adverse deviation. The provision for unpaid claims has been estimated using the discounted value of claim liabilities based on the expected market yield of the respective portfolio using a discount rate of 2.40% (2012 - 2.10%; April 1, 2011 - 3.25%).

Note 16 Employee Future Benefits

	March 31, 2013	March 31, 2012	April 1, 2011
Accrued vacation pay	\$ 433,811	\$ 428,146	\$ 385,525
Accumulating non-vesting sick leave ^(a)	91,016	86,369	85,441
Registered defined benefit pension plans ^{(b), (c)}	-	-	-
	<u>\$ 524,827</u>	<u>\$ 514,515</u>	<u>\$ 470,966</u>

(a) Accumulating non-vesting sick leave liability

The accumulating non-vesting sick leave liability is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement rates and mortality. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service based on actuarial valuation as at March 31, 2011 and projected for the periods ending March 31, 2012 and 2013. Any resulting net actuarial gain (loss) is deferred and amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

Note 16 Employee Future Benefits (continued)

Sick leave benefits are paid by AHS; there are no employee contributions and no plan assets. The following table summarizes the accumulating non-vesting sick leave liability.

	March 31, 2013		March 31, 2012
Change in accrued benefit obligation and funded status			
Accrued benefit obligation and funded status, beginning of year	\$ 96,558		85,441
Current service cost	8,247	\$	6,823
Interest cost	3,231		3,930
Benefits paid	(7,680)		(9,825)
Actuarial gain (loss)	(891)		10,189
Accrued benefit obligation and funded status, end of year	<u>\$ 99,465</u>	\$	<u>96,558</u>
Reconciliation to accrued benefit liability			
Funded status - deficit	\$ 99,465	\$	96,558
Unamortized net actuarial gain (loss)	(8,449)		(10,189)
Accrued benefit liability	<u>\$ 91,016</u>	\$	<u>86,369</u>
Components of expense			
Current service cost	\$ 8,247	\$	6,823
Interest cost	3,231		3,930
Amortization of net actuarial loss	849		-
Net expense	<u>\$ 12,327</u>	\$	<u>10,753</u>
Assumptions			
Discount rate – beginning of period	3.20%		4.50%
Discount rate – end of period	3.30%		3.20%
Rate of compensation increase per year	2012-2013		2010-2011
	3.25%		3.25%
	2013-2014		2011-2012
	3.25%		3.25%
	Thereafter 3.25%		Thereafter 3.25%

(b) Local Authorities Pension Plan (LAPP)

 (i) AHS Participation in the LAPP

The majority of AHS employees participate in the LAPP and as AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

The LAPP provides for a pension of 1.4% for each year of pensionable service based on the average salary of the highest five consecutive years up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) over the same five consecutive year period and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act* (Canada). The maximum pensionable service allowable under the plan is 35 years.

Note 16 Employee Future Benefits (continued)

The contribution rates were reviewed by the LAPP Board of Trustees in 2012 and are to be reviewed at least once every three years based on recommendations of the LAPP's actuary. AHS and its employees made the following contributions:

Calendar 2012		Calendar 2011	
Employer	Employees	Employer	Employees
\$435,992	\$398,564	\$357,632	\$324,613
9.91% of pensionable earnings up to the YMPE and 13.74% of the excess	8.91% of pensionable earnings up to the YMPE and 12.74% of the excess	9.49% of pensionable earnings up to the YMPE and 13.13% of the excess	8.49% of pensionable earnings up to the YMPE and 12.13% of the excess

AHS contributed \$435,992 (2011 - \$357,632) of the LAPP's total employer contributions of \$1,012,225 from January 1, 2012 to December 31, 2012 (December 31, 2011 - \$856,950).

(ii) LAPP Deficit

An actuarial valuation of the LAPP was carried out as at December 31, 2011 by Mercer (Canada) Limited and results were then extrapolated to December 31, 2012. LAPP's net assets available for benefits divided by LAPP's pension obligation shows that the LAPP is 82% (2011 - 81%) funded.

	December 31, 2012	December 31, 2011
LAPP net assets available for benefits	\$ 22,862,497	\$ 19,662,810
LAPP pension obligation	27,839,800	24,302,200
LAPP deficiency	\$ (4,977,303)	\$ (4,639,390)

Further information about the LAPP including assumptions and sensitivities of the LAPP's deficiency to changes in those assumptions can be found in the LAPP financial statements and the LAPP annual report.

The 2013 and 2014 LAPP contribution rates have been increased as follows:

Calendar 2014 (estimated)		Calendar 2013	
Employer	Employees	Employer	Employees
11.39% of pensionable earnings up to the YMPE and 15.84% of the excess	10.39% of pensionable earnings up to the YMPE and 14.84% of the excess	10.43% of pensionable earnings up to the YMPE and 14.47% of the excess	9.43% of pensionable earnings up to the YMPE and 13.47% of the excess

(c) Management Employees Pension Plan (MEPP)

At December 31, 2012 the MEPP reported a deficiency of \$303,423 (2011 - deficiency of \$517,726).

Note 16 Employee Future Benefits (continued)
(d) Supplemental Executive Retirement Plans (SERPs)

As at March 31, 2013 an accrued benefit liability of \$1,635 is included in accounts payable and accrued liabilities. As at March 31, 2012 and April 1, 2011 an accrued benefit asset is included in other assets (2012 - \$8,519, April 1, 2011 - \$5,952).

AHS sponsors SERPs which are funded and has three RCAs for these plans. Under the terms of the SERPs, participants will receive retirement benefits that supplement the benefits under AHS's registered plans that are limited by the *Income Tax Act* (Canada). As required under the plans' terms, any unfunded obligations identified in the actuarial valuation completed at the end of each fiscal year must be fully funded within 61 days. The accounting policies for SERPs are described in Note 3(g)(iii).

	March 31, 2013	March 31, 2012
Change in accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 35,185	\$ 34,143
Change in actuarial assumption for discount rate (Note 2(b)(i))	9,632	-
Current service cost	492	1,774
Interest cost	1,219	1,704
Benefit payments	(2,333)	(1,956)
Decrease in obligation due to curtailment	-	(1,251)
Actuarial losses	514	771
Accrued benefit obligation, end of year	<u>\$ 44,709</u>	<u>\$ 35,185</u>
Change in plan assets		
Market value of plan assets, beginning of year	\$ 43,704	\$ 40,095
Change in valuation allowance	-	932
Actual return on plan assets	2,196	1,738
Actual employer contributions	15	2,895
Benefit payments	(2,333)	(1,956)
Market value of plan assets, end of year	<u>\$ 43,582</u>	<u>\$ 43,704</u>
Reconciliation of funded status to accrued benefit asset (liability)		
Funded status of the plan	\$ (1,127)	\$ 8,519
Unrecognized net actuarial losses	(508)	-
Accrued benefit asset (liability), end of year	<u>\$ (1,635)</u>	<u>\$ 8,519</u>

Note 16 Employee Future Benefits (continued)

Net actuarial gains or losses are amortized over a period of one year.

As a result of electing to use the exemption under PS 2125, AHS recognized a cumulative net actuarial loss of \$5,921, cumulative initial obligations of \$342, and cumulative past service costs of \$296 in accumulated operating surplus as at April 1, 2011 (Note 2(b)(i)).

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Determination of net benefit cost		
Current period benefit cost	\$ 492	\$ 1,778
Amortization of actuarial losses (gains)	-	1,162
Interest cost on the accrued benefit obligation	1,219	1,704
Expected return on plan assets	(1,174)	(874)
Net benefit cost	<u>\$ 537</u>	<u>\$ 3,770</u>
Change in actuarial assumption for discount rate	<u>\$ 9,632</u>	<u>\$ -</u>
Members		
Active	44	51
Retired and terminated	54	52
Total members	<u>98</u>	<u>103</u>
Assumptions		
Weighted average discount rate to determine year end obligations	2.75%	4.80%
Weighted average discount rate to determine net benefit costs	2.75%	4.90%
Expected return on assets	2.75%	2.13%
Expected average remaining service life time	1	3
Rate of compensation increase per year	2012-2013	2011-2012
	0.00%	3.50%
	2013-2014	2012-2013
	0.00%	3.50%
	Thereafter	Thereafter
	0.00%	3.50%

(e) Pension expense

AHS's pension expense is recorded in salaries and benefits included in the Consolidated Schedules of Expenses by Object (Schedule 1). Additional disclosure of salaries and benefits is included in the Consolidated Schedules of Salaries and Benefits (Schedule 2).

	<u>2013</u>	<u>2012</u>
Local Authorities Pension Plan (LAPP)	\$ 452,993	\$ 361,575
Defined contribution pension plans and group RRSPs	42,208	29,976
Change in actuarial assumption for SERPs	9,632	-
Management Employees Pension Plan (MEPP)	722	661
Supplemental Pension Plan (SPPs)	2,127	523
Supplemental Executive Retirement Plans (SERPs)	537	3,770
Costs to transfer employees to LAPP	-	5,169
	<u>\$ 508,219</u>	<u>\$ 401,674</u>

Note 17 Deferred Revenue

	March 31, 2013	March 31, 2012	April 1, 2011
Unexpended deferred operating revenue ^{(a)(d)}	\$ 483,953	\$ 547,174	\$ 712,377
Unexpended deferred capital revenue ^{(b)(e)}	240,358	383,171	557,562
Expended deferred capital revenue ^(c)	6,235,264	5,974,714	5,598,973
	<u>\$ 6,959,575</u>	<u>\$ 6,905,059</u>	<u>\$ 6,868,912</u>

- (a) Unexpended deferred operating revenue represents unspent resources with stipulations or external restrictions related to operating expenditures. Changes in the unexpended deferred operating revenue balance are as follows:

	March 31, 2013				March 31, 2012
	AH	Other government ⁽ⁱ⁾	Donors and non-government	Total	Total
Balance, beginning of year	\$ 282,915	\$ 57,967	\$ 206,292	\$ 547,174	\$ 712,377
Received or receivable during the year	1,002,196	38,611	167,844	1,208,651	907,092
Restricted investment income	1,072	1,867	6,254	9,193	8,582
Transferred from unexpended deferred capital revenue	9,498	32,147	11,310	52,955	7,422
Other transfers	-	-	-	-	(4,922)
Recognized as revenue	<u>(1,077,695)</u>	<u>(105,445)</u>	<u>(167,726)</u>	<u>(1,350,866)</u>	<u>(1,083,377)</u>
	217,986	25,147	223,974	467,107	547,174
Unrealized net gain on portfolio investments related to unexpended deferred operating revenue (Note 12)	4,237	437	12,172	16,846	-
Balance, end of year	<u>\$ 222,223</u>	<u>\$ 25,584</u>	<u>\$ 236,146</u>	<u>\$ 483,953</u>	<u>\$ 547,174</u>

- ⁽ⁱ⁾ The balance at March 31, 2013 for other government includes \$1,264 of unexpended deferred operating revenue received from the federal government (March 31, 2012 - \$885, April 1, 2011 - \$nil).

Note 17 Deferred Revenue (continued)

- (b) Unexpended deferred capital revenue represents unspent resources with stipulations or external restrictions related to the purchase of tangible capital assets. Changes in the unexpended deferred capital revenue balance are as follows:

	March 31, 2013				March 31, 2012
	AH	Other government	Donors and non-government	Total	Total
Balance, beginning of year	\$ 193,571	\$ 85,233	\$ 104,367	\$ 383,171	\$ 557,562
Received or receivable during the year	76,399	129,513	49,924	255,836	151,904
Transferred tangible capital assets (Note 14(a))	-	293,041	-	293,041	495,328
Restricted investment income	1,264	-	-	1,264	1,889
Unexpended deferred capital revenue returned	(1,332)	(2,239)	(4,717)	(8,288)	(97,200)
Transfer to expended deferred capital revenue	(114,577)	(457,058)	(64,222)	(635,857)	(718,291)
Transferred (to) unexpended deferred operating revenue	(9,498)	(32,147)	(11,310)	(52,955)	(7,422)
Used for the acquisition of land	-	(15)	-	(15)	(599)
	<u>145,827</u>	<u>16,328</u>	<u>74,042</u>	<u>236,197</u>	<u>383,171</u>
Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12)	3,293	716	152	4,161	-
Balance, end of year	\$ <u>149,120</u>	\$ <u>17,044</u>	\$ <u>74,194</u>	\$ <u>240,358</u>	\$ <u>383,171</u>

- (c) Expended deferred capital revenue at year-end represent external resources spent in the acquisition of tangible capital assets, stipulated for use in the provision of services over their useful lives. This revenue is recognized as revenue over the useful life of the assets. Changes in the expended deferred capital revenue balance are as follows:

	March 31, 2013				March 31, 2012
	AH	Other government	Donors and non-government	Total	Total
Balance, beginning of year	\$ 427,473	\$ 5,404,087	\$ 143,154	\$ 5,974,714	\$ 5,598,973
Transferred from unexpended deferred capital revenue	114,577	457,058	64,222	635,857	718,291
Less amounts recognized as revenue	(106,688)	(239,125)	(29,494)	(375,307)	(342,550)
Balance, end of year	\$ <u>435,362</u>	\$ <u>5,622,020</u>	\$ <u>177,882</u>	\$ <u>6,235,264</u>	\$ <u>5,974,714</u>

Note 17 Deferred Revenue (continued)

- (d) The unexpended deferred operating revenue balance at the end of the year is stipulated or externally restricted for the following purposes:

	March 31, 2013				March 31, 2012	April 1, 2011
	AH	Other government	Donors and non- government	Total	Total	Total
Research and education	\$ 1,014	\$ 1,455	\$ 115,245	\$ 117,714	\$ 111,654	\$ 104,642
Cancer prevention, screening and treatment	36,451	77	49,657	86,185	84,553	87,207
Primary Care Networks (Note 24)	56,845	-	78	56,923	42,646	41,946
Addiction and mental health	48,787	2,192	5	50,984	82,603	114,218
Physician revenue and Alternate Relationship Plans	36,019	-	19	36,038	28,380	54,116
Promotion, prevention and community	12,644	896	3,878	17,418	22,803	42,695
Inpatient acute nursing services	1,445	121	15,483	17,049	16,225	19,714
Administration and support services	326	3,581	5,999	9,906	14,991	12,137
Emergency and other outpatient services	4,493	106	4,442	9,041	12,833	21,049
Continuing care and seniors health	3,356	1,241	1,970	6,567	14,975	54,332
Diagnostic and therapeutic services	1,564	1,456	2,656	5,676	10,459	19,936
Information technology	5,354	25	182	5,561	3,607	15,369
Infrastructure maintenance	22	71	222	315	26,820	38,228
Virtual site training for Calgary South Health Campus	-	-	-	-	41,982	49,630
Others less than \$10,000	9,666	13,926	24,138	47,730	32,643	37,158
	<u>217,986</u>	<u>25,147</u>	<u>223,974</u>	<u>467,107</u>	<u>547,174</u>	<u>712,377</u>
Unrealized net gain on portfolio investments related to unexpended deferred operating revenue (Note 12)	4,237	437	12,172	16,846	-	-
	<u>\$ 222,223</u>	<u>\$ 25,584</u>	<u>\$ 236,146</u>	<u>\$ 483,953</u>	<u>\$ 547,174</u>	<u>\$ 712,377</u>

Note 17 Deferred Revenue (continued)

- (e) The unexpended deferred capital revenue balance at the end of the year is stipulated or externally restricted for the following purposes:

	March 31, 2013	March 31, 2012	April 1, 2011
AH			
Information systems:			
Regional Shared Health Information Program	\$ 18,616	\$ 34,540	\$ 44,979
Access to Health Service IM IT	17,767	22,361	-
Diagnostic Imaging Project Year 6	11,339	-	-
Provincial Health Information Exchange	10,469	9,128	10,909
Diagnostic Imaging Project Years 2 & 3	3,886	25,844	29,004
Diagnostic Imaging Project Year 4	96	22,142	26,219
Others less than \$10,000	61,979	48,887	75,971
	<u>124,152</u>	<u>162,902</u>	<u>187,082</u>
Medical Equipment Replacement Upgrade Program	10,305	-	-
Equipment less than \$10,000	11,370	30,669	27,525
Total AH	<u>145,827</u>	<u>193,571</u>	<u>214,607</u>
Other government			
Facilities and improvements:			
Infrastructure maintenance projects	8,383	38,869	143,009
Others less than \$10,000	7,945	43,691	114,470
Total other government	<u>16,328</u>	<u>82,560</u>	<u>257,479</u>
Donors and non-government			
North Treatment Centre	695	3,209	-
Stollery Paediatric Emergency Expansion	208	5,000	-
Equipment less than \$10,000	64,847	97,747	56,663
Facilities and improvements less than \$10,000	8,292	1,084	28,813
Total donors and non-government	<u>74,042</u>	<u>107,040</u>	<u>85,476</u>
	236,197	383,171	557,562
Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12)	4,161	-	-
	<u>\$ 240,358</u>	<u>\$ 383,171</u>	<u>\$ 557,562</u>

Note 18 Debt

	March 31, 2013	March 31, 2012	April 1, 2011
Debtentures payable: ^(a)			
Parkade loan #1	\$ 42,276	\$ 44,528	\$ 46,683
Parkade loan #2	38,637	40,510	42,303
Parkade loan #3	47,815	49,744	51,582
Parkade loan #4	172,674	178,292	15,000
Parkade loan #5	41,617	10,000	5,000
Calgary Laboratory Services purchase	3,472	10,179	16,583
Term loan-Parkade #4	-	-	138,000
Term loan-Parkade #5 ^(b)	-	19,000	2,000
Obligation under leased tangible capital assets ^(c)	26,675	15,280	15,328
Other	2,218	2,446	3,820
	<u>\$ 375,384</u>	<u>\$ 369,979</u>	<u>\$ 336,299</u>

- (a) AHS issued debentures to Alberta Capital Financing Authority (ACFA), a related party, to finance the construction of parkades and the purchase of the remaining 50.01% ownership interest in CLS. AHS has pledged as security for these debentures revenue derived directly or indirectly from the operations of all parking facilities being built, renovated, owned and operated by AHS.

The maturity dates and interest rates for the debentures are as follows:

	Maturity Date	Fixed Interest Rate
Parkade loan #1	September 2026	4.4025%
Parkade loan #2	September 2027	4.3870%
Parkade loan #3	March 2029	4.9150%
Parkade loan #4	September 2031	4.9250%
Parkade loan #5	June 2032	4.2280%
Calgary Laboratory Services purchase	May 2013	4.6810%

- (b) AHS obtained a term loan facility of \$42,300 during 2011. In 2012, the term loan was replaced by the issuance of the balance of Parkade #5 debenture to ACFA of \$32,300.

- (c) The leased tangible capital assets include a site lease with the University of Calgary and vehicle leases.

The University of Calgary lease expires January 2028. The implicit interest rate payable on this lease is 6.50%. There are no renewal options, purchase options or escalation clauses related to this leased tangible capital asset.

AHS is contractually committed to future capital lease payments for vehicles until 2017. The implicit interest rate payable on these leases is 1.90%.

- (d) As at March 31, 2013 AHS held a \$220,000 revolving demand facility with a Canadian chartered bank which may be used for operating purposes. Draws on the facility bear interest at the bank's prime rate less 0.50% per annum. As at March 31, 2013, AHS has no draws against this facility.

AHS also holds a \$33,000 revolving demand letter of credit facility which may be used to secure AHS's obligations to third parties relating to construction projects. As at March 31, 2013, AHS had \$4,585 (March 31, 2012 - \$5,353; April 1, 2011 \$6,024) in letters of credit outstanding against this facility.

Note 18 Debt (continued)

AHS is committed to making payments as follows:

Year ended March 31	Debentures Payable, Term/Other Loan and Mortgages Payable		Leased Tangible Capital Assets	
	Principal payments		Minimum lease payments	
2014	\$	17,249	\$	5,324
2015		18,004		4,640
2016		14,091		4,486
2017		15,943		4,486
2018		14,372		1,465
Thereafter		269,050		15,381
	\$	<u>348,709</u>		<u>35,782</u>
Less: interest				(9,107)
	\$		\$	<u>26,675</u>

During the year, the amount of interest expensed was \$14,480 (2012 - \$9,009), of which loan interest was \$13,047 (2012 - \$8,068) and other interest charges was \$1,433 (2012 - \$941).

Note 19 Accumulated Operating Surplus

	Unrestricted net assets (deficiency)	Reserves for future purposes ^(a)	Net assets invested in tangible capital assets ^(a)	Accumulated operating surplus
Balance as at April 1, 2011	\$ 10,195	\$ 97,647	\$ 776,982	\$ 884,824
Operating surplus	86,899	-	-	86,899
Tangible capital assets purchased with internal funds	(219,655)	-	219,655	-
Amortization of internally funded tangible capital assets	131,987	-	(131,987)	-
Repayment of debt used to fund tangible capital assets	(10,655)	-	10,655	-
Net repayment of life lease deposits	(451)	-	451	-
Transfer of revenue for acquisition of land	(599)	-	599	-
Transfer of reserves for future purposes	(1,134)	1,134	-	-
Balance as at March 31, 2012	<u>(3,413)</u>	<u>98,781</u>	<u>876,355</u>	<u>971,723</u>
Operating surplus	106,391	-	-	106,391
Tangible capital assets purchased with internal funds	(182,394)	-	182,394	-
Amortization of internally funded tangible capital assets	157,861	-	(157,861)	-
Repayment of debt used to fund tangible capital assets	(16,224)	-	16,224	-
Net receipt of life lease deposits	563	-	(563)	-
Transfer of revenue for acquisition of land	(15)	-	15	-
Transfer of reserves for future purposes	20,054	(20,054)	-	-
Balance as at March 31, 2013	<u>\$ 82,823</u>	<u>\$ 78,727</u>	<u>\$ 916,564</u>	<u>\$ 1,078,114</u>

Note 19 Accumulated Operating Surplus (continued)
(a) Reserves

The AHS Board has approved the restriction of net assets for future purposes as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
South Health Campus ⁽ⁱ⁾	\$ 16,444	\$ 45,016	\$ 50,000
Cancer research reserve ⁽ⁱⁱ⁾	17,289	17,324	18,710
Parkade infrastructure reserve ⁽ⁱⁱⁱ⁾	32,745	24,522	16,722
Specific local initiatives reserve ^(iv)	11,919	11,919	12,215
Retail food services infrastructure reserve ^(v)	330	-	-
Reserves for future purposes	78,727	98,781	97,647
Net assets invested in tangible capital assets ^(vi)	916,564	876,355	776,982
	<u>\$ 995,291</u>	<u>\$ 975,136</u>	<u>\$ 874,629</u>

- (i) Restriction of operating net assets to assist with funding start up costs for South Health Campus in Calgary.
- (ii) Restriction of operating net assets to fund cancer research.
- (iii) Restriction of parking services surpluses to establish a parking infrastructure reserve for future major maintenance, upgrades, and construction.
- (iv) Restriction of operating net assets for specific local initiatives as a result of local fundraising.
- (v) Restriction of retail food services surplus to assist with future upgrades, maintenance, equipment, and construction costs for retail food service operations.
- (vi) Restriction of net assets equal to the net book value of internally funded tangible capital assets as these net assets are not available for any other purpose.

Note 20 Accumulated Unrealized Net Gains

	March 31, 2013	March 31, 2012
Balance, beginning of year	\$ 18,252	\$ 3,332
Adjustment on adoption of the financial instrument standard (Note 2(c)(v)) resulting in a transfers of unrealized gains to:		
Deferred revenue	(10,837)	-
Consolidated Statement of Accumulated Remeasurement Gains and Losses	(5,272)	-
Accounts payable and accrued liabilities	(2,143)	-
Net unrealized gains arising during the year on available for sale financial assets	-	25,124
Transfer of net realized gains on investments to revenue	-	(10,204)
Balance, end of year	<u>\$ -</u>	<u>\$ 18,252</u>

Note 21 Endowments

	March 31, 2013	March 31, 2012
Balance, beginning of year	\$ 63,740	\$ 59,773
Endowments received or receivable	1,467	3,967
Balance, end of year	<u>\$ 65,207</u>	<u>\$ 63,740</u>

Note 22 Contractual Obligations and Contingent Liabilities
(a) Leases

AHS is contractually committed to future operating lease payments for premises until 2033 as follows:

Year ended March 31	Total lease payments
2014	\$ 53,709
2015	49,159
2016	43,499
2017	39,320
2018	29,496
Thereafter	88,066
	<u>\$ 303,249</u>

(b) Tangible Capital Assets

AHS has the following outstanding contractual commitments for purchases of tangible capital assets as at March 31:

	2013
Facilities and improvements	\$ 59,136
Equipment	44,195
Information systems	43,915
	<u>\$ 147,246</u>

(c) Contracted Health Service Providers

AHS contracts on an ongoing basis with voluntary and private health service providers to provide health services in Alberta as disclosed in Note 10. AHS has contracted for services in the year ending March 31, 2014 similar to those provided by these providers in 2012-13.

(d) Contingent Liabilities

AHS is subject to legal claims during its normal course of business. AHS records a liability when the assessment of a claim indicates that a future event is likely to confirm that an asset had been impaired or a liability incurred at the date of the financial statements and the amount of the contingent loss can be reasonably estimated.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2013, accruals have been recorded as part of the provision for unpaid claims (Note 15). Included in this accrual are claims in which the AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS's portion of the liability.

At March 31, 2013, AHS has been named in 187 legal claims (2012 - 158 claims) where the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 172 claims have \$317,929 in specified amounts and 15 have no specified amounts (2012 - 137 claims with \$234,873 of specified claims and 21 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Alberta Health Services has been named as a co-defendant, along with the Government of Alberta, in a certified Class Action with regard to increased long-term accommodation charges, which were increased by a Cabinet order effective August 1, 2003. The amount of the Claim has not yet been specified, but it has been estimated to be between \$100,000 and \$175,000 per year, based on the amount of the August 1, 2003 increases in accommodation charges.

Note 23 Related Parties

Transactions with the following related parties are considered to be in the normal course of operations. Amounts due to or from the related parties and the recorded amounts of the transactions are included within these consolidated financial statements, unless otherwise stated.

The Minister of Health controls the AHS Board by appointing all its members. The viability of AHS's operations depends on transfers from the Ministry. Transactions between AHS and AH are reported and disclosed in the Consolidated Statements of Operations, the Consolidated Statements of Financial Position, and the Notes to the Consolidated Financial Statements, and are therefore excluded from the table below.

AHS shares a common relationship and is considered to be a related party with those entities consolidated or included on a modified equity basis in the GOA consolidated financial statements. Transactions in the normal course of operations between AHS and the other ministries are recorded at their exchange amount as follows:

	Revenue		Expenses	
	2013	2012	2013	2012
Ministry of Enterprise and Advanced Education ⁽ⁱ⁾	\$ 41,138	\$ 50,759	\$ 124,899	\$ 135,023
Ministry of Infrastructure ⁽ⁱⁱ⁾	66,888	42,218	137	16
Other ministries	39,401	47,225	25,884	24,571
Total for the year	<u>\$ 147,427</u>	<u>\$ 140,202</u>	<u>\$ 150,920</u>	<u>\$ 159,610</u>

	Receivable from		Payable to	
	2013	2012	2013	2012
Ministry of Enterprise and Advanced Education ⁽ⁱ⁾	\$ 16,731	\$ 37,039	\$ 24,425	\$ 21,714
Ministry of Infrastructure ⁽ⁱⁱ⁾	40,292	61,886	-	151,248
Other ministries ⁽ⁱⁱⁱ⁾	3,859	5,976	351,514	338,571
Balance, end of year	<u>\$ 60,882</u>	<u>\$ 104,901</u>	<u>\$ 375,939</u>	<u>\$ 511,533</u>

- (i) Most of AHS transactions with the Ministry of Enterprise and Advanced Education relate to initiatives with the University of Alberta and the University of Calgary. These initiatives include teaching, research, and program delivery. A number of physicians are employed by either AHS or the universities but perform services for both. Due to proximity of locations, some initiatives result in sharing physical space and support services. The revenue and expense transactions are a result of grants provided from one to the other and recoveries of shared costs.
- (ii) The transactions with the Ministry of Infrastructure relate to the construction and funding of tangible capital assets (Note 14).
- (iii) The payable transactions with other ministries include the debt payable to ACFA.

At March 31, 2013 AHS has recorded at the exchange amount deferred revenue from other ministries within the GOA of \$24,320 (March 31, 2012 - \$57,082) related to unexpended deferred operating revenue, \$17,044 (March 31, 2012 - \$85,233) related to unexpended deferred capital revenue and \$5,622,020 (March 31, 2012 - \$5,404,087) related to expended deferred capital revenue.

Outstanding contingencies in which AHS has been jointly named with other government entities within the GOA are disclosed in Note 22(d).

Note 24 Government Partnerships

The following is 100% of the financial position and results of operations for AHS's government partnerships with PCNs, NACTRC and HUTV. AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC and 30% of HUTV.

	March 31, 2013	March 31, 2012	April 1, 2011
Total assets	\$ 123,786	\$ 105,329	\$ 95,000
Total liabilities	123,786	105,329	95,000
Net assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total revenue	\$ 146,480	\$ 149,380	
Total expenses	146,480	149,380	
Net operating surplus	\$ <u>-</u>	\$ <u>-</u>	

As a requirement of AH, PCNs can only use accumulated operating surpluses based on an approved surplus reduction plan; therefore, AHS's proportionate share of these surpluses has been recorded by AHS as deferred revenue, and are reflected as liabilities in the above table.

Note 25 Trusts
(a) Trust Funds

AHS receives funds in trust for research and development, education, and other programs. These amounts are held and administered on behalf of others in accordance with the terms and conditions embodied in the relevant agreements with no unilateral power to change the conditions set out in the trust indenture (or agreement) and therefore are not reported in these consolidated financial statements. As at March 31, 2013, the balance of funds held in trust by AHS for research and development is \$8,443 (2012 - \$9,267).

AHS also receives funds in trust from continuing care residents for personal expenses. These amounts are not included above and not consolidated in these financial statements.

(b) Health Benefit Trust of Alberta (HBTA)

AHS is one of more than 30 participants in the HBTA and has a majority of representation on the HBTA governance board. The HBTA is a formal health and welfare trust established under a Trust Agreement effective January 1, 2000. The HBTA provides health and other related employee benefits pursuant to the authorizing Trust Agreement. The HBTA uses various carriers for the different benefits.

The HBTA maintains various reserves to adequately provide for all current obligations and reported fund balances of \$79,394 as at December 31, 2012 (\$57,081 as at December 31, 2011; \$79,576 as at December 31, 2010). Under the terms of the Trust Agreement, no participating employer or eligible employee shall have any right to any surplus or assets of the Trust nor shall they be responsible for any deficits or liabilities of the Trust. However, AHS has included in prepaid expenses \$57,759 (March 31, 2012 - \$41,494; April 1, 2011 - \$44,118) as a share of the HBTA's fund balances representing in substance a prepayment of future contributions. For the period January 1 to December 31, 2012 AHS paid premiums of \$277,894 (2011 - \$232,162).

Note 26 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the AHS Board on June 6, 2013.

**SCHEDULE 1 - CONSOLIDATED SCHEDULES OF EXPENSES BY OBJECT
 YEARS ENDED MARCH 31**

	2013		2012
	Budget (Note 4) (Schedule 3)	Actual	Actual (Note 2) (Schedule 4)
Salaries and benefits (Schedule 2)	\$ 6,851,000	\$ 6,752,659	\$ 6,161,025
Contracts with health service providers (Note 10)	2,265,000	2,166,269	2,018,260
Contracts under the Health Care Protection Act	21,000	16,852	18,434
Drugs and gases	386,000	388,013	387,984
Medical and surgical supplies	354,000	391,649	360,002
Other contracted services	1,148,000	1,099,199	1,055,932
Other ^(a)	1,191,000	1,220,403	1,270,986
Amortization, disposals and write-downs (Note 14)	521,000	533,168	474,537
	<u>\$ 12,737,000</u>	<u>\$ 12,568,212</u>	<u>\$ 11,747,160</u>
 (a) Significant amounts included in Other are:			
Equipment expense		\$ 152,472	\$ 152,498
Other clinical supplies		140,350	140,848
Building and ground expenses		116,530	109,941
Building rent		115,712	112,334
Utilities		109,362	108,354
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies		82,497	84,465
Minor equipment purchases		75,864	104,019
Food and dietary supplies		68,080	68,495
Telecommunications		53,862	50,375
Office supplies		52,804	65,474
Travel		49,140	49,719
Fundraising and grants awarded		45,826	50,359
Insurance		23,788	42,670
Licenses, fees and membership		17,876	15,453
Education		13,903	16,470
Other		102,337	99,512
		<u>\$ 1,220,403</u>	<u>\$ 1,270,986</u>

**SCHEDULE 2 - CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS
 FOR THE YEAR ENDED MARCH 31, 2013**

	2013						2012			
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance ^(e)		Total	FTE* ^(a)	Total* (Note 2)
						Number of Individuals	Amount			
Total Board (Sub-Schedule 2A)	13.95	\$ -	\$ 593	\$ -	\$ 593	-	\$ -	\$ 593	13.70	\$ 701
Total Executive (Sub-Schedule 2B)	11.16	4,031	857	706	5,594	-	-	5,594	9.71	6,309
Management Reporting to CEO Reports	38.33	6,632	505	1,522	8,659	1	26	8,685	35.81	13,502
Other Management	3,270.96	370,902	8,635	80,582	460,119	20	1,006	461,125	3,211.57	434,680
Medical Doctors not included above	123.10	33,822	668	2,216	36,706	-	-	36,706	137.75	40,254
Regulated nurses not included above:										
RNs, Reg. Psych. Nurses, Grad Nurses	18,044.91	1,574,565	246,401	329,514	2,150,480	22	605	2,151,085	17,524.41	1,989,737
LPNs	3,869.85	227,595	35,716	45,852	309,163	3	88	309,251	3,679.70	290,310
Other Health Technical & Professionals	13,814.16	1,123,362	85,298	268,111	1,476,771	16	442	1,477,213	14,333.33	1,409,885
Unregulated Health Service Providers	7,422.79	346,061	50,213	73,889	470,163	5	119	470,282	6,520.12	395,228
Other Staff	25,659.51	1,440,380	71,089	306,725	1,818,194	87	4,299	1,822,493	23,519.78	1,575,250
Change in actuarial assumption for discount rate for SERPs	-	-	-	9,632	9,632	-	-	9,632	-	-
Costs to transfer employees to LAPP	-	-	-	-	-	-	-	-	-	5,169
Total	<u>72,268.72</u>	<u>\$ 5,127,350</u>	<u>\$ 499,975</u>	<u>\$ 1,118,749</u>	<u>\$ 6,746,074</u>	<u>154</u>	<u>\$ 6,585</u>	<u>\$ 6,752,659</u>	<u>68,985.88</u>	<u>\$ 6,161,025</u>

*Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

The accompanying footnotes and sub-schedules are part of this schedule.

SUB-SCHEDULE 2A - BOARD HONORARIA FOR THE YEAR ENDED MARCH 31, 2013

	Term	2013 Committees	2013		2012	
			Honoraria		Honoraria	
Board Chair						
Stephen Lockwood ^(f)	Since Oct 13, 2010	AF, GOV, HA, HR, QS ^(m)	\$	75	\$	52
Catherine Roozen ^(g)	Since Jul 29, 2008	AF, GOV, HA, HR, QS ^(m)		35		60
Ken Hughes ^(h)	May 15, 2008 to Dec 28, 2011	-		-		63
Board Members						
Dr. Ray Block ⁽ⁱ⁾	Feb 18, 2011 to Sep 20, 2012	AF, HR		24		38
Teri Lynn Bougie	Nov 20, 2008 to Mar 31, 2013	GOV, HA, QS		53		54
Dr. Ruth Collins-Nakai	Since Feb 18, 2011	HR, QS		56		53
Donald Cormack	Since Mar 5, 2013	-(ⁿ)		5		-
Dr. Kamalesh Gangopadhyay	Oct 13, 2010 to Mar 31, 2013	GOV, HA, QS		53		54
Don Johnson	Since Feb 18, 2011	AF, HA, PASC		55		56
John Lehnert	Since May 15, 2008	HA, HR, PASC		55		56
Frederick Ring	Since Mar 5, 2013	-(ⁿ)		5		-
Gary Scieur	Since Mar 5, 2013	-(ⁿ)		4		-
Don Sieben ^(j)	Since May 15, 2008	AF, GOV, HA, HR, QS ^(m)		55		56
Dr. Eldon Smith	Since Feb 18, 2011	AF, GOV, QS		54		53
Sheila Weatherill ^(k)	Feb 18, 2011 to Aug 2, 2012	AF, GOV, HR, PASC		-		-
Gord Winkel	Nov 20, 2008 to Mar 31, 2013	HR, QS		56		54
Irene Lewis	May 15, 2008 to Mar 31, 2012	-		-		50
Board Committee Participants^(l)						
Dr. Thomas Feasby	Jan 27, 2011 to Jun 30, 2012	QS		-		1
Dennis Hoffman	Since Feb 11, 2013	AF		2		-
Dr. Jon Meddings	Since Jul 1, 2012	QS		3		-
Dr. Douglas Miller	Since Jul 1, 2012	QS		2		-
Elaine Noel-Bentley	Since Jun 15, 2012	PASC		1		-
Dr. Verna Yiu ^(k)	Jun 21, 2011 to Jun 30, 2012	QS		-		-
Dr. Philip Baker	Jan 27, 2011 to Jun 17, 2011	-		-		1
Total Board			\$	593	\$	701

Board members are compensated with monthly honoraria and honoraria for attendance at board and committee meetings and all other AHS Board business up to a maximum limit in accordance with Ministerial Order #50. Although M.O. #50 was repealed by M.O. #93, original rates from M.O. #50 were adopted again as of January 1, 2010. Effective November 1, 2012, the Minister of Health clarified the rates for committee meeting attendance.

Committee legend: AF = Audit and Finance, GOV = Governance, HA = Health Advisory, HR = Human Resources, QS = Quality and Safety, PASC = Pension Advisory Sub-Committee

SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013

For the Current Fiscal Year	2013						
	Base Salary (b)	Pay-at-Risk Component (b)	Other Cash Benefits (c)	Other Non- Cash Benefits (d)	Subtotal	Severance (e)	Total
Board Direct Reports							
Dr. Chris Eagle – President and Chief Executive Officer ^(p,t,ee)	\$ 580	\$ 108	\$ 41	\$ 65	\$ 794	\$ -	\$ 794
Ronda White – Chief Audit Executive ^(ff)	206	29	-	41	276	-	276
Noela Inions – Ethics and Compliance Officer ^(gg)	225	-(s)	-	60	285	-	285
Patti Grier – Chief of Staff and Corporate Secretary ^(u,gg)	192	29	-	33	254	-	254
CEO Direct Reports							
Chris Mazurkewich – Executive VP and Chief Operating Officer ^(p,hh)	468	93	22	64	647	-	647
Duncan Campbell – Executive VP and Chief Financial Officer ^(p,v,hh)	-	-	-	-	-	-	-
Allaudin Merali – Executive VP and Chief Financial Officer ^(p,w,hh,kk)	96	-	10	9	115	-(w)	115
Deborah Rhodes – Acting Chief Financial Officer ^(x,ff)	245	34	2	38	319	-	319
Dr. David Megran – Executive VP and Chief Medical Officer, Clinical Operations ^(p,r,y,ii)	485	98	46	176	805	-	805
Dr. Verna Yiu – Executive VP and Chief Medical Officer, Quality and Medical Affairs ^(p,q,z,ji)	316	52	36	22	426	-	426
Bill Trafford – Executive VP and Chief Development Officer ^(p,hh)	339	55	22	56	472	-	472
Stephen Gould – Executive VP, People and Partners ^(p,aa,hh)	411	69	32	68	580	-	580
Dr. Kathryn Todd – Senior VP, Research ^(q,bb,ji)	229	35	9	24	297	-	297
Barbara Pitts – Senior VP, Priorities and Performance ^(cc,gg)	156	23	-	35	214	-	214
Deb Gordon – Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer ^(dd,gg)	83	12	-	15	110	-	110
Total Executive	\$ 4,031	\$ 637	\$ 220	\$ 706	\$ 5,594	\$ -	\$ 5,594

SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)

For the Prior Fiscal Year	2012						Total
	Base Salary (b)	Pay-at-Risk Component (b)	Other Cash Benefits (c)	Other Non- Cash Benefits (d)	Subtotal	Severance (e)	
Board Direct Reports							
Dr. Chris Eagle – President and Chief Executive Officer	\$ 580	\$ 88	\$ 21	\$ 232	\$ 921	\$ -	\$ 921
Ronda White – Chief Audit Executive	200	24	-	43	267	-	267
Noela Inions – Ethics and Compliance Officer	209	16	-	51	276	-	276
CEO Direct Reports							
Chris Mazurkewich – Executive VP and Chief Operating Officer	345	45	19	89	498	-	498
Chris Mazurkewich – Executive VP and Chief Financial Officer	105	16	7	33	161	-	161
Deborah Rhodes – Acting Chief Financial Officer	128	19	1	27	175	-	175
Dr. David Megrán – Executive VP and Chief Medical Officer	481	61	54	173	769	-	769
Dr. Francois Belanger – Acting Executive VP and Chief Medical Officer	66	-	-	-	66	-	66
Bill Trafford – Executive VP and Chief Development Officer	112	17	8	16	153	-	153
Stephen Gould – Executive VP, People and Partners	221	35	18	39	313	-	313
Mike Conroy – Acting Executive VP, People and Partners	185	29	14	48	276	-	276
Alison Tonge – Executive VP, Strategy and Performance ^(o)	288	45	37	49	419	392	811
Pam Whitnack – Executive VP, Rural, Public and Community Health	60	-	2	18	80	-	80
Andrew Will – Executive VP and Executive Lead Transition	335	58	58	78	529	738	1,267
Patti Grier – Chief of Staff for the AHS Board	179	27	1	58	265	-	265
Lynn Redford – Chief of Staff, Board Office and VP Community Engagement	10	-	-	1	11	-	11
Total Executive	\$ 3,504	\$ 480	\$ 240	\$ 955	\$ 5,179	\$ 1,130	\$ 6,309

**FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2013**

Definitions

a. For this schedule, Full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours. If applicable, FTE for Board Members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year or the beginning of the year and the termination date.

b. The compensation model for senior leaders includes a component that is at risk if they do not meet performance objectives.

Pay at risk: Eligible senior leaders participate in 'pay-at-risk'. Under this model, a component of remuneration is withheld during the year and released (in full or in part) based on achievement of performance objectives.

Vacation accruals are included in base salary except for direct reports of the Board or President and Chief Executive Officer where vacation payouts are included in other cash benefits and vacation accruals are included in other non-cash benefits.

c. Other cash benefits may include as applicable honoraria, overtime, automobile allowance, lump sum payments, an allowance for professional development and an allowance for personal, financial and tax advice, club memberships and other similar purposes. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above. For anyone other than direct reports of the Board or the President and Chief Executive Officer, other cash benefits may also include pay at risk if applicable.

d. Other non-cash benefits include:

- Employer's current period benefit costs and other costs of supplemental pension plan and supplemental executive retirement plans as defined in Sub-Schedule 2C.
- Share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans.
- Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.

e. Severance includes direct or indirect payments to individuals upon termination or through a voluntary exit program. Severance is not included in other cash benefits or non-cash benefits.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)**

Board

- f. Stephen Lockwood was appointed Board Chair on September 4, 2012.
- g. Catherine Roozen was Board Vice Chair until being appointed Interim Board Chair from December 28, 2011 until September 4, 2012 at which time she resumed her role as Board Vice Chair.
- h. Ken Hughes was Board Chair until December 28, 2011.
- i. Dr. Ray Block started claiming honoraria on July 8, 2011.
- j. Don Sieben was Interim Board Vice Chair from January 17, 2012 until September 4, 2012.
- k. Sheila Weatherill and Dr. Verna Yiu did not claim honoraria.
- l. These individuals are participants of Board committees, but are not Board members or AHS employees. However, they are eligible to receive honoraria for meetings attended.
- m. Board Chair and Board Vice Chair, including interims, are Ex-Officio Members on all Committees.
- n. Board members not appointed to committees until April 2, 2013.

Executive Remuneration

- o. In the prior year, severance of \$436 was accrued for the incumbent. However, the total severance payments to the incumbent totalled \$392. Per the incumbent's contract, if alternate employment was found, the incumbent was only entitled to receive one-half of the remaining payments. Furthermore, the incumbent did not claim the maximum eligible legal fees. The prior year balance has been restated to reflect the actual severance paid.
- p. Incumbents are provided with an automobile allowance. Dollar amounts are included in other cash benefits. No incumbents were provided with an automobile in the current year.
- q. The incumbent is on secondment from the University of Alberta. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Alberta. AHS reimburses the University for the incumbent's base salary and benefits including annual performance adjustments. In lieu of enrollment into the AHS Supplementary Pension Plan (SPP), the incumbent will receive an annual lump sum supplemental payment equivalent to the amount the incumbent would have received as a member of the SPP and payable from AHS. This lump sum has been included in Other Cash Benefits.
- r. The incumbent is on secondment from the University of Calgary. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Calgary. AHS reimburses the University for the incumbent's rank salary; all amounts have been included in base salary.
- s. The incumbent is no longer eligible to receive pay-at-risk.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)**

Changes to Executive

- t. The incumbent held the position of President and Chief Executive Officer effective April 1, 2011. The contract term ends March 31, 2016.
- u. The incumbent was a direct report to the President and Chief Executive Officer until September 13, 2012 at which time the incumbent became a direct report to the Board.
- v. The incumbent held the position effective April 1, 2013.
- w. The incumbent held the position effective May 7, 2012 until August 1, 2012 (calculated FTE of 0.24) at which time the incumbent left AHS. The incumbent did not receive any severance. The incumbent is disputing the non-payment of severance.
- x. The incumbent held the position of Acting Chief Financial Officer until May 7, 2012 at which time the incumbent resumed the role of Senior Vice President Finance. The incumbent returned to the position of Acting Chief Financial Officer effective August 23, 2012. The incumbent received up to an additional 10% of base salary while in the Acting Chief Financial Officer position (calculated FTE of 0.70).
- y. The incumbent held the position of Executive Vice President and Chief Medical Officer until August 13, 2012 at which time the position became two positions as a result of restructuring: Executive Vice President and Chief Medical Officer, Clinical Operations and Executive Vice President and Chief Medical Officer, Quality and Medical Affairs. Incumbent held the position Executive Vice President and Chief Medical Officer, Clinical Operations effective August 13, 2012. There was no change to compensation for the Executive Vice President and Chief Medical Officer, Clinical Operations position.
- z. The incumbent held the position effective August 13, 2012 (calculated FTE of 0.63). The contract term ends August 13, 2017. This is a new position as a result of restructuring.
- aa. The incumbent held the position effective September 19, 2011. The contract term ends September 18, 2016.
- bb. The incumbent held the position effective May 1, 2012 (calculated FTE of 0.92). The contract term ends April 30, 2017. This is a new position as a result of restructuring.
- cc. The incumbent held the position effective October 29, 2012 (calculated FTE of 0.42). This is a new position as a result of restructuring.
- dd. The incumbent became a direct report to the President and Chief Executive Officer January 1, 2013 as a result of restructuring (calculated FTE of 0.25).

**FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)**

Executive Termination Liabilities

- ee. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive a maximum severance pay for 12 months base salary at the rate in effect at the date of termination. The incumbent will also receive 15% of the severance in lieu of all other benefits.
- ff. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to 12 months base salary. This severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.
- gg. The incumbent's termination benefits have not been predetermined.
- hh. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive severance pay equal to 12 months base salary at the rate in effect at the date of termination. Such severance will be paid in 12 equal monthly installments. The incumbent will also be paid 15% of the severance in lieu of all other benefits. Upon obtaining alternate employment, the incumbent is only entitled to receive one-half of the unpaid severance at that time.
- ii. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive severance pay equal to a maximum of 18 months base salary⁽ⁱ⁾ and premium payments at the rate in effect at the date of termination. The incumbent will also be paid an amount up to 18 months of the total cost of the incumbent's benefits. AHS will also make payment for the incumbent to attend an outplacement program for 6 months.
- jj. There is no severance associated with the secondment agreement. Upon termination of the secondment agreement, the incumbent would return to the incumbent's regular position at the University of Alberta.
- kk. SPP and SERP

Based on the provision of the applicable SPP and SERP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2012-2013 fiscal period:

Position	Benefit (not in thousands)	Frequency	Payment Terms
Executive VP and Chief Financial Officer*	\$13,552	Monthly	For the 4 months from September 1 until December 31, 2012
	\$13,682	Monthly	From January 1, 2013, increasing every January 1 as a result of Cost of Living Adjustments. SERP expires March 1, 2019

*The incumbent receives SERP payments for his role at the former Capital Health. Payments were put on hold while the incumbent was the Executive Vice President and Chief Financial Officer for AHS and were resumed subsequent to his departure as per the original Capital Health contract. There was no change to the amount of future payments as a result of being employed by AHS.

SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain employees will receive retirement benefits that supplement the benefits limited under the registered plans for service post 1991. The Supplemental Pension Plan (SPP) is a defined contribution plan and the Supplemental Executive Retirement Plan (SERP) is a defined benefit plan. The SERP is disclosed in Notes 2(b)(i), 3(g)(iii) and 16(d). The amounts in this table represent the total SPP and SERP benefits earned by the individual during the fiscal year. The current period benefit costs for SPP and the current period benefits costs and other costs for SERP included in other non-cash benefits disclosed in Sub-Schedule 2B are prorated for the period of time the individual was in their position directly reporting to the Board and directly reporting to the President and Chief Executive Officer. The change for actuarial assumption for discount rate is not included in Sub-Schedule 2B as this does not represent benefits earned during the period.

	2013					2012	
	SPP	SERP			Included in Other Non- Cash Benefits	Change in actuarial assumption for discount rate	Total
Current period benefit costs ⁽¹⁾	Current period benefit costs ⁽²⁾	Other Costs ⁽³⁾	Included in Other Non- Cash Benefits	Total			
President and Chief Executive Officer – SPP ^(t)	\$ 43	\$ -	\$ -	\$ 43	\$ -	\$ 43	\$ 44
President and Chief Executive Officer – SERP ^(t)	-	-	(2)	(2)	406	404	87
Chief Audit Executive	6	-	-	6	-	6	6
Ethics and Compliance Officer	8	-	-	8	-	8	7
Chief of Staff and Corporate Secretary ^(u)	4	-	-	4	-	4	5
Executive VP and Chief Operating Officer	32	-	-	32	-	32	30
Executive VP and Chief Financial Officer ^(v)	-	-	-	-	-	-	-
Executive VP and Chief Financial Officer ^{(w)(4)}	-	-	-	-	-	-	-
Acting Chief Financial Officer ^(x)	17	-	-	17	-	17	17
Executive VP and Chief Medical Officer, Clinical Operations ^(y)	-	139	(1)	138	244	382	136
Executive VP and Chief Medical Officer, Quality and Medical Affairs ^(z)	-	-	-	-	-	-	-
Executive VP and Chief Development Officer – SPP	19	-	-	19	-	19	7
Executive VP and Chief Development Officer – SERP ⁽⁵⁾	-	-	(1)	(1)	301	300	96
Executive VP, People and Partners ^(aa)	26	-	-	26	-	26	15
Senior VP, Research ^(bb)	-	-	-	-	-	-	-
Senior VP, Priorities and Performance ^(cc)	9	-	-	9	-	9	-
Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer – SPP ^(dd)	8	-	-	8	-	8	-
Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer – SERP ^(dd)	-	38	1	39	159	198	48

(1) The SPP current period benefit costs are AHS contributions earned in the period.

(2) The SERP current period benefit cost is the actuarial present value of the benefits earned in the fiscal year. These are not cash payments in the period but are the cost in the period for rights to these future retirement benefits.

(3) Other SERP costs include interest expense on the obligations, offset by the expected return on the plans' assets and amortization of actuarial gains and losses.

(4) The incumbent was not entitled to earn SPP or SERP current period benefits while employed at AHS. See footnote kk.

(5) The incumbent's prior year total SERP cost has been restated to correct a calculation error.

**SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(CONTINUED)**

	Account Balance or Accrued Benefit Obligation March 31, 2012	Change in actuarial assumption for discount rate	Change During the Year ⁽¹⁾	Account Balance or Accrued Benefit Obligation March 31, 2013
President and Chief Executive Officer from April 1, 2011 ^(t)	\$ 44	\$ -	\$ 46	\$ 90
President and Chief Executive Officer until April 1, 2011 ^(t)	1,370	406	(76)	1,700
Chief Audit Executive	11	-	6	17
Ethics and Compliance Officer	21	-	9	30
Chief of Staff and Corporate Secretary ^(u)	5	-	5	10
Executive VP and Chief Operating Officer	77	-	36	113
Executive VP and Chief Financial Officer ^(v)	-	-	-	-
Executive VP and Chief Financial Officer ^{(w)(2)}	-	-	-	-
Acting Chief Financial Officer ^(x)	31	-	19	50
Executive VP and Chief Medical Officer, Clinical Operations ^(y)	763	244	88	1,095
Executive VP and Chief Medical Officer, Quality and Medical Affairs ^(z)	-	-	-	-
Executive VP and Chief Development Officer from December 1, 2011	7	-	19	26
Executive VP and Chief Development Officer until November 30, 2011 ⁽³⁾	979	301	74	1,354
Executive VP, People and Partners ^(aa)	15	-	27	42
Senior VP, Research ^(bb)	-	-	-	-
Senior VP, Priorities and Performance ^(cc)	-	-	9	9
Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer from November 1, 2012 ^(dd)	-	-	8	8
Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer until October 31, 2012 ^(dd)	317	159	91	567

(1) Changes in the accrued benefit obligation include current period benefit cost, interest accruing on the obligations, the amortization of any actuarial gains or losses in the period, and gains or losses due to curtailment.

(2) The incumbent was not entitled to earn SPP or SERP current period benefits while employed at AHS. See footnote kk.

(3) The incumbent's opening Accrued Benefit Obligation relating to SERP has been restated to correct a calculation error.

**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF BUDGET
YEAR ENDED MARCH 31, 2013**
a) Reconciliation of the Consolidated Statement of Operations

	CGAAP Budget (Note 4)	Transition to PSAS (Note 2)	Reported Budget
Revenue:			
Alberta Health contributions/Alberta Health transfers			
Unrestricted ongoing/Base operating grant	\$ 10,212,000	\$ -	\$ 10,212,000
Restricted/Other operating grants	1,164,000	-	1,164,000
Capital grants	-	96,000	96,000
Other government contributions/			
Other government transfers	119,000	243,000	362,000
Fees and charges	439,000	-	439,000
Ancillary operations	127,000	-	127,000
Donations/Donations, fundraising and non-government grants	27,000	102,000	129,000
Investment and other income	222,000	(22,000)	200,000
Amortized external capital contributions ⁽ⁱ⁾	374,000	(374,000)	-
TOTAL REVENUE	12,684,000	45,000	12,729,000
Expenses:			
Inpatient acute nursing services	2,918,000	5,000	2,923,000
Emergency and other outpatient services	1,356,000	-	1,356,000
Facility-based continuing care services	971,000	-	971,000
Ambulance services	415,000	-	415,000
Community-based care	1,054,000	-	1,054,000
Home care	496,000	-	496,000
Diagnostic and therapeutic services	2,143,000	5,000	2,148,000
Promotion, prevention and protection services	368,000	-	368,000
Research and education	234,000	15,000	249,000
Administration ⁽ⁱⁱ⁾	397,000	39,000	436,000
Information technology	480,000	-	480,000
Support services	1,593,000	248,000	1,841,000
Amortization of facilities and improvements ⁽ⁱ⁾	259,000	(259,000)	-
TOTAL EXPENSES	12,684,000	53,000	12,737,000
OPERATING DEFICIT	\$ -	\$ (8,000)	\$ (8,000)

When a line item has changed names it is described as "2011-12 name/2012-13 name".

⁽ⁱ⁾Line item no longer presented separately.

⁽ⁱⁱ⁾During 2012-13 AHS changed the definition of administration to be consistent with the Canadian Institute of Health Information definition of administration, which resulted in a budget reclassification from support services to administration.

**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF BUDGET
YEAR ENDED MARCH 31, 2013 (CONTINUED)**
b) Reconciliation of the Consolidated Statement of Cash Flows

	CGAAP Budget (Note 4)	Transition to PSAS (Note 2)	Reported Budget
Operating transactions:			
Operating deficit	\$ -	\$ (8,000)	\$ (8,000)
Non-cash transactions:			
Amortization, disposals and write-downs	521,000	-	521,000
Amortization of external capital contributions/ Recognition of expended deferred capital revenue	(374,000)	-	(374,000)
Bond amortization expense	-	13,000	13,000
Decrease (increase) in:			
Accounts receivable relating to operating transactions	-	(20,000)	(20,000)
Inventories for consumption	-	(8,000)	(8,000)
Other assets	-	18,000	18,000
Prepaid expenses	-	-	-
Increase (decrease) in:			
Accounts payable and accrued liabilities related to operating transactions	-	55,000	55,000
Employee future benefits	-	52,000	52,000
Deferred revenue related to operating transactions	-	(79,000)	(79,000)
Other ⁽ⁱ⁾	(8,000)	8,000	-
Changes in non-cash working capital ⁽ⁱ⁾	14,000	(14,000)	-
Cash provided by operating transactions	<u>153,000</u>	<u>17,000</u>	<u>170,000</u>
Capital transactions:			
Acquisition of tangible capital assets	(556,000)	-	(556,000)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	-	13,000	13,000
Changes in non-cash working capital ⁽ⁱ⁾	13,000	(13,000)	-
Cash applied to capital transactions	<u>(543,000)</u>	<u>-</u>	<u>(543,000)</u>
Investing transactions:			
Purchase of portfolio investments	(4,310,000)	-	(4,310,000)
Proceeds on sale of portfolio investments	4,535,000	(13,000)	4,522,000
Allocation from (to) non-current cash and investments ⁽ⁱ⁾	(269,000)	269,000	-
Cash provided by (applied to) investing transactions	<u>(44,000)</u>	<u>256,000</u>	<u>212,000</u>
Financing transactions:			
Capital contributions received/ Deferred capital revenue received	163,000	-	163,000
Capital contributions returned/ Deferred capital revenue returned	(107,000)	-	(107,000)
Capital contributions payable transferred from accounts payable/ Deferred capital revenue payable transferred from accounts payable and accrued liabilities	107,000	-	107,000
Proceeds from debt	32,000	-	32,000
Principal payments on debt	(38,000)	-	(38,000)
Cash provided by financing transactions	<u>157,000</u>	<u>-</u>	<u>157,000</u>
Net increase (decrease) in cash and cash equivalents	(277,000)	273,000	(4,000)
Cash and cash equivalents, beginning of year	<u>1,789,000</u>	<u>(952,000)</u>	<u>837,000</u>
Cash and cash equivalents, end of year	<u>\$ 1,512,000</u>	<u>\$ (679,000)</u>	<u>\$ 833,000</u>

When a line item has changed names it is described as "2011-12 name/2012-13 name".

⁽ⁱ⁾Line item no longer presented separately.

**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF BUDGET
 YEAR ENDED MARCH 31, 2013 (CONTINUED)**
c) Reconciliation of the Consolidated Schedule of Expenses by Object

	<u>CGAAP Budget</u> (Note 4)	<u>Transition to PSAS</u> (Note 2)	<u>Reported Budget</u>
Salaries and benefits	\$ 6,838,000	\$ 13,000	\$ 6,851,000
Contracts with health service providers	2,265,000	-	2,265,000
Contracts under the Health Care Protection Act	21,000	-	21,000
Drugs and gases	386,000	-	386,000
Medical and surgical supplies	354,000	-	354,000
Other contracted services	1,148,000	-	1,148,000
Other	1,151,000	40,000	1,191,000
Amortization, disposals and write-downs	521,000	-	521,000
	<u>\$ 12,684,000</u>	<u>\$ 53,000</u>	<u>\$ 12,737,000</u>

SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
a) Reconciliation of the Consolidated Statement of Operations

	March 31, 2012 CGAAP	Transition to PSAS (Note 2)	Other Reclassifications ⁽ⁱⁱⁱ⁾	March 31, 2012 PSAS
Revenue:				
Alberta Health contributions/Alberta Health transfers				
Unrestricted ongoing/Base operating grant	\$ 9,634,221	\$ -	\$ -	\$ 9,634,221
Restricted/Other operating grants	835,412	-	-	835,412
Capital grants	-	120,522	-	120,522
Other government contributions/				
Other government transfers	141,391	201,965	2,405	345,761
Fees and charges	416,385	-	-	416,385
Ancillary operations	124,213	-	(2,650)	121,563
Donations/Donations, fundraising and non-government grants	39,535	70,641	36,328	146,504
Investment and other income	248,299	1,475	(36,083)	213,691
Amortized external capital contributions ⁽ⁱ⁾	342,305	(342,305)	-	-
TOTAL REVENUE	11,781,761	52,298	-	11,834,059
Expenses:				
Inpatient acute nursing services	2,812,157	928	(52,339)	2,760,746
Emergency and other outpatient services	1,279,016	-	35,328	1,314,344
Facility-based continuing care services	893,482	-	(26,895)	866,587
Ambulance services	391,674	-	2,911	394,585
Community-based care	920,594	-	(6,846)	913,748
Home care	428,814	-	24,009	452,823
Diagnostic and therapeutic services	1,930,120	63	31,066	1,961,249
Promotion, prevention and protection services	310,914	-	49	310,963
Research and education	198,035	19,539	429	218,003
Administration	363,921	49,531	(16,174)	397,278
Information technology	434,442	-	897	435,339
Support services	1,528,142	185,788	7,565	1,721,495
Amortization of facilities and improvements ⁽ⁱ⁾	205,859	(205,859)	-	-
TOTAL EXPENSES	11,697,170	49,990	-	11,747,160
OPERATING SURPLUS	\$ 84,591	\$ 2,308	\$ -	\$ 86,899

When a line item has changed names it is described as "2011-12 name/2012-13 name".

⁽ⁱ⁾Line item no longer presented separately.

⁽ⁱⁱⁱ⁾Other reclassifications include amounts reclassified to conform to the 2013 presentation.

SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)
b) Reconciliation of opening Consolidated Statement of Financial Position

	April 1, 2011 CGAAP	Transition to PSAS (Note 2)	Other Reclassifications ⁽ⁱⁱⁱ⁾	April 1, 2011 PSAS
Assets:				
Cash and cash equivalents	\$ 764,143	\$ 359,969	\$ -	\$ 1,124,112
Non-current cash and investments ⁽ⁱ⁾	599,335	(599,335)	-	-
Investments/Portfolio investments	957,322	448,724	-	1,406,046
Accounts receivable	201,293	5,373	288,726	495,392
Contributions receivable from AH ⁽ⁱ⁾	200,313	11,476	(211,789)	-
Capital contributions receivable from AH ⁽ⁱ⁾	11,476	(11,476)	-	-
Other assets	96,104	(2,720)	(76,937)	16,447
Capital assets/Tangible capital assets	6,707,464	-	-	6,707,464
Inventories/Inventories for consumption	99,097	-	-	99,097
Prepaid expenses	58,946	1,034	-	59,980
TOTAL ASSETS	\$ 9,695,493	\$ 213,045	\$ -	\$ 9,908,538
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,136,937	\$ (383,363)	\$ 530,858	\$ 1,284,432
Employee future benefits	-	470,966	-	470,966
Accrued vacation pay ⁽ⁱ⁾	385,525	171	(385,696)	-
Deferred revenue	-	110,312	6,758,600	6,868,912
Long-term debt/Debt	182,500	153,799	-	336,299
Current portion of long-term debt ⁽ⁱ⁾	153,799	(153,799)	-	-
Deferred contributions current ⁽ⁱ⁾	607,621	-	(607,621)	-
Deferred capital contributions ⁽ⁱ⁾	541,856	-	(541,856)	-
Unamortized external capital contributions ⁽ⁱ⁾	5,598,973	-	(5,598,973)	-
Other liabilities ⁽ⁱ⁾	144,540	622	(145,162)	-
TOTAL LIABILITIES	8,751,751	198,708	10,150	8,960,609
Net assets:				
Accumulated surplus/Accumulated operating surplus ⁽ⁱⁱ⁾	98,909	785,915	-	884,824
Other internally restricted net assets/Reserves for future purposes	66,722	(66,722)	-	-
Internally restricted net assets invested in capital assets/Net assets invested in tangible capital assets	777,071	(777,071)	-	-
Accumulated net unrealized gains (losses) on investments/Accumulated unrealized net gains	(9,110)	12,442	-	3,332
Endowments	10,150	59,773	(10,150)	59,773
TOTAL NET ASSETS	943,742	14,337	(10,150)	947,929
	\$ 9,695,493	\$ 213,045	\$ -	\$ 9,908,538

When a line item has changed names it is described as "2011-12 name/2012-13 name".

⁽ⁱ⁾Line item no longer presented separately.

⁽ⁱⁱ⁾Definition changed under PSAS to also include reserves for future purposes and net assets invested in tangible capital assets.

⁽ⁱⁱⁱ⁾Other reclassifications include amounts reclassified to conform to the 2013 presentation.

SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)
c) Reconciliation of the Consolidated Statement of Financial Position

	March 31, 2012 CGAAP	Transition to PSAS (Note 2)	Other Reclassifications ⁽ⁱⁱⁱ⁾	March 31, 2012 PSAS
Assets:				
Cash and cash equivalents	\$ 558,700	\$ 253,826	\$ -	\$ 812,526
Non-current cash and investments ⁽ⁱ⁾	376,505	(376,505)	-	-
Investments/Portfolio investments	1,217,043	339,203	-	1,556,246
Accounts receivable	238,757	2,022	172,721	413,500
Contributions receivable from AH ⁽ⁱ⁾	78,253	2,293	(80,546)	-
Capital contributions receivable from AH ⁽ⁱ⁾	2,293	(2,293)	-	-
Other assets	129,493	764	(92,175)	38,082
Capital assets/Tangible capital assets	7,215,171	-	-	7,215,171
Inventories/Inventories for consumption	96,740	-	-	96,740
Prepaid expenses	59,100	486	-	59,586
TOTAL ASSETS	\$ 9,972,055	\$ 219,796	\$ -	\$ 10,191,851
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,198,261	\$ (426,252)	\$ 576,574	\$ 1,348,583
Employee future benefits	-	514,515	-	514,515
Accrued vacation pay ⁽ⁱ⁾	428,146	186	(428,332)	-
Deferred revenue	-	109,917	6,795,142	6,905,059
Long-term debt/Debt	331,177	38,802	-	369,979
Current portion of long-term debt ⁽ⁱ⁾	38,802	(38,802)	-	-
Deferred contributions current ⁽ⁱ⁾	450,360	-	(450,360)	-
Deferred capital contributions ⁽ⁱ⁾	359,918	-	(359,918)	-
Unamortized external capital contributions ⁽ⁱ⁾	5,974,714	-	(5,974,714)	-
Other liabilities ⁽ⁱ⁾	147,719	523	(148,242)	-
TOTAL LIABILITIES	8,929,097	198,889	10,150	9,138,136
Net assets:				
Accumulated surplus/Accumulated operating surplus ⁽ⁱⁱ⁾	81,982	889,741	-	971,723
Other internally restricted net assets/Reserves for future purposes	69,538	(69,538)	-	-
Internally restricted net assets invested in capital assets/Net assets invested in tangible capital assets	876,372	(876,372)	-	-
Accumulated net unrealized gains (losses) on investments/Accumulated unrealized net gains	4,916	13,336	-	18,252
Endowments	10,150	63,740	(10,150)	63,740
TOTAL NET ASSETS	1,042,958	20,907	(10,150)	1,053,715
	\$ 9,972,055	\$ 219,796	\$ -	\$ 10,191,851

When a line item has changed names it is described as "2011-12 name/2012-13 name".

⁽ⁱ⁾Line item no longer presented separately.

⁽ⁱⁱ⁾Definition changed under PSAS to also include reserves for future purposes and net assets invested in tangible capital assets.

⁽ⁱⁱⁱ⁾Other reclassifications include amounts reclassified to conform to the 2013 presentation.

SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)
d) Reconciliation of the Consolidated Statement of Cash Flows

	March 31, 2012 CGAAP	Transition to PSAS (Note 2)	Other Reclassifications ⁽ⁱⁱ⁾	March 31, 2012 PSAS
Operating transactions:				
Operating surplus	\$ 84,591	\$ 2,308	\$ -	\$ 86,899
Non-cash transactions:				
Amortization, disposals and write-downs	474,513	(70)	94	474,537
Amortization of external capital contributions/ Recognition of expended deferred capital revenue	(342,550)	-	-	(342,550)
Revenue recognized for acquisition of land	-	(599)	-	(599)
Bond amortization expense	-	22,781	-	22,781
Decrease (increase) in:				
Accounts receivable relating to operating transactions	-	87,947	-	87,947
Inventories for consumption	-	2,357	-	2,357
Other assets	-	(21,541)	(94)	(21,635)
Prepaid expenses	-	394	-	394
Increase (decrease) in:				
Accounts payable and accrued liabilities related to operating transactions	-	45,283	-	45,283
Employee future benefits	-	43,549	-	43,549
Deferred revenue related to operating transactions	-	(161,110)	-	(161,110)
Other ⁽ⁱ⁾	(14,947)	14,947	-	-
Changes in non-cash working capital ⁽ⁱ⁾	(245,106)	245,106	-	-
Cash provided by (applied to) operating transactions	<u>(43,499)</u>	<u>281,352</u>	<u>-</u>	<u>237,853</u>
Capital transactions:				
Acquisition of tangible capital assets	(486,916)	-	-	(486,916)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	-	18,868	-	18,868
Changes in non-cash working capital ⁽ⁱ⁾	18,868	(18,868)	-	-
Cash applied to capital transactions	<u>(468,048)</u>	<u>-</u>	<u>-</u>	<u>(468,048)</u>
Investing transactions:				
Purchase of portfolio investments	(5,099,643)	2,153,236	-	(2,946,407)
Proceeds on sale of portfolio investments	5,297,831	(2,509,485)	-	2,788,346
Allocation from (to) non-current cash and investments	38,668	(38,668)	-	-
Cash provided by (applied to) investing transactions	<u>236,856</u>	<u>(394,917)</u>	<u>-</u>	<u>(158,061)</u>
Financing transactions:				
Capital contributions received/Deferred capital revenue received	171,081	7,422	-	178,503
Capital contributions returned/Deferred capital revenue returned	(15,759)	-	-	(15,759)
Capital contributions payable transferred to accounts payable/Deferred capital revenue payable transferred to accounts payable and accrued liabilities	(119,754)	-	-	(119,754)
Proceeds from debt	194,000	-	-	194,000
Principle payments on debt	(160,320)	-	-	(160,320)
Cash provided by financing transactions	<u>69,248</u>	<u>7,422</u>	<u>-</u>	<u>76,670</u>
Net decrease in cash and cash equivalents	(205,443)	(106,143)	-	(311,586)
Cash and cash equivalents, beginning of year	764,143	359,969	-	1,124,112
Cash and cash equivalents, end of year	<u>\$ 558,700</u>	<u>\$ 253,826</u>	<u>\$ -</u>	<u>\$ 812,526</u>

⁽ⁱ⁾Line item no longer presented separately. When a line item has changed names it is described as "2011-12 name/2012-13 name".

⁽ⁱⁱ⁾Other reclassifications include amounts reclassified to conform to the 2013 presentation.

SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)
e) Reconciliation of the Consolidated Schedule of Expenses by Object

	March 31, 2012 CGAAP	Transition to PSAS (Note 2)	Other Reclassifications ⁽ⁱ⁾	March 31, 2012 PSAS
Salaries and benefits	\$ 6,156,248	\$ 4,777	-	\$ 6,161,025
Contracts with health service providers	2,040,509	-	(22,249)	2,018,260
Contracts under the Health Care Protection Act	18,434	-	-	18,434
Drugs and gases	387,984	-	-	387,984
Medical and surgical supplies	360,002	-	-	360,002
Other contracted services	1,038,221	(4,538)	22,249	1,055,932
Other	1,221,259	49,751	(24)	1,270,986
Amortization, disposals and write-downs	474,513	-	24	474,537
	<u>\$ 11,697,170</u>	<u>\$ 49,990</u>	<u>-</u>	<u>\$ 11,747,160</u>

⁽ⁱ⁾Other reclassifications include amounts reclassified to conform to the 2013 presentation.