CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2017 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 systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- safeguard the assets and properties of the "Province of Alberta" under Alberta Health Services' administration

Alberta Health Services carries out its responsibility for the consolidated financial statements through the Audit & Risk Committee (the Committee). The 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 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. Verna Yiu, MD, FRCPC
President and Chief Executive Officer
Alberta Health Services

[Original Signed By]

Deborah Rhodes, CPA, CA
Vice President Corporate Services and Chief Financial Officer
Alberta Health Services

June 1, 2017

Independent Auditor's Report

To 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 statement of financial position as at March 31, 2017, and the consolidated statements of operations, remeasurement gains and losses, change in net debt, and cash flows for the year then ended, 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 audit. I conducted my audit 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 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, 2017, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 1, 2017

Edmonton, Alberta

(thousands of dollars)

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31

	2017		2016
	Budget (Note 3)	**Actual**	**Actual**
Revenues:			
Alberta Health transfers			
Base operating	$ 11,860,000	$ 11,859,923	$ 11,329,851
One-time base operating	-	50,000	-
Grant funding transferred to one-time base operating	-	14,515	-
Other operating	968,000	953,328	1,064,739
Recognition of expended deferred capital revenue	81,000	86,784	84,716
Other government transfers (Note 4)	408,000	456,152	416,554
Fees and charges	513,000	479,180	491,487
Ancillary operations	133,000	135,660	133,220
Donations, fundraising, and non-government contributions (Note 5)	150,000	164,016	166,806
Investment and other income (Note 6)	205,000	270,410	267,931
TOTAL REVENUE	**14,318,000**	**14,469,968**	**13,955,304**
Expenses:			
Inpatient acute nursing services	3,235,000	3,169,177	3,129,520
Emergency and other outpatient services	1,646,000	1,671,830	1,641,261
Facility-based continuing care services	1,080,000	1,053,118	1,043,410
Ambulance services	479,000	497,686	479,031
Community-based care	1,317,000	1,249,031	1,191,605
Home care	611,000	585,313	555,831
Diagnostic and therapeutic services	2,273,000	2,400,242	2,343,794
Promotion, prevention, and protection services	393,000	354,700	353,028
Research and education	240,000	285,300	277,908
Administration (Note 7)	458,000	478,074	434,426
Information technology	572,000	513,420	572,545
Support services (Note 8)	2,014,000	2,145,541	2,077,504
TOTAL EXPENSES (Schedule 1)	**14,318,000**	**14,403,432**	**14,099,863**
ANNUAL OPERATING SURPLUS (DEFICIT)	**-**	**66,536**	**(144,559)**
Accumulated surplus, beginning of year	1,159,000	1,159,123	1,303,682
Accumulated surplus, end of year (Note 19)	**$ 1,159,000**	**$ 1,225,659**	**$ 1,159,123**

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

(thousands of dollars)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2017 Actual	2016 Actual
Financial Assets:		
Cash	$ 46,103	$ 79,867
Investments (Note 10)	2,264,866	2,187,506
Accounts receivable (Note 11)	386,292	393,493
	2,697,261	2,660,866
Liabilities:		
Accounts payable and accrued liabilities (Note 12)	1,209,974	1,236,312
Employee future benefits (Note 13)	653,037	620,687
Unexpended deferred operating revenue (Note 14)	411,079	429,515
Unexpended deferred capital revenue (Note 15)	137,806	148,319
Debt (Note 17)	320,087	326,909
	2,731,983	2,761,742
NET DEBT	**(34,722)**	**(100,876)**
Non-Financial Assets:		
Tangible capital assets (Note 18)	7,619,077	7,573,071
Inventories for consumption	91,882	94,439
Prepaid expenses and other non-financial assets	128,058	127,943
	7,839,017	7,795,453
NET ASSETS BEFORE EXPENDED DEFERRED CAPITAL REVENUE	7,804,295	7,694,577
Expended deferred capital revenue (Note 16)	6,549,770	6,530,432
NET ASSETS	**1,254,525**	**1,164,145**
Net Assets is comprised of:		
Accumulated surplus (Note 19)	1,225,659	1,159,123
Accumulated remeasurement gains	28,866	5,022
	$ 1,254,525	**$ 1,164,145**

Contractual Obligations and Contingent Liabilities (Note 20)

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

Approved by the Board of Directors:

[Original Signed By]
Linda Hughes
Board Chair

[Original Signed By]
David Carpenter, FCPA, FCA
Audit & Risk Committee Chair

(thousands of dollars)

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED MARCH 31

	2017		2016
	Budget (Note 3)	**Actual**	**Actual**
Annual operating surplus (deficit)	$ -	$ 66,536	$ (144,559)
Effect of changes in tangible capital assets:			
Acquisition of tangible capital assets (Note 18)	(402,000)	(597,021)	(650,785)
Amortization and disposals of tangible capital assets (Note 18)	587,000	551,015	588,851
Effect of other changes:			
Net increase (decrease) in expended deferred capital revenue	(217,000)	19,338	166,733
Net (increase) decrease in inventories for consumption	1,000	2,557	2,144
Net (increase) decrease in prepaid expenses and other non-financial assets	(5,000)	(115)	10,846
Net remeasurement gains (losses) for the year	(19,000)	23,844	(33,753)
(Increase) decrease in net debt for the year	**(55,000)**	**66,154**	**(60,523)**
Net debt, beginning of year	(101,000)	(100,876)	(40,353)
Net debt, end of year	**$ (156,000)**	**$ (34,722)**	**$ (100,876)**

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

(thousands of dollars)

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31

	2017 Actual	2016 Actual
Unrestricted unrealized gains (losses) attributable to:		
Derivatives	$ 643	$ (2,451)
Portfolio investments		
Equity instruments quoted in an active market	14,456	(12,894)
Financial instruments designated to the fair value category	(786)	(3,360)
Amounts reclassified to the Consolidated Statement of Operations:		
Portfolio investments		
Equity instruments quoted in an active market	555	783
Financial instruments designated to the fair value category	8,976	(15,831)
Net remeasurement gains (losses) for the year	**23,844**	**(33,753)**
Accumulated remeasurement gains, beginning of year	5,022	38,775
Accumulated remeasurement gains, end of year (Note 10)	**$ 28,866**	**$ 5,022**

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

(thousands of dollars)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2017 Actual	2016 Actual
Operating transactions:		
Annual operating surplus (deficit)	$ 66,536	$ (144,559)
Non-cash items:		
Amortization and disposals of tangible capital assets	551,015	588,851
Recognition of expended deferred capital revenue	(402,887)	(394,294)
Revenue recognized for acquisition of land	(687)	-
Decrease (increase) in:		
Accounts receivable related to operating transactions	(26,890)	(49,250)
Inventories for consumption	2,557	2,144
Prepaid expenses and other non-financial assets	(115)	10,846
Increase (decrease) in:		
Accounts payable and accrued liabilities related to operating transactions	(51,771)	(39,564)
Employee future benefits	32,350	26,084
Unexpended deferred operating revenue	(70,148)	(80,367)
Cash provided by (applied to) operating transactions	99,960	(80,109)
Capital transactions:		
Acquisition of tangible capital assets	(380,401)	(233,213)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	25,433	(6,434)
Cash applied to capital transactions	(354,968)	(239,647)
Investing transactions:		
Purchase of investments	(3,339,338)	(4,230,911)
Proceeds on disposals of investments	3,290,394	4,133,948
Cash applied to investing transactions	(48,944)	(96,963)
Financing transactions:		
Restricted capital contributions received	278,230	164,359
Unexpended deferred capital revenue returned	(1,220)	(4,698)
Proceeds from debt	10,000	20,300
Principal payments on debt	(16,822)	(15,222)
Cash provided by financing transactions	270,188	164,739
Decrease in cash	**(33,764)**	**(251,980)**
Cash, beginning of year	79,867	331,847
Cash, end of year	**$ 46,103**	**$ 79,867**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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 merger of 12 formerly separate health entities in Alberta.

Pursuant to Section 5 of the *Regional Health Authorities Act* (Alberta), AHS is responsible in Alberta to:

- promote and protect the health of the population in the health region and work toward the prevention of disease and injury;
- assess on an ongoing basis the health needs of the health region;
- determine priorities in the provision of health services in the health region and allocate resources accordingly;
- ensure that reasonable access to quality health services is provided in and through the health region; 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 in the health region.

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 a complete picture of the costs of provincial health care, readers should consult the consolidated financial statements of the Government of Alberta (GOA).

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.

Under the *Income Tax Act (Canada)*, AHS is a registered charity.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) and the financial directives issued by Alberta Health (AH). AHS is a Government Not-for-Profit Organization under PSAS.

These financial statements have been prepared on a consolidated basis and include the following entities:

(i) Controlled Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of the organizations controlled by AHS as noted below:

AHS owns 100% of the Class A voting shares in the following three entities:

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

AHS has the majority representation indicating control of the following entities and therefore constitute part of the consolidated reporting entity:

- Foundations:

  Airdrie Health Foundation
  Alberta Cancer Foundation (ACF)
  American Friends of the Calgary Health Trust Foundation
  Bassano and District Health Foundation
  Bow Island and District Health Foundation
  Brooks and District Health Foundation
  Calgary Health Trust (CHT)
  Canmore and Area Health Care Foundation
  Cardston and District Health Foundation
  Claresholm and District Health Foundation
  Crowsnest Pass Health Foundation
  David Thompson Health Trust (*inactive)*
  Fort Macleod and District Health Foundation
  Fort Saskatchewan Community Hospital Foundation
  Grande Cache Hospital Foundation (*inactive)*
  Grimshaw/Berwyn and District Hospital Foundation
  Jasper Health Care Foundation
  Lac La Biche Regional Health Foundation
  Lacombe Health Trust
  Medicine Hat and District Health Foundation
  Mental Health Foundation
  North County Health Foundation
  Oyen and District Health Care Foundation
  Peace River and District Health Foundation
  Ponoka and District Health Foundation
  Stettler Health Services Foundation
  Strathcona Community Hospital Foundation
  Tofield and Area Health Services Foundation
  Two Hills Health Centre Foundation
  Vermillion and Region Health and Wellness Foundation (*inactive)*
  Viking Health Foundation
  Vulcan County Health and Wellness Foundation
  Windy Slopes Health Foundation

- Provincial Health Authorities of Alberta Liability and Property Insurance Plan (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.

- Queen Elizabeth II Hospital Child Care Centre

(ii) Government Partnerships

AHS uses the proportionate consolidation method to account for its 50% interest in the Primary Care Network (PCN) government partnerships with physician groups, and its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta (Note 22).

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 2 Significant Accounting Policies and Reporting Practices (continued)

The following PCNs are included in these consolidated financial statements on a proportionate basis:

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

(iii) Other

These consolidated financial statements do not include trusts administered on behalf of others (Note 23).

All inter-entity accounts and transactions between these organizations are eliminated upon consolidation.

Adjustments are made for consolidated entities whose fiscal year-ends are different from AHS' fiscal year end. This only consists of LPIP with a fiscal year-end of December 31, 2016.

(b) Revenue Recognition

Revenue is recognized in the period in which the transactions or events that give rise to the revenue as described below occur. 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 Transfers

Transfers from AH, other GOA ministries and agencies, and other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the eligibility criteria for the use of the transfer, or the stipulations together with AHS' actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, AHS complies with its communicated use of the transfer.

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and AHS meets the eligibility criteria.

Deferred revenue consists of unexpended deferred operating revenue, unexpended deferred capital revenue, and expended deferred capital revenue. The term deferred revenue in these consolidated financial statements refers to the components of deferred revenue as described.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Donations, Fundraising, and Non-Government Contributions

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

Unrestricted donations, fundraising, and non-government contributions are recorded 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 contributions, and realized and unrealized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with AHS' actions and communications as to their use create a liability. These resources are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use.

Endowment contributions are recognized in the Consolidated Statement of Operations in the period they are received. Donors have placed restrictions on these contributions. Realized and unrealized gains and losses attributable to endowments are recorded as deferred revenue and only recognized as revenue when the terms of use are met, as stipulated by the donors.

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) Transfers and Donations of or for Land

AHS records transfers 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) Fees and Charges, Ancillary Operations, and Other Income

Fees and charges, ancillary operations, and other income are recognized in the period that goods are delivered or services are provided. Amounts received for which goods or services have not been provided by year end are recorded as deferred revenue.

(v) Investment Income

Investment income includes dividend income, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments exclusive of restricted transfers or donations are recognized in the Consolidated Statement of Remeasurement Gains and Losses until the related investments are sold. When realized, these gains or losses are recognized in the Consolidated Statement of Operations. Investment income and unrealized gains and losses from restricted transfers or donations are allocated to their respective balances according to the provisions within the individual agreements.

(c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Interest expense includes debt servicing costs.

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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Financial Instruments

All of AHS' financial assets and liabilities are initially recorded at their fair value. The following table identifies AHS' financial assets and liabilities and identifies how they are subsequently measured:

Financial Assets and Liabilities	Subsequent Measurement and Recognition
Cash and investments	Measured at fair value with changes in fair values recognized in the Consolidated Statement of Remeasurement Gains and Losses or deferred revenue until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations.
Accounts receivable, accounts payable and accrued liabilities and debt	Measured at amortized cost.

PSAS requires portfolio investments in equity instruments quoted in an active market 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 elected to record its money market securities, fixed income securities, and certain other equity investments at fair value. 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, 2017, AHS has no embedded derivatives that require separation from the host contract.

Derivatives are recorded at fair value in the Consolidated Statement of Financial Position. Derivatives with a positive or negative fair value are recognized as increases or decreases to investments. Unrealized gains and losses from changes in the fair value of derivatives are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

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 on the Consolidated Statement of Operations.

Transaction costs associated with the acquisition and disposal of investments are expensed as incurred. Investment management fees are expensed as incurred. The purchase and sale of investments are accounted for using trade date accounting.

(e) Cash

Cash is comprised of cash on hand.

(f) Inventories For Consumption

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Tangible Capital Assets

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. Contributed tangible capital assets and work in progress acquired from other government organizations and other entities are recorded at their fair value on the date of the transfer. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress as AI incurs costs.

Works of art, historical treasures, and collections are not recognized in tangible capital assets.

The costs less residual values of tangible capital assets, excluding land, are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Facilities and improvements	10-40 years
Equipment	3-20 years
Information systems	3-5 years
Building service equipment	5-40 years
Land improvements	5-40 years

Work in progress, which includes facility and improvement projects and development of information systems, is not amortized until after a project is substantially complete and the tangible capital assets are put into service.

Leases transferring substantially all benefits and risks of tangible capital asset ownership are classified as capital leases and reported as tangible capital assets. Capital leases and leasehold improvements are amortized over the term of the lease. The capital lease obligations associated with these capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.) and reported as obligations under capital leases. The discount rate used to determine the present value of the lease payments is the lower of AHS' rate for incremental borrowing and the interest rate implicit in the lease.

Tangible capital assets are written down when conditions indicate that they no longer contribute to AHS' 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 Statement of Operations. Write-downs are not reversed.

(h) 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 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. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The President of Alberta Treasury Board and Minister of Finance is the legal trustee and administrator of the plans. The Department of Treasury Board and Finance accounts for its share of obligations for these pension plans relating to former and current employees of all of the organizations included in the GOA consolidated reporting entity on a defined benefit basis. As a participating government organization, AHS accounts for these plans on a defined contribution basis. 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, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

(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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Supplemental Retirement Plan for Designated Employees (SERP)

Previously, AHS sponsored multiple SERPs, with assets held in three Retirement Compensation Arrangements (RCA). Since March 31, 2016, amendments were made to consolidate the SERPs into a single plan with assets consolidated under one RCA arrangement. The consolidation did not affect SERP members' accrued benefit entitlements, which continue to be funded. The SERP covers certain employees and supplement the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). Prior to consolidation, the SERPs were closed and continue to be closed to new entrants since April 1, 2009. The SERP provides future pension benefits to participants based on years of service and earnings.

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

The obligations and costs of SERP benefits are determined annually through an actuarial valuation as at March 31 using the projected benefit method pro-rated on service. AHS uses a discount rate based on plan asset earnings to calculate the accrued benefit obligation.

The net SERP retirement benefit cost reported in these consolidated financial statements is comprised of the retirement benefits expense and the retirement benefits interest expense. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The key components of retirement benefits expense include the 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. Retirement benefit costs are not cash payments in the period but are the period expense for rights to future compensation. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets.

The actuarial gains and losses that arise are accounted for in accordance with PSAS whereby AHS amortizes 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.

(iv) Supplemental Pension Plan (SPP)

Subsequent to April 1, 2009, staff 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, 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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(v) Sick Leave Liability

Sick leave benefits accumulate with employees' 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 sick leave benefits that do not accumulate beyond the current reporting period as these are renewed annually.

The accumulating non-vesting sick leave liability is actuarially determined using the projected benefit method pro-rated for 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.

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.

(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.

(i) Liability for Contaminated Sites

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 environmental standard. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from operations that are no longer in productive use and is recognized when all of the following criteria are met:

(i) an environmental standard exists;
(ii) contamination exceeds the environmental standard;
(iii) AHS is directly responsible or accepts responsibility;
(iv) it is expected that future economic benefits will be given up; and
(v) a reasonable estimate of the amount can be made.

(j) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a difference between the recognized or disclosed amount and another reasonably possible amount. The amount recorded for amortization of tangible capital assets is based on the estimated useful life of the related tangible capital assets while the recognition of expended deferred capital revenue depends on when the terms for the use of the funding are met and, when applicable, AHS complies with its communicated use of the funding. 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. The establishment of the provision for unpaid claims relies on the judgment and opinions of many individuals; historical precedent and trends; prevailing legal, economic, social, and regulatory trends; and 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. 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.

(k) Internally Restricted Surplus for Future Purposes

Certain amounts, as approved by the AHS Board, are set aside in accumulated surplus for use by AHS for future operating and capital purposes, to restrict amounts for legislatively required restricted equity and donation amounts restricted by 3rd parties. Transfers to or from internally restricted surplus for future purposes are recorded to the respective reserved surplus when approved.

(thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(l) Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Consolidated Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Consolidated Statement of Operations, and the cumulative amount of remeasurement gains and losses are reversed in the Consolidated Statement of Remeasurement Gains and Losses.

(m) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards in recent years:

- **PS 2200 – Related Party Disclosures (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions.
- **PS 3420 – Inter-Entity Transactions (effective April 1, 2017)**
  PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- **PS 3210 – Assets (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in PS 1000 – Financial Statement Concepts and establishes general disclosure standards for assets.
- **PS 3320 – Contingent Assets (effective April 1, 2017)**
  PS 3320 defines and establishes disclosure standards on contingent assets.
- **PS 3380 – Contractual Rights (effective April 1, 2017)**
  PS 3380 defines and establishes disclosure standards on contractual rights.
- **PS 3430 – Restructuring Transactions (effective April 1, 2018)**
  PS 3430 provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related programs or operating responsibilities.

AHS' management is currently assessing what the impact of these new standards will be on future consolidated financial statements.

Note 3 Budget

The AHS Health Plan and Business Plan 2016-17, which included the 2016-17 annual budget, was approved by the Minister of Health on June 29, 2016.

Note 4 Other Government Transfers

	2017	2016
Unrestricted operating	$ 59,737	$ 60,272
Restricted operating (Note 14)	118,303	88,192
Recognition of expended deferred capital revenue (Note 16)	278,112	268,090
	$ 456,152	**$ 416,554**

Other government transfers include $449,067 (2016 – $409,882) transferred from the GOA and $7,085 (2016 – $6,672) from the federal government, and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (thousands of dollars)

Note 5 Donations, Fundraising, and Non-Government Contributions

	2017	2016
Unrestricted operating	$ 4,597	$ 2,622
Restricted operating	120,120	119,111
Recognition of expended deferred capital revenue	37,991	41,488
Endowment contributions and reinvested income	1,308	3,585
	$ 164,016	**$ 166,806**

Note 6 Investment and Other Income

	2017	2016
Investment income	$ 65,552	$ 84,900
Other income:		
GOA (Note 21)	37,422	31,118
AH	19,166	20,371
Other[(a)]	148,270	131,542
	$ 270,410	**$ 267,931**

(a) Other includes revenue related to administrative services provided to other organizations of $15,547 (2016 – $10,906).

Note 7 Administration

	2017	2016
General administration[(a)]	$ 251,703	$ 221,472
Human resources[(b)]	92,695	91,370
Finance[(c)]	73,394	61,872
Communications[(d)]	21,354	22,078
Administration expense of full-spectrum contracted health service providers[(e)]	38,928	37,634
	$ 478,074	**$ 434,426**

(a) General administration includes senior leaders' expenses, the former Official Administrator expenses, Board expenses, 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' planned and actual activities.

(d) Communications includes the receipt and transmission of AHS' communications including electronic communication, visitor information, and mail services. It also includes personnel dedicated to maintenance and repair of communication systems and devices.

(e) Administration expense of full spectrum contracted health service providers is AHS' estimate of the portion that AHS funds of the general administration, human resources, finance, and communication expenses incurred by service providers with whom AHS contracts for a full spectrum of health services.

(thousands of dollars)

Note 8 Support Services

	2017	2016
Facilities operations	$ 869,181	$ 816,608
Patient: health records, food services, and transportation	385,444	373,682
Materials management	207,661	198,116
Housekeeping, laundry, and linen	208,380	192,342
Support services expense of full-spectrum contracted health service providers[(a)]	149,941	143,701
Ancillary operations	105,078	104,867
Fundraising expenses and grants awarded	42,866	48,028
Emergency preparedness services	6,808	4,353
Other	170,182	195,807
	$ 2,145,541	**$ 2,077,504**

(a) Support services expense of full spectrum contracted health service providers is AHS' estimate of the portion that AHS funds of the support services incurred by service providers with whom AHS contracts for a full spectrum of health services.

Note 9 Financial Instruments

AHS is exposed to a variety of financial risks associated with its financial instruments. These financial risks include market risk, credit risk, and liquidity risk.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk, and foreign currency risk.

In order to earn financial returns at an acceptable level of market risk, each of the investment policies have established a targeted asset mix. The AHS Investment Bylaw & Policy has established 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 an 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 an asset mix policy of 78% to 89% for cash and fixed income securities, 8% to 17% for equities, and 3% to 5% for real estate fund.

The CHT Statement of Investment Policies and Goals has established an 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.

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. The volatility is determined using a ten year average based on fixed income and equity market fluctuations and is applied to the total portfolio. Based on the volatility average of 2.76% (2016 – 2.69%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and unrealized net gains and losses attributable to deferred revenue and endowments would be $48,779 (2016 – $45,939).

(i) Price Risk

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. AHS is exposed to price risk associated with the underlying equity investments held in pooled funds. If equity market indices (S&P/TSX, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to AHS would be approximately $51,363 or 2.27% of total investments (March 31, 2016 – $46,236 or 2.11%).

(thousands of dollars)

Note 9 Financial Instruments (continued)

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in 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 fixed income securities with both fixed and floating interest rates. AHS has fixed interest rate loans for all debt, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates but the related future cash flows will not change.

In general, investment returns for bonds and mortgage funds are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter term bonds.

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately $68,009 (March 31, 2016 – $65,654).

Fixed income securities include bonds and money market securities. The fixed income securities have the following average maturity structure ranging from 2017 and 2067.:

	2017	2016
0 – 5 years	78%	76%
6 – 10 years	13%	13%
Over 10 years	9%	11%

	Effective Market Yield			Average Effective Market Yield
Asset Class	< 1 year	1-5 years	> 5 years	
Interest bearing securities	1.28%	1.31%	2.69%	1.76%

(iii) 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 cash and investments denominated in foreign currencies is translated into Canadian dollars on a daily basis using the reporting date exchange rate. AHS is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies. At March 31, 2017, no investment balances were denominated in foreign currency (2016 – $nil).

Foreign currency 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. At March 31, 2017, investments in non-Canadian equities represented 15.7% (March 31, 2016 – 13.40%) of total portfolio investments.

Foreign exchange fluctuations on cash balances are mitigated by forward contracts and holding minimal foreign currency cash balances. At March 31, 2017, AHS held US dollar forward contracts with ATB Financial to manage currency fluctuations relating to its US dollar accounts payable requirements. As at March 31, 2017, AHS held derivatives in the form of forward contracts for future settlement of $18,000 (2016 – $24,000). The fair value of these forward contracts as at March 31, 2017 was a gain of $501 (2016 – loss of $141) and is included in investments (Note 10).

(thousands of dollars)

Note 9 Financial Instruments (continued)

(b) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour 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' exposure to credit risk.

Accounts receivable primarily consists of amounts receivable from AH, other Alberta government reporting entities, patients, other provinces and territories, Workers' Compensation Board, and the federal government. AHS periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts.

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. AHS holds unrated mortgage fund investments. 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 publicly 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. LPIP holds unrated mortgage fund investments.

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.

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2017.

Credit Rating	2017	2016
Investment Grade (AAA to BBB-)	90%	90%
Unrated	10%	10%
	100%	**100%**

(c) 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.

(thousands of dollars)

Note 10 Investments

	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Cash held for investments	**$ 106,666**	**$ 106,666**	$ **108,650**	**$ 108,650**
Interest bearing securities:				
Money market securities	101,113	101,113	139,986	139,986
Fixed income securities	1,543,462	1,546,500	1,476,511	1,466,168
	1,644,575	**1,647,613**	**1,616,497**	**1,606,154**
Equities:				
Canadian public pooled equity funds	157,446	136,403	169,064	155,830
Global public pooled equity funds	356,179	312,159	293,295	283,265
	513,625	**448,562**	**462,359**	**439,095**
	$ 2,264,866	**$ 2,202,841**	**$ 2,187,506**	**$ 2,153,899**

	2017	2016
Items at Fair Value		
Financial instruments designated to the fair value category	$ 1,750,740	$ 1,725,288
Portfolio investments in equity instruments that are quoted in an active market	513,625	462,359
Derivatives	501	(141)
	$ 2,264,866	**$ 2,187,506**

Included in the investments is $161,134 (March 31, 2016 – $147,572) that is restricted for use as per the requirements in Sections 99 and 100 of the Insurance Act of Alberta. Endowments included in investments amount to $74,710 (March 31, 2016 – $73,402).

As AHS is comprised of multiple entities as described in Note 2(a), investments are governed independently under multiple investment policies and procedures. The fair value of investments governed under each investment policy is as follows:

	2017	2016
AHS Investment Bylaw & Policy	$ 1,801,679	$ 1,752,970
ACF Investment Policy	160,219	153,158
LPIP Investment Policy	184,000	176,610
CHT Statement of Investment Policies and Goals	118,968	104,768
	$ 2,264,866	**$ 2,187,506**

Investments are measured at fair value with the differences between cost and fair value being recorded as a remeasurement gain or loss or recorded as deferred revenue.

The following are the total net remeasurement gains on investments:

	2017	2016
Accumulated remeasurement gains	$ 28,866	$ 5,022
Restricted unrealized net gains attributable to unexpended deferred operating revenue and endowments (Note 14(b))	32,811	28,558
Restricted unrealized net gains attributable to unexpended deferred capital revenue (Note 15(b))	348	27
	$ 62,025	**$ 33,607**

(thousands of dollars)

Note 10 Investments (continued)

Fair Value Hierarchy

	2017			
	Level 1	Level 2	Level 3	Total
Cash held for investments	$ 106,666	$ -	$ -	$ 106,666
Interest bearing securities:				
Money market securities	-	101,113	-	101,113
Fixed income securities	-	1,406,541	136,921	1,543,462
Equities:				
Canadian public pooled equity funds	156,154	1,292	-	157,446
Global public pooled equity funds	254,321	101,858	-	356,179
	$ 517,141	**$ 1,610,804**	**$ 136,921**	**$ 2,264,866**
Percent of total	23%	71%	6%	100%

	2016			
	Level 1	Level 2	Level 3	Total
Cash held for investments	$ 108,650	$ -	$ -	$ 108,650
Interest bearing securities:				
Money market securities	-	139,986	-	139,986
Fixed income securities	-	1,351,309	125,202	1,476,511
Equities:				
Canadian public pooled equity funds	167,817	1,247	-	169,064
Global public pooled equity funds	193,722	99,573	-	293,295
	$ 470,189	**$ 1,592,115**	**$ 125,202**	**$ 2,187,506**
Percent of total	21%	73%	6%	100%

Note 11 Accounts Receivable

	2017			2016
	Gross	Allowance for Doubtful Accounts	Net	Net
Patient accounts receivable	$ 109,658	$ 24,301	$ 85,357	$ 98,632
AH operating transfers receivable	89,247	-	89,247	72,387
Other operating transfers receivable	45,810	-	45,810	20,984
Other capital transfers receivable	82,797	-	82,797	116,888
Other accounts receivable	83,103	22	83,081	84,602
	$ 410,615	**$ 24,323**	**$ 386,292**	**$ 393,493**

At March 31, 2016, the total allowance for doubtful accounts was $29,199.

(thousands of dollars)

Note 12 Accounts Payable and Accrued Liabilities

	2017		2016	
Payroll remittances payable and related accrued liabilities	$	523,543	$	651,578
Trade accounts payable and accrued liabilities[(a)]		470,126		371,670
Provision for unpaid claims[(b)]		141,233		136,378
Other liabilities		43,431		42,496
Obligations under capital leases[(c)]		31,641		34,190
	$	**1,209,974**	**$**	**1,236,312**

(a) Trade Accounts Payable and Accrued Liabilities

Trade accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of $82,878 (2016 – $57,445).

(b) Provision for Unpaid Claims

Provision for Unpaid Claims is an estimate of liability claims within AHS. It is influenced by factors such as historical trends involving claim payment patterns, pending levels of unpaid claims, claims severity and claim frequency patterns.

The provision has been estimated using the discounted value of claim liabilities using a discount rate of 2.20% (2016 – 1.95%) plus a provision for adverse deviation, based on actuarial estimates.

(c) Obligations under Capital Leases

Capital leases include a site lease with the University of Calgary, a site lease for the Northern Communications Centre in Peace River, and vehicle leases.

The University of Calgary lease expires January 2028. The implicit interest rate payable on this lease is 6.50% (2016 – 6.50%). There are no renewal options, purchase options or escalation clauses related to this capital lease.

The Northern Communications Centre site lease expires May 2036. The implicit interest rate payable on this lease is 3.40% (2016 – 3.40%). The lease has an option to renew for two additional terms of 5 years each.

AHS is committed to making payments for obligations under capital leases as follows:

Year ended March 31	Minimum Lease Payments	
2018	$	3,889
2019		3,388
2020		2,909
2021		2,731
2022		2,754
Thereafter		27,772
		43,443
Less: interest		(11,802)
	$	**31,641**

(d) Liability for Contaminated Sites

At March 31, 2017, AHS has not identified or accepted any liability for contaminated sites (2016 – $nil).

(thousands of dollars)

Note 13 Employee Future Benefits

	2017	2016
Accrued vacation pay	$ 540,547	$ 514,672
Accumulating non-vesting sick leave liability[a]	112,490	106,015
Registered defined benefit pension plans[b] [c]	-	-
	$ 653,037	**$ 620,687**

(a) Accumulating Non-Vesting Sick Leave Liability

Sick leave benefits are paid by AHS; there are no employee contributions and no assets set aside to support the obligation.

The AHS sick leave liability is based on an actuarial valuation as at March 31, 2015, and extrapolated to March 31, 2017 by AHS. The next actuarial valuation will be performed as at March 31, 2018.

The following table summarizes the accumulating non-vesting sick leave liability.

	2017	2016
Change in accrued benefit obligation and funded status		
Accrued benefit obligation and funded status, beginning of year	$ 118,969	$ 114,979
Current service cost	10,262	9,939
Interest cost	3,621	3,486
Benefits paid	(8,675)	(9,435)
Actuarial gain	(9,000)	-
Accrued benefit obligation and funded status, end of year	**$ 115,177**	**$ 118,969**
Reconciliation to accrued benefit liability		
Funded status – deficit	$ 115,177	$ 118,969
Unamortized net actuarial loss	(2,687)	(12,954)
Accrued benefit liability	**$ 112,490**	**$ 106,015**
Components of expense		
Current service cost	$ 10,262	$ 9,939
Interest cost	3,621	3,486
Amortization of net actuarial loss	1,267	1,267
Net expense	**$ 15,150**	**$ 14,692**
Assumptions		
Discount rate – beginning of year	2.90%	2.90%
Discount rate – end of year	2.02%	2.90%
Rate of compensation increase per year	2016-2017 2.43% 2017-2018 0.75% Thereafter 2.75%	2015-2016 3.21% 2016-2017 2.43% Thereafter 3.25%

(thousands of dollars)

Note 13 Employee Future Benefits (continued)

(b) Local Authorities Pension Plan (LAPP)

(i) AHS Participation in the LAPP

The majority of AHS employees participate in the LAPP. AHS is not responsible for future funding of the plan deficit other than through contribution increases. 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.

(ii) LAPP Deficit

An actuarial valuation of the LAPP was carried out as at December 31, 2015 by Mercer (Canada) Limited and these results were then extrapolated to December 31, 2016 for use in the LAPP 2016 audited financial statements. LAPP's December 31, 2016 net assets available for benefits divided by LAPP's pension obligation shows that the LAPP is 98% (2015 – 97%) funded.

	December 31, 2016	December 31, 2015
LAPP net assets available for benefits	$ 37,722,943	$ 34,419,584
LAPP pension obligation	38,360,300	35,343,000
LAPP deficiency	**$ (637,357)**	**$ (923,416)**

The 2016 and 2017 LAPP contribution rates are as follows:

Calendar 2017		Calendar 2016	
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	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

(c) Pension Expense

	2017	2016
Local Authorities Pension Plan	$ 595,795	$ 570,438
Defined contribution pension plans and group RRSPs	48,397	46,763
Supplemental Pension Plan	2,230	1,882
Supplemental Executive Retirement Plans	2,240	(788)
Management Employees Pension Plan	585	668
	$ 649,247	**$ 618,963**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (thousands of dollars)

Note 14 Unexpended Deferred Operating Revenue

(a) Changes in the unexpended deferred operating revenue balance are as follows:

	2017				2016
	AH	Other Government[i]	Donors and Non-Government	Total	Total
Balance, beginning of year	$ 153,253	$ 25,055	$ 251,207	$ 429,515	$ 491,254
Received or receivable during the year, net of repayments	927,960	76,747	134,360	1,139,067	1,210,987
Restricted investment income	253	1,645	5,818	7,716	6,579
Transferred from (to) unexpended deferred capital revenue	3,696	60,529	(16,764)	47,461	48,395
Recognized as revenue	(953,328)	(118,303)	(120,120)	(1,191,751)	(1,272,042)
Miscellaneous other revenue recognized	(196)	(5)	(24,981)	(25,182)	(25,891)
	131,638	**45,668**	**229,520**	**406,826**	**459,282**
Changes in unrealized net gains attributable to portfolio investments related to endowments and unexpended deferred operating revenue	(1,783)	18	6,018	4,253	(29,767)
Balance, end of year	**$ 129,855**	**$ 45,686**	**$ 235,538**	**$ 411,079**	**$ 429,515**

[i] The balance at March 31, 2017 for other government includes $582 of unexpended deferred operating revenue received from the federal government (March 31, 2016 – $549). The remaining balance in other government all relates to the GOA, see Note 21.

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

	2017				2016
	AH	Other Government	Donors and Non-Government	Total	Total
Research and education	$ 19,263	$ 3,080	$ 134,835	$ 157,178	$ 158,148
Cancer prevention, screening and treatment	27,454	-	711	28,165	18,861
Physician revenue and alternate relationship plans	26,129	1,112	-	27,241	21,660
Promotion, prevention and community	6,748	19,486	605	26,839	14,120
Addiction and mental health	20,912	-	-	20,912	19,330
Primary Care Networks	19,372	-	-	19,372	44,146
Long term care partnerships	-	17,227	-	17,227	15,479
Emergency and outpatient services	2,297	305	1,413	4,015	11,033
Administration and support services	4,852	3,361	51,161	59,374	67,240
Others less than $10,000	4,588	1,095	12,262	17,945	30,940
	131,615	**45,666**	**200,987**	**378,268**	**400,957**
Unrealized net gain (loss) attributable to portfolio investments related to endowments and unexpended deferred operating revenue (Note 10)	(1,760)	20	34,551	32,811	28,558
	$ 129,855	**$ 45,686**	**$ 235,538**	**$ 411,079**	**$ 429,515**

(thousands of dollars)

Note 15 Unexpended Deferred Capital Revenue

(a) Changes in the unexpended deferred capital revenue balance are as follows:

	2017				2016
	AH	Other Government[(i)]	Donors and Non-Government	Total	Total
Balance, beginning of year	$ 57,916	$ 9,175	$ 81,228	$ 148,319	$ 178,078
Received or receivable during the year	30,300	184,468	29,371	244,139	194,567
Transferred tangible capital assets (Note 18(a))	-	215,933	-	215,933	399,992
Restricted investment income	-	-	-	-	63
Unexpended deferred capital revenue returned	-	-	(1,220)	(1,220)	(4,698)
Transfer to expended deferred capital revenue	(45,285)	(332,402)	(43,851)	(421,538)	(561,027)
Used for the acquisition of land	-	(687)	-	(687)	-
Transferred (to) from unexpended deferred operating revenue	(3,696)	(60,529)	16,764	(47,461)	(48,395)
	39,235	**15,958**	**82,292**	**137,485**	**158,580**
Changes in unrealized net gain on portfolio investments related to unexpended deferred capital revenue	321	-	-	321	(10,261)
Balance, end of year	**$ 39,556**	**$ 15,958**	**$ 82,292**	**$ 137,806**	**$ 148,319**

(i) The balance at March 31, 2017 for other government all relates to the GOA, see Note 21.

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

	2017	2016
AH		
Information systems less than $10,000	$ 32,504	$ 38,741
Medical Equipment Replacement Upgrade Program	18	11,367
Equipment less than $10,000	6,686	7,781
Total AH	**39,208**	**57,889**
Other government		
Facilities and improvements less than $10,000	15,958	9,176
Total other government	**15,958**	**9,176**
Donors and non-government		
Equipment less than $10,000	80,482	73,918
Facilities and improvements less than $10,000	1,810	7,309
Total donors and non-government	**82,292**	**81,227**
Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 10)	348	27
	$ 137,806	**$ 148,319**

(thousands of dollars)

Note 16 Expended Deferred Capital Revenue

Changes in the expended deferred capital revenue balance are as follows:

	2017				2016
	AH	Other Government[i]	Donors and Non-Government	Total	Total
Balance, beginning of year	$ 297,812	$ 6,056,411	$ 176,209	$ 6,530,432	$ 6,363,699
Transferred from unexpended deferred capital revenue	45,285	332,402	43,851	421,538	561,027
Used for the acquisition of land	-	687	-	687	-
Less: amounts recognized as revenue	(86,784)	(278,112)	(37,991)	(402,887)	(394,294)
Balance, end of year	**$ 256,313**	**$ 6,111,388**	**$ 182,069**	**$ 6,549,770**	**$ 6,530,432**

[i] The balance at March 31, 2017 for other government includes $78 of expended deferred capital revenue received from the federal government (March 31, 2016 – $nil). The remaining balance in other government all relates to the GOA, see Note 21.

Note 17 Debt

	2017	2016
Debentures payable[a]:		
Parkade loan #1	$ 32,223	$ 34,903
Parkade loan #2	30,278	32,505
Parkade loan #3	39,089	41,432
Parkade loan #4	147,262	154,086
Parkade loan #5	35,605	37,204
Parkade loan #6	24,418	25,300
Parkade loan #7[b]	51,500	-
Energy savings initiative loan[b]	25,800	-
Other	1,212	1,479
	387,387	326,909
Loan proceeds to be received[b]	(67,300)	-
	$ 320,087	**$ 326,909**

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

AHS issued a debenture to ACFA relating to an energy savings initiative. AHS has pledged the mortgage on the Royal Alexandra Lands and Alberta Hospital Lands as security for this debenture.

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%
Parkade loan #6	December 2035	3.6090%
Parkade loan #7	March 2038	2.6400%
Energy savings initiative loan	December 2030	2.4160%
Other	March 2021	4.6000%

(b) At March 31, 2017, $5,000 of $51,500 had been advanced to AHS relating to the Foothills Medical Centre Lot 1 parkade debenture with the remainder to be drawn by March 2018. Semi-annual principal and interest payments of $1,665 will commence September 2018. At March 31, 2017, $5,000 of $25,800 had been advanced to AHS relating to the Energy Savings initiative with the remainder to be drawn by December 2017. Semi-annual principal and interest payments of $1,162 will commence June 2018.

(thousands of dollars)

Note 17 Debt (continued)

AHS is committed to making payments as follows:

	Debentures Payable, Term/Other Loan and Mortgages Payable
Year ended March 31	**Principal Payments**
2018	$ 17,612
2019	22,133
2020	23,091
2021	24,092
2022	24,800
Thereafter	275,659
	$ 387,387

During the year, the amount of total interest expensed, including interest related to obligations under capital leases, was $16,221 (2016 – $15,249).

(c) As at March 31, 2017, AHS has access to a $220,000 (March 31, 2016 – $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, 2017, AHS has $nil (March 31, 2016 – $nil) draws against this facility.

AHS also has access to a $33,000 (March 31, 2016 – $33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties. At March 31, 2017, AHS has $3,469 (March 31, 2016 – $3,664) in a letter of credit outstanding against this facility. AHS is in compliance with the terms of the agreement relating to the letter of credit, therefore no liability has been recorded.

(thousands of dollars)

Note 18 Tangible Capital Assets

Cost	2016	Additions[a]	Transfers out of Work in Progress	Disposals	2017
Facilities and improvements	$ 8,488,610	$ -	$ 510,770	$ (2,625)	$ 8,996,755
Work in progress	1,086,124	418,267	(590,285)	-	914,106
Equipment[b]	2,179,617	153,429	1,256	(31,483)	2,302,819
Information systems	1,331,861	24,391	17,754	(11,350)	1,362,656
Building service equipment	567,261	-	43,815	(55)	611,021
Land[c]	110,069	687	-	(167)	110,589
Leased facilities and improvements	219,937	247	4,784	-	224,968
Land improvements	70,919	-	11,906	(61)	82,764
	$ 14,054,398	**$ 597,021**	**$ -**	**$ (45,741)**	**$ 14,605,678**

Accumulated Amortization	2016	Amortization Expense	Effect of Transfers	Disposals	2017
Facilities and improvements	$ 3,179,295	$ 236,203	$ -	$ (2,626)	$ 3,412,872
Work in progress	-	-	-	-	-
Equipment[b]	1,678,226	155,393	-	(31,084)	1,802,535
Information systems	1,081,472	110,696	-	(11,350)	1,180,818
Building service equipment	332,616	32,449	-	(49)	365,016
Land[c]	-	-	-	-	-
Leased facilities and improvements	149,431	12,891	-	-	162,322
Land improvements	60,287	2,812	-	(61)	63,038
	$ 6,481,327	**$ 550,444**	**$ -**	**$ (45,170)**	**$ 6,986,601**

	Net Book Value	
	2017	2016
Facilities and improvements	$ 5,583,883	$ 5,309,315
Work in progress	914,106	1,086,124
Equipment	500,284	501,391
Information systems	181,838	250,389
Building service equipment	246,005	234,645
Land	110,589	110,069
Leased facilities and improvements	62,646	70,506
Land improvements	19,726	10,632
	$ 7,619,077	**$ 7,573,071**

(thousands of dollars)

Note 18 Tangible Capital Assets (continued)

Cost	2015	Additions[(a)]	Transfers out of Work in Progress	Disposals	2016
Facilities and improvements	$ 8,287,500	$ -	$ 201,923	$ (813)	$ 8,488,610
Work in progress	834,328	524,033	(272,237)	-	1,086,124
Equipment[(b)]	2,185,995	104,390	4,985	(115,753)	2,179,617
Information systems	1,349,427	4,420	25,595	(47,581)	1,331,861
Building service equipment	539,452	-	27,834	(25)	567,261
Land[(c)]	110,069	-	-	-	110,069
Leased facilities and improvements	191,866	17,942	10,129	-	219,937
Land improvements	69,148	-	1,771	-	70,919
	$ 13,567,785	**$ 650,785**	**$ -**	**$ (164,172)**	**$ 14,054,398**

Accumulated Amortization	2015	Amortization Expense	Effect of Transfers	Disposals	2016
Facilities and improvements	$ 2,955,848	$ 224,212	$ -	$ (765)	$ 3,179,295
Work in progress	-	-	-	-	-
Equipment[(b)]	1,602,510	191,046	-	(115,330)	1,678,226
Information systems	1,000,609	128,444	-	(47,581)	1,081,472
Building service equipment	304,910	27,731	-	(25)	332,616
Land[(c)]	-	-	-	-	-
Leased facilities and improvements	134,819	14,612	-	-	149,431
Land improvements	57,952	2,335	-	-	60,287
	$ 6,056,648	**$ 588,380**	**$ -**	**$ (163,701)**	**$ 6,481,327**

	Net Book Value	
	2016	2015
Facilities and improvements	$ 5,309,315	$ 5,331,652
Work in progress	1,086,124	834,328
Equipment	501,391	583,485
Information systems	250,389	348,818
Building service equipment	234,645	234,542
Land	110,069	110,069
Leased facilities and improvements	70,506	57,047
Land improvements	10,632	11,196
	$ 7,573,071	**$ 7,511,137**

(a) Transferred Tangible Capital Assets

Additions include total transferred tangible capital assets of $215,933 (2016 – $399,992) consisting of $215,933 from AI (2016 – $399,927) and $nil from other sources (2016 – $65).

(b) Leased Equipment

Equipment includes tangible capital assets acquired through capital leases at a cost of $13,417 (2016 – $15,694) with accumulated amortization of $11,266 (March 31, 2016 – $11,859). For the year ended March 31, 2017, leased equipment included a net decrease of $1,137 related to vehicles under capital leases (2016 – net decrease of $362).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (thousands of dollars)

Note 18 Tangible Capital Assets (continued)

(c) Leased Land

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

Site	Leased from	Lease Expiry
Cross Cancer Institute Parkade	University of Alberta	2019
Evansburg Community Health Centre	Yellowhead County	2031
Myrnam Land	Eagle Hill Foundation	2038
Two Hills Helipad	Stella Stefiuk	2041
McConnell Place North	City of Edmonton	2044
Northeast Community Health Centre	City of Edmonton	2047
Foothills Medical Centre Parkade	University of Calgary	2054
Alberta Children's Hospital	University of Calgary	2103

Note 19 Accumulated Surplus

Accumulated surplus is comprised of the following:

	2017					2016
	Unrestricted Surplus[a]	Internally Restricted Surplus for Future Purposes[b]	Invested in Tangible Capital Assets[c]	Endowments[d]	Total	Total
Balance, beginning of year	$ 125,480	$ 283,814	$ 676,427	$ 73,402	$ 1,159,123	$ 1,303,682
Annual operating surplus (deficit)	66,536	-	-	-	66,536	(144,559)
Tangible capital assets purchased with internal funds	(166,783)	-	166,783	-	-	-
Amortization of internally funded tangible capital assets	148,128	-	(148,128)	-	-	-
Repayment of debt used to fund tangible capital assets	(16,822)	-	16,822	-	-	-
Payments on obligations under capital leases	(1,655)	-	1,655	-	-	-
Net repayment of life lease deposits	(59)	-	59	-	-	-
Transfer of revenue for acquisition of land	(687)	-	687	-	-	-
Transfer of internally restricted	58,885	(58,885)	-	-	-	-
Transfer of endowment contributions	(1,308)	-	-	1,308	-	-
Balance, end of year	**$ 211,715**	**$ 224,929**	**$ 714,305**	**$ 74,710**	**$ 1,225,659**	**$ 1,159,123**

(a) Unrestricted Surplus

Unrestricted surplus represents the portion of accumulated surplus that has not been internally restricted for future purposes, invested in tangible capital assets, or endowments.

(thousands of dollars)

Note 19 Accumulated Surplus (continued)

(b) Internally Restricted Surplus for Future Purposes

The Board has approved the restriction of accumulated surplus for future purposes as follows:

	2017	2016
Ancillary services (i)	$ 112,718	$ 92,842
Insurance equity requirements (ii)	42,224	41,431
Foundations (iii)	39,987	34,545
Other (iv)	30,000	114,996
Internally restricted surplus for future purposes	**$ 224,929**	**$ 283,814**

(i) Restriction of ancillary operation surpluses from parking, retail food services, and controlled entities' (2015-16 Restriction of ancillary operation surpluses for parking and retail food services).
(ii) Restriction of surplus related to equity of the LPIP (2015-16 Restriction of surplus related to equity of the LPIP).
(iii) Restriction of surplus related to AHS Controlled Foundations (2015-16 Restriction of surplus for specific local initiatives as a result of local fundraising, and to fund cancer research).
(iv) Restriction of surplus to address funding of expenses for certain initiatives spanning multiple fiscal years (2015-16 Restriction of surplus related to future capital purposes and the Provincial Clinical Information Systems Initiative (CIS)).

(c) Invested in Tangible Capital Assets

The restriction of accumulated surplus is equal to the net book value of internally funded tangible capital assets as these amounts are only available to AHS for its health care mandate.

(d) Endowments

Endowments represent the portion of accumulated surplus that is restricted and must be maintained in perpetuity.

Note 20 Contractual Obligations and Contingent Liabilities

Contractual obligations are AHS' obligations to others that will become liabilities in the future when the terms of current or existing contracts or agreements are met.

(a) Leases

AHS is contractually committed to future operating lease payments as follows:

Year ended March 31	Total Lease Payments
2018	$ 53,243
2019	45,999
2020	38,259
2021	32,055
2022	29,679
Thereafter	69,215
	$ 268,450

Note 20 Contractual Obligations and Contingent Liabilities (continued)

(b) 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, 2017, accruals have been recorded as part of the provision for unpaid claims and other liabilities (Note 12). Included in this accrual are claims in which AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS' portion of the liability.

AHS has been named in 186 legal claims (2016 – 176 claims) related to conditions in existence at March 31, 2017 where the likelihood of the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 179 claims have $310,941 in specified amounts and 7 have no specified amounts (2016 – 162 claims with $240,665 of specified claims and 14 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that is different than the claimed amount.

AHS has been named as a co-defendant, along with the GOA, in a certified Class Action (the Claim) arising from increases to long-term accommodation charges implemented by Alberta Government regulations enacted on and after August 1, 2003, and paid by residents of long-term care facilities. The likelihood of the Claim is considered by AHS to be indeterminable, and the amount of the Claim has not yet been specified.

Note 21 Related Parties

Transactions with the following related parties are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. 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.

AH appoints all members of the AHS Board. The viability of AHS' operations depends on transfers from AH. Transactions between AHS and AH are reported and disclosed in the Consolidated Statement of Operations, the Consolidated Statement of Financial Position, and the Notes to the Consolidated Financial Statements, and are therefore excluded from the table below.

Related parties also include key management personnel of AHS. Related party transactions with key management personnel primarily consist of compensation related payments to employees and senior management and are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

AHS 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 between AHS and the other ministries that are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at their exchange amount as follows:

(thousands of dollars)

Note 21 Related Parties (continued)

	Revenues[(a)]		Expenses	
	2017	2016	2017	2016
Ministry of Advanced Education[(b)]	$ 52,621	$ 52,564	$ 122,527	$ 120,194
Ministry of Infrastructure[(c)]	373,253	340,028	24,538	24,796
Other ministries[(d)]	60,865	49,096	29,341	29,814
Total for the year	**$ 486,739**	**$ 441,688**	**$ 176,406**	**$ 174,804**

	Receivable from		Payable to	
	2017	2016	2017	2016
Ministry of Advanced Education [(b)]	$ 5,536	$ 5,131	$ 26,449	$ 19,009
Ministry of Infrastructure [(c)]	23,623	49,688	-	-
Other ministries [(d)]	30,412	11,318	322,157	329,757
Balance, end of year	**$ 59,571**	**$ 66,137**	**$ 348,606**	**$ 348,766**

(a) Revenues with GOA ministries include other government transfers of $449,067 (2016 – $409,882), (Note 4), other income of $37,422 (2016 – $31,118), (Note 6), and fees and charges of $250 (2016 – $688).

(b) Most of AHS transactions with the Ministry of 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.

(c) The transactions with the Ministry of Infrastructure relate to the construction and funding of tangible capital assets. These transactions include operating transfers of $71,225 (2016 – $47,634) and recognition of expended deferred capital revenue of $277,660 (2016 – $268,090) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives. AHS has also recorded an in-kind transfer and expense of $24,368 (2016 – $24,304) for space that is provided by AI rent free. Not included in the table above but included in total amounts disclosed in Note 18(a) is the transfer of tangible capital assets from AI of $215,933 (2016 – $399,927).

(d) The payable transactions with other ministries include the debt payable to ACFA (Note 17(a)).

At March 31, 2017, AHS has recorded deferred revenue from other ministries within the GOA, excluding AH, of $45,104 (March 31, 2016 – $24,506) related to unexpended deferred operating revenue (Note 14), $15,958 (March 31, 2016 – $9,176) related to unexpended deferred capital revenue (Note 15) and $6,111,310 (March 31, 2016 – $6,056,411) related to expended deferred capital revenue (Note 16).

Contingent liabilities in which AHS has been jointly named with other government entities within the GOA are disclosed in Note 20.

(thousands of dollars)

Note 22 Government Partnerships

The following is 100% of the financial position and results of operations for AHS' government partnerships.

	2017		2016	
Financial assets	$	57,950	$	122,784
Liabilities		57,950		122,784
Accumulated surplus	$	-	$	-
Total revenues	$	231,097	$	229,955
Total expenses		231,097		229,955
Annual surplus	**$**	**-**	**$**	**-**

AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC.

Note 23 Trusts under Administration

(a) 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 maintains various reserves to adequately provide for all current obligations and reported fund balances of $78,183 as at December 31, 2016 (December 31, 2015 – $97,502). AHS has included in prepaid expenses $64,317 (March 31, 2016 – $71,664) as a share of the HBTA's fund balances representing in substance a prepayment of future premiums. These consolidated financial statements do not include the HBTA other than the premiums paid by AHS. For the fiscal year ended March 31, 2017, AHS paid premiums of $340,947 (2016 – $315,103).

(b) Other 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, 2017, the balance of funds held in trust by AHS for research and development is $514 (March 31, 2016 – $3,762).

AHS receives funds in trust from continuing care residents for personal expenses. As at March 31, 2017, the balance of these funds is $1,717 (March 31, 2016 – $1,780). These amounts are not included in the consolidated financial statements.

Note 24 Corresponding Amounts

Certain amounts have been reclassified to conform to 2017 presentation.

Note 25 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the AHS Board on June 1, 2017.

(thousands of dollars)

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
YEAR ENDED MARCH 31

	2017		2016
	Budget (Note 3)	**Actual**	**Actual**
Salaries and benefits (Schedule 2)	$ 7,760,000	$ 7,983,182	$ 7,741,667
Contracts with health service providers	2,635,000	2,539,854	2,451,216
Contracts under the Health Care Protection Act	18,000	20,198	19,300
Drugs and gases	425,000	449,620	417,110
Medical and surgical supplies	390,000	385,213	414,053
Other contracted services	1,173,000	1,106,722	1,134,353
Other[(a)]	1,330,000	1,367,628	1,333,313
Amortization and disposals of tangible capital assets (Note 18)	587,000	551,015	588,851
	$ 14,318,000	**$ 14,403,432**	**$ 14,099,863**
(a) Significant amounts included in Other are:			
Equipment expense		$ 223,364	$ 208,119
Other clinical supplies		152,312	149,183
Building rent		132,080	126,825
Building and ground expenses		121,044	107,011
Utilities		105,159	107,608
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies		90,259	87,497
Food and dietary supplies		81,985	80,078
Office supplies		54,040	58,506
Fundraising and grants awarded		50,859	54,426
Insurance and liability claims		49,639	24,199
Minor equipment purchases		45,831	69,436
Travel		41,734	39,462
Telecommunications		39,397	42,070
Licenses, fees and memberships		28,477	24,803
Education		12,107	13,628
Other		139,341	140,462
		$ 1,367,628	**$ 1,333,313**

(thousands of dollars)

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2017

	2017								2016	
	FTE[(a)]	Base Salary [(b)]	Other Cash Benefits [(c)]	Other Non-Cash Benefits [(d)]	Subtotal	Severance [(e)] Number of Individuals	Severance [(e)] Amount	Total	FTE [(a)]	Total
Total Board (Sub-Schedule 2A)	9.21	$ -	$ 310	$ -	$ 310	-	$ -	$ 310	4.42	$ 147
Total Former Official Administrator / Former Advisory Committees	-	-	-	-	-	-	-	-	4.62	248
Total Executive (Sub-Schedule 2B)	13.86	4,927	34	961	5,922	1	219	6,141	14.38	6,566
Management Reporting to CEO Direct Reports	66.06	15,176	364	2,937	18,477	2	214	18,691	54.81	15,598
Other Management	2,985.79	355,981	3,893	85,522	445,396	18	1,314	446,710	2,971.65	440,242
Medical Doctors not included above[(f)]	150.06	46,937	380	3,672	50,989	-	-	50,989	156.89	53,126
Regulated nurses not included above:										
RNs, Reg. Psych. Nurses, Grad Nurses	18,966.63	1,807,350	248,976	405,990	2,462,316	2	88	2,462,404	18,773.62	2,386,246
LPNs	4,836.11	315,465	34,991	72,503	422,959	-	-	422,959	4,691.76	417,040
Other Health Technical & Professional	16,307.58	1,458,289	83,499	338,966	1,880,754	7	60	1,880,814	15,964.01	1,824,007
Unregulated Health Service Providers	8,716.34	442,343	43,373	107,204	592,920	3	35	592,955	8,542.13	585,336
Other Staff	26,382.57	1,667,727	55,831	376,998	2,100,556	37	653	2,101,209	25,829.17	2,013,111
Total	**78,434.21**	**$ 6,114,195**	**$ 471,651**	**$ 1,394,753**	**$ 7,980,599**	**70**	**$ 2,583**	**$ 7,983,182**	**77,007.46**	**$ 7,741,667**

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

(thousands of dollars)

SUB-SCHEDULE 2A – BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2017

	Term	2017 Committees	2017 Remuneration	2016 Remuneration
Board Chair				
Linda Hughes[g]	Since Nov 27, 2015	ARC, CEC, FC, GC, HRC, QSC	$ 71	$ 26
Board Members				
Dr. Brenda Hemmelgarn (Vice Chair)	Since Nov 27, 2015	CEC (Chair), QSC	51	19
David Carpenter	Since Nov 27, 2015	ARC (Chair), CEC, FC (Chair)	38	14
Richard Dicerni[h]	Since Nov 27, 2015	FC, HRC (Chair)	30	-
Heather Hirsch	Since Nov 3, 2016	CEC, QSC	9	-
Hugh Sommerville	Since Nov 27, 2015	ARC, GC (Chair)	37	13
Marliss Taylor	Since Nov 27, 2015	CEC, GC, HRC	36	12
Glenda Yeates	Since Nov 27, 2015	ARC, FC, QSC (Chair)	33	13
Board Committee Participants[i]				
Barbara Burton	Nov 27, 2015 to Mar 31, 2016	-	-	12
Dr. Thomas Feasby	Nov 27, 2015 to Jan 18, 2017	QSC	2	2
Martin Harvey	Nov 27, 2015 to Mar 31, 2016	-	-	1
Don Sieben	Nov 27, 2015 to Mar 31, 2016	-	-	17
Doug Tupper	Nov 27, 2015 to Mar 31, 2016	-	-	17
Gord Winkel	Since Nov 27, 2015	QSC	3	1
Total Board			**$ 310**	**$ 147**

Board members were remunerated with monthly honoraria. In addition, they receive remuneration for attendance at Board and committee meetings.

Board committees were established by the Board to assist in governing AHS and overseeing the management of AHS' business and affairs. Board committee participants are eligible to receive remuneration for meetings attended, and in addition Board committee chairs also receive a monthly honorarium.

Committee legend: ARC = Audit and Risk Committee, CEC = Community Engagement Committee, FC = Finance Committee, GC = Governance Committee, HRC = Human Resources Committee, QSC = Quality and Safety Committee

(thousands of dollars)

SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2017

	2017						
For the Current Fiscal Year	FTE [a]	Base Salary [b]	Other Cash Benefits [c]	Other Non-Cash Benefits [d]	Subtotal	Severance [e]	Total
Board Direct Reports							
Dr. Verna Yiu – President and Chief Executive Officer[j,u]	1.00	$ 565	$ 16	$ 163	$ 744	$ -	$ 744
Ronda White – Chief Audit Executive [v]	1.00	240	-	39	279	-	279
CEO Direct Reports							
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta[k,w]	1.00	370	-	44	414	-	414
Dr. Ted Braun – VP and Medical Director, Central and Southern Alberta[l, w]	1.00	383	5	69	457	-	457
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta[w]	1.00	370	-	104	474	-	474
Dr. David Mador – VP and Medical Director, Northern Alberta[x]	1.00	450	-	104	554	-	554
Sean Chilton – VP, Collaborative Practice, Nursing and Health Professions[m, w]	0.27	89	-	14	103	-	103
Dave Bilan – Interim VP, Collaborative Practice, Nursing and Health Professions[n]	0.77	130	-	2	132	-	132
Dr. Francois Belanger – VP, Quality and Chief Medical Officer[o, w]	1.00	456	-	93	549	-	549
Karen Horon – Acting VP, Clinical Support Services[p, w]	0.02	5	-	1	6	-	6
Mauro Chies – VP, Clinical Support Services[q, w]	0.80	245	-	40	285	-	285
Dr. Kathryn Todd – VP, Research, Innovation and Analytics[r,y]	1.00	264	13	32	309	-	309
Todd Gilchrist – VP, People, Legal and Privacy[w]	1.00	450	-	78	528	-	528
Colleen Turner – VP, Community Engagement and Communications[s, w]	1.00	314	-	81	395	-	395
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer[w]	1.00	370	-	65	435	-	435
Noela Inions – Chief Ethics and Compliance Officer[t]	1.00	226	-	32	258	219	477
Total Executive	**13.86**	**$ 4,927**	**$ 34**	**$ 961**	**$ 5,922**	**$ 219**	**$ 6,141**

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS (thousands of dollars)

SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2017 (CONTINUED)

	2016						
For the Prior Fiscal Year	FTE [(a)]	Base Salary [(b)]	Other Cash Benefits [(c)]	Other Non-Cash Benefits [(d)]	Subtotal	Severance [(e)]	Total
Board / Official Administrator Direct Reports							
Dr. Verna Yiu – Interim President and Chief Executive Officer	0.23	$ 120	$ 22	$ 8	$ 150	$ -	$ 150
Vickie Kaminski – President and Chief Executive Officer	0.85	462	31	32	525	-	525
Ronda White – Chief Audit Executive	1.00	241	-	36	277	-	277
CEO Direct Reports							
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta	1.00	372	-	50	422	-	422
Dr. Ted Braun – Acting VP and Medical Director, Central and Southern Alberta	0.23	88	1	13	102	-	102
Dr. Francois Belanger – VP and Medical Director, Central and Southern Alberta	0.77	348	-	66	414	-	414
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta	1.00	372	-	32	404	-	404
Dr. David Mador – VP and Medical Director, Northern Alberta	1.00	452	-	70	522	-	522
Dave Bilan – Interim VP Collaborative Practice, Nursing and Health Professions	0.34	57	-	9	66	-	66
Linda Dempster – VP Collaborative Practice, Nursing and Health Professions	0.66	172	-	23	195	-	195
Dr. Francois Belanger – Interim VP, Quality and Chief Medical Officer	0.23	104	-	20	124	-	124
Dr. Verna Yiu – VP, Quality and Chief Medical Officer	0.77	402	36	26	464	-	464
Dr. Kathryn Todd – VP, Research, Innovation and Analytics	1.00	264	15	29	308	-	308
Todd Gilchrist – VP, Human Resources	0.91	406	-	123	529	-	529
Robert Armstrong – Acting VP, Human Resources	0.09	22	3	6	31	-	31
Colleen Turner – Interim VP, Community Engagement and Communications	0.23	61	-	13	74	-	74
Carmel Turpin – VP, Community Engagement and Communications	0.78	237	-	30	267	293	560
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer	1.00	372	-	48	420	-	420
Noela Inions – Chief Ethics and Compliance Officer	1.00	227	-	45	272	-	272
Vivian Simpkin – Interim General Counsel, Legal and Privacy	0.22	48	5	9	62	-	62
Salimah Walji-Shivji – General Counsel, Legal and Privacy	0.46	111	-	21	132	266	398
Sharon Lehr – Chief Program Officer, Operational Benchmarking and Efficiency	0.61	188	-	59	247	-	247
Total Executive	**14.38**	**$ 5,126**	**$ 113**	**$ 768**	**$ 6,007**	**$ 559**	**$ 6,566**

(thousands of dollars)

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. 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 Note 2(h)(iii). 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 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 or directly reporting to the President and Chief Executive Officer. Only individuals holding a position directly reporting to the Board or President and Chief Executive Officer during the current fiscal year are disclosed.

	2017			2016			
	SPP	SERP					
	Current period benefit costs[1]	Other Costs[2]	Total	Total	Account Balance[3] or Accrued Benefit Obligation March 31, 2016	Change During the Year[4]	Account Balance[3] or Accrued Benefit Obligation March 31, 2017
Dr. Verna Yiu - President and Chief Executive Officer	$ 41	$ -	$ 41	$ -	$ -	$ 41	$ 41
Ronda White - Chief Audit Executive	9	-	9	10	51	12	63
Brenda Huband - VP and Chief Health Operations Officer, Central and Southern Alberta							
SERP	-	23	23	(8)	422	(42)	380
SPP	25	-	25	25	95	30	125
Dr. Ted Braun - VP and Medical Director, Central and Southern Alberta							
SERP	-	12	12	(4)	217	(8)	209
SPP	27	-	27	16	58	27	85
Deb Gordon - VP and Chief Health Operations Officer, Northern Alberta							
SERP	-	35	35	(11)	626	23	649
SPP	25	-	25	25	85	31	116
Dr. David Mador - VP and Medical Director, Northern Alberta	35	-	35	35	106	38	144
Sean Chilton - VP, Collaborative Practice, Nursing and Health Professions	18	-	18	18	94	21	115
Dr. Francois Belanger - VP, Quality and Chief Medical Officer	35	-	35	35	127	45	172
Karen Horon - Acting VP, Clinical Support Services	4	-	4	4	12	4	16
Mauro Chies - VP, Clinical Support Services	16	-	16	12	49	18	67
Dr. Kathryn Todd - VP, Research, Innovation and Analytics [r]	-	-	-	-	-	-	-
Todd Gilchrist - VP, People, Legal and Privacy	35	-	35	31	31	36	67
Colleen Turner - VP, Community Engagement and Communications	18	-	18	10	48	22	70

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS (thousands of dollars)

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

	2017			2016			
	SPP	SERP					
	Current period benefit costs[(1)]	Other Costs[(2)]	Total	Total	Account Balance[(3)] or Accrued Benefit Obligation March 31, 2016	Change During the Year[(4)]	Account Balance[(3)] or Accrued Benefit Obligation March 31, 2017
Deborah Rhodes - VP, Corporate Services and Chief Financial Officer	$ 25	$ -	$ 25	$ 25	$ 138	$ 32	$ 170
Noela Inions - Chief Ethics and Compliance Officer	8	-	8	8	64	12	76

(1) The SPP current period benefit costs are AHS contributions earned in the period.
(2) Other SERP costs include retirement benefits, interest expense on the obligations, and amortization of actuarial gains and losses, offset by the expected return on the plans' assets. AHS uses the straight line method to amortize actuarial gains and losses over the expected average remaining service life of the plan members.
(3) The account balance represents the total cumulative earned contributions to the SPP as well as cumulative investment gains or losses on the contributions.
(4) Changes in the accrued benefit obligation include current period benefit cost, interest accruing on the obligations and the amortization of any actuarial gains or losses in the period. Changes in the account balance include the current benefit costs and investment gains or losses related to the account.

FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2017

Definitions

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

b. Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits.

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

c. Other cash benefits include, as applicable, honoraria, overtime, acting pay, travel and automobile allowances, lump sum payments and an allowance for professional development. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation unless related to severance. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.

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
- Employer's share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans, and
- 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 which are not included in other cash benefits or other non-cash benefits.

f. Compensation provided by AHS for medical doctors included in salaries and benefits expense includes medical doctors paid through AHS payroll. The compensation provided by AHS for the remaining medical doctors is included in other contracted services.

Board and Board Committee Participants

g. The Board Chair is an Ex-Officio member on all committees.

h. This individual started claiming honoraria on April 16, 2016.

i. These individuals were participants of Board committees, but are not Board members or AHS employees.

Executive

j. The incumbent held the position of Interim President and Chief Executive Officer and received acting pay until June 3, 2016 when the incumbent was appointed to President and Chief Executive Officer. The incumbent received an increase in compensation for the new position. The contract term ends June 2, 2021. The incumbent was on secondment from the University of Alberta until June 3, 2016. During this time, the incumbent's total remuneration was comprised of salary amounts from both AHS and the University of Alberta, and AHS reimbursed the University for the incumbent's base salary and benefits. In lieu of enrollment into the AHS SPP, the incumbent received 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. The lump sum has been included in Other Cash Benefits. Effective June 3, 2016, the incumbent began a leave of absence from the University of Alberta and entered into an employment relationship with AHS.

k. The incumbent received a vacation payout of $29 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.

l. The incumbent held the position of Acting Vice President and Medical Director, Central and Southern Alberta and received an increase in base salary until February 13, 2017 at which time the incumbent was appointed to Vice President and Medical Director, Central and Southern Alberta. The incumbent received an increase in compensation for the new position.

m. The incumbent held the position of Chief Zone Officer, South Zone until December 26, 2016 at which time the incumbent was appointed to Vice President, Collaborative Practice, Nursing and Health Professions and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in compensation for the new position.

n. The incumbent held the position of Interim Vice President, Collaborative Practice, Nursing and Health Professions and received an increase in base salary until January 9, 2017 at which time the incumbent resumed the role of Executive Director, Health Professions – Strategy and Practice and is no longer a direct report to the President and Chief Executive Officer.

o. The incumbent held the position of Interim Vice President, Quality and Chief Medical Officer until November 1, 2016 when the incumbent was appointed to Vice President, Quality and Chief Medical Officer. The incumbent received an increase in compensation for the new position.

FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2017 (CONTINUED)

p. The incumbent held the position of Senior Operating Officer, Pharmacy Services until March 28, 2017 at which time the incumbent was appointed to Acting Vice President, Clinical Support Services and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in base salary for the Acting Vice President, Clinical Support Services position.

q. The incumbent held the position of Chief Program Officer, Clinical Support Services until June 13, 2016 at which time the incumbent was appointed to Vice President, Clinical Support Services and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in compensation for the new position. In addition, the incumbent received a vacation payout of $6 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned. The incumbent began a leave of absence on March 28, 2017.

r. 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, and AHS reimburses the University for the incumbent's base salary and benefits. In lieu of enrollment into the AHS 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. The lump sum has been included in Other Cash Benefits.

s. The incumbent held the position of Interim Vice President, Community Engagement and Communications and received an increase in base salary until July 4, 2016 when the incumbent was appointed to Vice President, Community Engagement and Communications. The incumbent received an increase in compensation for the new position.

t. The incumbent held the position until April 21, 2017, at which time the accountability and scope of the position was expanded. The employer and employee negotiated a separation agreement which resulted in the incumbent resigning her position in exchange for a severance payment. The employer allowed this resignation to be communicated as a retirement. The incumbent received salary and other accrued entitlements to the date of resignation. The reported severance included 44 weeks of base salary at the rate in effect at the date of retirement and an additional 15% of the severance in lieu of benefits. This severance was expensed in the current year.

Termination Obligations

u. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to one month base salary for each completed month of service during the first year of the term or, after completion of one year of service of the term, 12 months base salary.

v. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to 12 months base salary. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.

w. The incumbent's termination benefits have not been predetermined.

x. In the case of termination without just cause by AHS, the incumbent shall receive severance pay to a maximum of 12 months base salary plus market supplement. Such severance will be paid in 12 equal monthly instalments. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.

y. 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.