

# **CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2020**

Management's Responsibility for Financial Reporting

Independent Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Change in Net Debt

Consolidated Statement of Remeasurement Gains and Losses

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries and Benefits

Schedule 3 – Consolidated Schedule of Segment Disclosures

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2020 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]

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Dr. Verna Yiu, MD, FRCPC  
President and Chief Executive Officer  
Alberta Health Services

[original signed by]

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Robert Hawes, CPA, CA, ICD.D  
Interim Vice President Corporate Services and Chief  
Financial Officer  
Alberta Health Services

June 24, 2020

## Independent Auditor's Report

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

### **Report on the Consolidated Financial Statements**

#### **Opinion**

I have audited the consolidated financial statements of Alberta Health Services (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, change in net debt, remeasurement gains and losses, and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, 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.

#### **Basis for opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Other information**

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

June 24, 2020  
Edmonton, Alberta

<b>CONSOLIDATED STATEMENT OF OPERATIONS</b>			
<b>YEAR ENDED MARCH 31</b>			
	<b>2020</b>		<b>2019</b>
	<b>Budget (Note 3)</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues:</b>			
Alberta Health transfers			
Base operating	\$ 12,600,000	\$ 12,598,000	\$ 12,485,595
One-time base operating	-	-	29,558
Other operating	1,294,000	1,290,302	1,192,862
Recognition of expended deferred capital revenue	61,000	61,354	65,104
Other government transfers (Note 4)	427,000	434,768	429,665
Fees and charges	508,000	532,250	538,721
Ancillary operations	136,000	129,129	133,513
Donations, fundraising, and non-government contributions (Note 5)	154,000	195,980	181,319
Investment and other income (Note 6)	185,000	226,752	218,367
<b>TOTAL REVENUE</b>	<b>15,365,000</b>	<b>15,468,535</b>	<b>15,274,704</b>
<b>Expenses:</b>			
Continuing care	1,157,000	1,176,468	1,137,363
Community care	1,521,000	1,525,789	1,445,283
Home care	689,000	716,561	688,295
Acute care	4,940,000	5,065,807	5,018,467
Ambulance services	517,000	530,662	528,045
Diagnostic and therapeutic services	2,495,000	2,539,566	2,505,618
Population and public health	361,000	357,117	349,669
Research and education	319,000	344,634	347,239
Information technology	588,000	597,005	507,326
Support services (Note 7)	2,265,000	2,287,205	2,260,421
Administration (Note 8)	513,000	473,544	525,609
<b>TOTAL EXPENSES (Schedules 1 and 3)</b>	<b>15,365,000</b>	<b>15,614,358</b>	<b>15,313,335</b>
<b>ANNUAL OPERATING DEFICIT</b>	<b>-</b>	<b>(145,823)</b>	<b>(38,631)</b>
Accumulated surplus, beginning of year	1,278,000	1,278,424	1,317,055
<b>Accumulated surplus, end of year (Note 19)</b>	<b>\$ 1,278,000</b>	<b>\$ 1,132,601</b>	<b>\$ 1,278,424</b>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31		
	2020	2019
	Actual	Actual (Note 26)
<b>Financial Assets:</b>		
Cash	\$ 538,778	\$ 60,610
Portfolio investments (Note 10)	1,483,341	2,279,068
Accounts receivable (Note 11)	610,571	366,722
	2,632,690	2,706,400
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (Note 12)	1,627,584	1,505,873
Employee future benefits (Note 13)	707,471	688,496
Unexpended deferred operating revenue (Note 14)	405,951	453,219
Unexpended deferred capital revenue (Note 15)	108,823	128,394
Debt (Note 17)	481,551	347,642
	3,331,380	3,123,624
<b>NET DEBT</b>	<b>(698,690)</b>	<b>(417,224)</b>
<b>Non-Financial Assets:</b>		
Tangible capital assets (Note 18)	8,855,960	8,381,004
Inventories for consumption	127,298	106,509
Prepaid expenses, deposits, and other non-financial assets	211,480	167,722
	9,194,738	8,655,235
<b>NET ASSETS BEFORE EXPENDED DEFERRED CAPITAL REVENUE</b>	<b>8,496,048</b>	<b>8,238,011</b>
Expended deferred capital revenue (Note 16)	7,359,615	6,925,118
<b>NET ASSETS</b>	<b>1,136,433</b>	<b>1,312,893</b>
Net Assets is comprised of:		
Accumulated surplus (Note 19)	1,132,601	1,278,424
Accumulated remeasurement gains	3,832	34,469
	<b>\$ 1,136,433</b>	<b>\$ 1,312,893</b>

Contractual Obligations and Contingent Liabilities (Note 20)  
Impact of COVID-19 (Note 25)

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

Approved by the Alberta Health Services Board:

[original signed by]

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David Weyant, Q.C.  
Board Chair

[original signed by]

\_\_\_\_\_  
David Carpenter, FCPA, FCA  
Audit & Risk Committee Chair

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT YEAR ENDED MARCH 31			
	2020		2019
	Budget (Note 3)	Actual	Actual
Annual operating deficit	\$ -	\$ (145,823)	\$ (38,631)
Effect of changes in tangible capital assets:			
Acquisition of tangible capital assets (Note 18):			
Purchased tangible capital assets	(542,000)	(533,483)	(593,957)
Contributed tangible capital assets	(496,000)	(523,196)	(285,368)
Amortization and loss on disposals/write-downs of tangible capital assets (Note 18)	554,000	581,723	529,628
Effect of other changes:			
Net increase in expended deferred capital revenue	448,000	434,497	189,664
Net decrease (increase) in inventories for consumption	22,000	(20,789)	(9,936)
Net decrease (increase) in prepaid expenses and other non-financial assets	1,000	(43,758)	(2,001)
Net remeasurement gains (losses) for the year	22,000	(30,637)	13,634
<b>Decrease (increase) in net debt for the year</b>	<b>9,000</b>	<b>(281,466)</b>	<b>(196,967)</b>
Net debt, beginning of year	(417,000)	(417,224)	(220,257)
<b>Net debt, end of year</b>	<b>\$ (408,000)</b>	<b>\$ (698,690)</b>	<b>\$ (417,224)</b>

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

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES YEAR ENDED MARCH 31			
	2020		2019
	Budget (Note 3)	Actual	Actual
Unrestricted unrealized gains (losses) attributable to:			
Derivatives	\$ -	\$ 539	\$ 253
Portfolio investments	30,000	(5,933)	17,751
Amounts reclassified to the Consolidated Statement of Operations:			
Portfolio investments	(8,000)	(25,243)	(4,370)
<b>Net remeasurement gains (losses) for the year</b>	<b>22,000</b>	<b>(30,637)</b>	<b>13,634</b>
Accumulated remeasurement gains, beginning of year	35,000	34,469	20,835
<b>Accumulated remeasurement gains, end of year (Note 10)</b>	<b>\$ 57,000</b>	<b>\$ 3,832</b>	<b>\$ 34,469</b>

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

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
<b>YEAR ENDED MARCH 31</b>		
	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual (Note 26)</b>
<b>Operating transactions:</b>		
Annual operating deficit	\$ (145,823)	\$ (38,631)
Non-cash items:		
Amortization and loss on disposals/write-downs of tangible capital assets	581,723	529,628
Recognition of expended deferred capital revenue	(404,405)	(383,405)
Decrease (increase) in:		
Accounts receivable related to operating transactions	(254,073)	48,304
Inventories for consumption	(20,789)	(9,936)
Prepaid expenses and other non-financial assets	(43,758)	(2,001)
Increase (decrease) in:		
Accounts payable and accrued liabilities related to operating transactions	100,838	76,173
Employee future benefits	18,975	15,360
Unexpended deferred operating revenue	(60,847)	(31,957)
Cash (applied to) provided by operating transactions	(228,159)	203,535
<b>Capital transactions:</b>		
Purchased tangible capital assets	(533,483)	(593,957)
Increase in accounts payable and accrued liabilities related to capital transactions	44,406	37,368
Cash applied to capital transactions	(489,077)	(556,589)
<b>Investing transactions:</b>		
Purchase of portfolio investments	(2,683,128)	(3,161,266)
Proceeds on disposals of portfolio investments	3,429,544	3,220,278
Cash provided by investing transactions	746,416	59,012
<b>Financing transactions:</b>		
Restricted capital contributions received	343,010	331,363
Unexpended deferred capital revenue returned	(4,398)	(250)
Proceeds from debt	157,000	-
Principal payments on debt	(23,091)	(22,133)
Payments on obligations under capital leases	(23,814)	(19,985)
Net receipt (repayment) of life lease deposits	281	(596)
Cash provided by financing transactions	448,988	288,399
<b>Increase (decrease) in cash</b>	<b>478,168</b>	<b>(5,643)</b>
Cash, beginning of year	60,610	66,253
<b>Cash, end of year</b>	<b>\$ 538,778</b>	<b>\$ 60,610</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

The AHS consolidated financial statements include the revenue and expenses associated with its responsibilities. These consolidated financial statements do not reflect the complete costs of provincial health care. For a complete picture of the costs of provincial health care, readers should consult the consolidated financial statements of the Government of Alberta (GOA).

### 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 and the financial directives issued by Alberta Health (AH).

These 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:

#### (i) Controlled Entities

AHS controls the following three entities:

- Alberta Precision Laboratories Ltd. (APL) (formerly Alberta Public Laboratories Ltd.) - provides medical diagnostic services throughout Alberta. AHS owns 100% of the Class A voting shares.
- CapitalCare Group Inc. (CCGI) - manages continuing care programs and facilities in the Edmonton area. AHS owns 100% of the Class A voting shares.
- Carewest - manages continuing care programs and facilities in the Calgary area. AHS owns 99% of the Class A voting shares and 1% of the Class A voting shares are held in trust for the benefit of AHS by the Chair of the Board of Directors.

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

AHS has majority representation on, or the right to appoint, the governance boards indicating control of the following entities:

- Foundations:

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

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

LPIP's main purpose is to share the risks of general and professional liability to lessen the impact on any one subscriber. Effective April 1, 2020, LPIP ceased providing new liability coverage and continues in operation for the limited purpose of winding up its affairs.

- Queen Elizabeth II Hospital Child Care Centre

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

**(ii) Government Partnerships**

AHS proportionately consolidates its 50% interests in Primary Care Network (PCN) partnerships with physician groups, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 33.33% interest in the Institute for Reconstructive Sciences in Medicine (iRSM) partnership with the University of Alberta and Covenant Health (Note 22).

AHS entered into local primary care initiative agreements to jointly manage and operate the delivery of primary care services to achieve the PCN 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	Lloydminster Primary Care Network
Aspen Primary Care Network	McLeod River Primary Care Network
Big Country Primary Care Network	Mosaic Primary Care Network
Bighorn Primary Care Network	Northwest Primary Care Network
Bonnyville Primary Care Network	Palliser Primary Care Network
Bow Valley Primary Care Network	Peace Region Primary Care Network
Calgary Foothills Primary Care Network	Peaks to Prairies Primary Care Network
Calgary Rural Primary Care Network	Provost Primary Care Network
Calgary West Central Primary Care Network	Red Deer Primary Care Network
Camrose Primary Care Network	Rocky Mountain House Primary Care Network
Chinook Primary Care Network	Saddle Hills Primary Care Network (formerly
Cold Lake Primary Care Network	Sexsmith / Spirit River Primary Care Network and
Drayton Valley Primary Care Network	West Peace Region Primary Care Network)
Edmonton North Primary Care Network	Sherwood Park/Strathcona County Primary Care
Edmonton Oliver Primary Care Network	Network
Edmonton Southside Primary Care Network	South Calgary Primary Care Network
Edmonton West Primary Care Network	St. Albert & Sturgeon Primary Care Network
Grande Prairie Primary Care Network	Wainwright Primary Care Network
Highland Primary Care Network	WestView Primary Care Network
Kalyna Country Primary Care Network	Wetaskiwin and Area Primary Care Network
Lakeland Primary Care Network	Wolf Creek Primary Care Network
Leduc Beaumont Devon Primary Care Network	Wood Buffalo Primary Care Network

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

**(iii) Trusts under Administration**

These consolidated financial statements do not include trusts administered on behalf of others (Note 23). AHS provides services to certain entities not included in these consolidated financial statements.

**(iv) Other**

AHS is responsible for the delivery and operation of the public health system in Alberta (Note 1), and contracts with various voluntary and private health service providers to provide health services throughout Alberta. The largest of these service providers is Covenant Health, a denominational health care organization, providing a full spectrum of care. Covenant Health is an independent, separate legal entity with a separate Board of Directors and accordingly, these consolidated financial statements do not include their assets, liabilities or results of operations. However, the payments for contracts with health service providers such as Covenant Health are recorded as expenses in the Consolidated Statement of Operations.

**(b) Revenue Recognition**

Revenue is recognized in the year 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.

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

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 the 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.

Unallocated costs comprising of materials and services contributed by related parties in support of AHS' operations, are not recognized in these consolidated financial statements.

**(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 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 the communicated use.

In-kind donations of services and materials from non-related parties 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 related to Land**

Transfers and donations for the purchase of land are recognized as deferred revenue when received and as revenue when the land is purchased.

**(iv) Fees and Charges, Ancillary Operations, and Other Income**

Fees and charges, ancillary operations, and other income are recognized in the year that goods are delivered or services are provided by AHS. 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 portfolio 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 funding agreements.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)****(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.

**(d) Financial Instruments**

Financial instruments comprise financial assets and liabilities. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Liabilities are present obligations of AHS to others arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits.

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
Portfolio investments	Measured at fair value with unrealized 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, accrued vacation pay, accounts payable and accrued liabilities and debt	Measured at amortized cost.

AHS records equity investments 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 all portfolio 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.

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 portfolio 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 portfolio investments are expensed as incurred. Investment management fees are expensed as incurred. The purchase and sale of portfolio investments are accounted for using trade date accounting.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)****(e) Cash**

Cash is comprised of cash on hand. Cash on hand includes amounts in interest bearing accounts held for the purpose of meeting short-term commitments rather than for investment purposes.

**(f) Inventories For Consumption**

Inventories for consumption are valued at lower of cost (defined as moving average cost) and replacement cost.

**(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. 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.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the date of the contribution when fair value can be reasonably determined. When AHS cannot determine the fair value, it records such contributions at nominal value.

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:

	<u>Useful Life</u>
Facilities and improvements	10-40 years
Equipment	3-20 years
Information systems	3-15 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 available for or in use.

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. 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 to their net recoverable amounts 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. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

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

**Note 2 Significant Accounting Policies and Reporting Practices (continued)****(h) Employee Future Benefits****(i) Defined Benefit Pension Plans****Local Authorities Pension Plan (LAPP) and Management Employees Pension Plan (MEPP)**

AHS participates in LAPP and MEPP which are registered defined benefit pension plans. 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). Prior to March 1, 2019, the President of Alberta Treasury Board and Minister of Finance was the legal trustee and administrator for LAPP and MEPP. Although there has been no change in MEPP governance, effective March 1, 2019, LAPP Corporation became the legislated administrator and trustee of LAPP. 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.

**Supplemental Executive Retirement Plan (SERP)**

The SERP covers certain employees and supplements the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). The SERP has been closed to new entrants since April 1, 2009. The SERP provides future pension benefits to participants based on years of service and earnings.

As required under the *Income Tax Act* (Canada), 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.

**(ii) Defined Contribution Pension Plans****Group Registered Retirement Savings Plans (GRRSPs)**

AHS sponsors 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.

**Supplemental Pension Plan (SPP)**

Subsequent to April 1, 2009, staff that would have otherwise been eligible for SERP have been enrolled in a defined contribution SPP. The SPP supplements the benefits under AHS registered plans that are limited by the *Income Tax Act* (Canada). AHS contributes a percentage of an eligible employee's pensionable earnings, in excess of the limits of the *Income Tax Act* (Canada). The SPP 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)****(iii) Other Benefit Plans****Accumulating Non-Vesting Sick Leave**

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 recognizes a liability and expense for accumulating non-vesting sick leave benefits using an actuarial cost method as the employees render services to earn the benefits. The liability and expense is 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 dates, and mortality. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

AHS does not record a liability for sick leave benefits that do not accumulate beyond the current reporting year as these are renewed annually.

**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. A liability for remediation of contaminated sites 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) 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 year 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.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)****(k) Reserves**

Certain amounts, as approved by the AHS Board, may be set aside in accumulated surplus for use by AHS for future purposes. Transfers to, or from, are recorded to the respective reserve account when approved. Reserves include Invested in Tangible Capital Assets, Internally Restricted Surplus for Future Purposes, and Internally Restricted Surplus for Insurance Equity Requirements and Foundations.

**(l) 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. 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 could require adjustment in subsequent reporting years. Significant estimates include: amortization of tangible capital assets, recognition of expended deferred capital revenue, employee future benefits, provision for unpaid claims, accrued liabilities and allowance for doubtful accounts.

**(m) Future Accounting Changes**

The following accounting standards are applicable in future years:

- PS 3280 – Asset Retirement Obligations (effective April 1, 2021)**  
 PS 3280 provides guidance on how to account for and report a liability for retirement of a tangible capital asset. AHS has completed an initial review of the standard and conducted a preliminary assessment of tangible capital assets impacted. Based on the scoping work performed to date, AHS has identified the asset categories of Facilities and Equipment as the assets primarily impacted by this standard. In-depth discussions continue as AHS considers the nature and related cost estimates of, the applicable retirement obligations for these assets. The overall impact of adopting this standard on the future consolidated financial statements continues to be assessed.
- PS 3400 – Revenue (effective April 1, 2022)**  
 PS 3400 provides guidance on how to account for and report revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions. AHS is currently assessing what the impact of this standard will have on future consolidated financial statements.

**Note 3 Budget**

The AHS Health Plan and Business Plan, which included the 2019-20 annual budget, was approved by the AHS Board on December 11, 2019 for submission to the Minister who approved it on January 28, 2020.

**Note 4 Other Government Transfers**

	Budget	2020	2019
Unrestricted operating	\$ 32,000	\$ 34,035	\$ 32,790
Restricted operating (Note 14)	113,000	92,152	114,269
Recognition of expended deferred capital revenue (Note 16)	282,000	308,581	282,606
	<b>\$ 427,000</b>	<b>\$ 434,768</b>	<b>\$ 429,665</b>

Other government transfers include \$425,845 (2019 – \$420,622) transferred from the GOA, \$8,923 (2019 – \$9,043) from government entities outside the GOA, and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.

**Note 5 Donations, Fundraising, and Non-Government Contributions**

	Budget	2020	2019
Unrestricted operating	\$ 3,000	\$ 3,940	\$ 4,073
Restricted operating (Note 14)	124,000	157,289	141,088
Recognition of expended deferred capital revenue (Note 16)	27,000	34,470	35,695
Endowment contributions	-	281	463
	<b>\$ 154,000</b>	<b>\$ 195,980</b>	<b>\$ 181,319</b>

**Note 6 Investment and Other Income**

	Budget	2020	2019
Investment income	\$ 65,000	\$ 80,243	\$ 68,521
Other income:			
GOA (Note 21)	34,000	28,077	30,847
AH	-	12,562	12,698
Other	86,000	105,870	106,301
	<b>\$ 185,000</b>	<b>\$ 226,752</b>	<b>\$ 218,367</b>

The Other balance of \$105,870 (2019 - \$106,301) mainly relates to recoveries for services provided to third parties.

**Note 7 Support Services**

	Budget	2020	2019
Facilities operations	\$ 913,000	\$ 905,659	\$ 893,599
Patient: health records, food services, and transportation	439,000	436,326	424,288
Housekeeping, laundry, and linen	224,000	220,500	217,296
Materials management	177,000	177,684	174,916
Support services expense of full-spectrum contracted health service providers	157,000	152,542	154,714
Ancillary operations	108,000	97,099	103,122
Fundraising expenses and grants awarded	48,000	48,635	45,689
Emergency preparedness services	6,000	5,847	5,255
Other	193,000	242,913	241,542
	<b>\$ 2,265,000</b>	<b>\$ 2,287,205</b>	<b>\$ 2,260,421</b>

**Note 8 Administration**

	Budget	2020	2019
General administration	\$ 258,000	\$ 220,679	\$ 272,241
Human resources	116,000	114,865	115,901
Finance	74,000	74,969	73,075
Communications	27,000	24,771	24,415
Administration expense of full-spectrum contracted health service providers	38,000	38,260	39,977
	<b>\$ 513,000</b>	<b>\$ 473,544</b>	<b>\$ 525,609</b>

**Note 9 Financial Risk Management**

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 due to changes in market prices. Market risk is comprised of 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, the consolidated investment portfolio is governed by investment bylaws and policies with clearly established target asset mixes. The target assets range between 0% and 100% for cash and money market securities, 0% to 80% for fixed income securities and 0% to 70% for equity holdings.

Risk is reduced through asset class diversification, diversification within each asset class, and portfolio quality constraints governing the quality of portfolio holdings.

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. 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 3.24% (2019 – 2.26%) increase or decrease, with all other variables held constant, the portfolio could expect an increase or decrease in accumulated remeasurement gains and losses and unrealized net gains and losses attributable to unexpended deferred operating revenue of \$28,877 (2019 – \$38,130).

**(i) Price Risk**

Price risk relates to the possibility that equity portfolio 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 portfolio 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 \$42,045 or 2.84% of total portfolio investments (March 31, 2019 – \$50,535 or 2.22%).

In March 2020, the COVID-19 global pandemic resulted in an overall reduction of market prices for equities traded in the market at year-end. AHS is invested primarily in interest bearing securities (money market and fixed income securities) and this diversification served to mitigate price risk for AHS. As a result of this diversification, AHS did not realize significant losses in March 2020.

**(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. AHS manages the interest rate risk exposure of its fixed income securities 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 fixed income securities 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 \$53,634 (March 31, 2019 – \$78,148).

**Note 9 Financial Risk Management (continued)**

Fixed income securities have the following average maturity structure:

	2020	2019
0 – 5 years	56%	77%
6 – 10 years	20%	8%
Over 10 years	24%	15%

Asset Class	Average Effective Market Yield	
	2020	2019
Fixed income securities	1.98%	2.47%

**(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 portfolio investments denominated in foreign currencies is translated into Canadian dollars on a daily basis using the reporting date exchange rate. Both the realized gain/loss and remeasurement gain/loss comprise actual gains or losses on the underlying instrument as well as changes in foreign exchange rates at the time of the valuation. AHS is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies. AHS is also exposed to changes in the valuation on its global equity funds attributable to fluctuations in foreign currency.

Foreign currency risk is managed by the investment policies which limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. At March 31, 2020, investments in non-Canadian equities represented 18.4% (March 31, 2019 – 14.5%) of total portfolio investments.

Foreign exchange fluctuations on cash balances are mitigated by derivatives and holding minimal foreign currency cash balances. At March 31, 2020, 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, 2020, AHS held derivatives in the form of forward contracts for future settlement of \$12,000 (2019 – \$18,000). The fair value of these forward contracts as at March 31, 2020 was \$1,253 (2019 – \$714) and is included in portfolio investments (Note 10).

**(b) Credit Risk**

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its contractual 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. 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, 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 investment bylaw and policies governing the consolidated investment portfolio, 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 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 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 which are classified as part of AHS' fixed income securities. Short selling is not permitted.

**Note 9 Financial Risk Management (continued)**

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2020. The unrated securities consist of low volatility pooled mortgages that are not rated on an active market.

Credit Rating	2020	2019
Investment Grade (AAA to BBB)	89%	87%
Unrated	11%	13%
	<b>100%</b>	<b>100%</b>

**(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 provided in advance by AH, income generated from portfolio investments, and by investing in liquid assets, such as money market securities, fixed income securities and equities traded in an active market that are easily sold and converted to cash. Short term borrowing to meet financial obligations would be available through established credit facilities as described in Note 17(b).

**Note 10 Portfolio Investments**

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash held for investing purposes	\$ 112,072	\$ 112,072	\$ 110,887	\$ 110,887
Interest bearing securities:				
Money market securities	38,076	38,076	177,199	177,199
Fixed income securities	902,690	888,059	1,485,637	1,467,856
	<b>940,766</b>	<b>926,135</b>	<b>1,662,836</b>	<b>1,645,055</b>
Equities:				
Canadian equity investments	44,554	47,368	45,866	38,488
Canadian equity funds	66,937	73,807	129,525	119,364
Global equity funds	278,175	256,183	329,954	288,454
	<b>389,666</b>	<b>377,358</b>	<b>505,345</b>	<b>446,306</b>
Real estate pooled funds	<b>40,837</b>	<b>40,267</b>	-	-
	<b>\$ 1,483,341</b>	<b>\$ 1,455,832</b>	<b>\$ 2,279,068</b>	<b>\$ 2,202,248</b>

	2020	2019
Items at Fair Value		
Portfolio investments designated to the fair value category	\$ 1,437,534	\$ 2,232,488
Portfolio investments in equity instruments that are quoted in an active market	44,554	45,866
Derivatives	1,253	714
	<b>\$ 1,483,341</b>	<b>\$ 2,279,068</b>

Included in portfolio investments is \$233,282 (March 31, 2019 – \$212,323) that is restricted for use as per the requirements in Sections 99 and 100 of the *Insurance Act* of Alberta. Endowment principal included in portfolio investments amounts to \$75,438 (March 31, 2019 – \$75,157).

**Note 10 Portfolio Investments (continued)**

The following are the total net remeasurement gains on portfolio investments:

	2020	2019
Accumulated remeasurement gains	\$ 3,832	\$ 34,469
Restricted unrealized net gains attributable to unexpended deferred operating revenue (Note 14(b))	23,677	42,351
	<b>\$ 27,509</b>	<b>\$ 76,820</b>

**Fair Value Hierarchy**

	2020			
	Level 1	Level 2	Level 3	Total
Cash held for investing purposes	\$ 112,072	\$ -	\$ -	\$ 112,072
Interest bearing securities:				
Money market securities	-	38,076	-	38,076
Fixed income securities	-	827,477	75,213	902,690
Equities:				
Canadian equity investments	44,554	66,937	-	111,491
Global equity funds	-	278,175	-	278,175
Real estate pooled funds	-	-	40,837	40,837
	<b>\$ 156,626</b>	<b>\$ 1,210,665</b>	<b>\$ 116,050</b>	<b>\$ 1,483,341</b>
Percent of total	10%	82%	8%	100%

	2019			
	Level 1	Level 2	Level 3	Total
Cash held for investing purposes	\$ 110,887	\$ -	\$ -	\$ 110,887
Interest bearing securities:				
Money market securities	-	177,199	-	177,199
Fixed income securities	-	1,320,899	164,738	1,485,637
Equities:				
Canadian equity investments	45,866	129,525	-	175,391
Global equity funds	-	329,954	-	329,954
	<b>\$ 156,753</b>	<b>\$ 1,957,577</b>	<b>\$ 164,738</b>	<b>\$ 2,279,068</b>
Percent of total	7%	86%	7%	100%

**Reconciliation of Investments classified as level 3.**

	2020		
	Fixed income securities	Real estate pooled funds	Total
Balance at beginning of year	\$ 164,738	\$ -	\$ 164,738
Purchases	4,763	40,268	45,031
Sales	(94,716)	-	(94,716)
Gain (loss) included in the Consolidated Statement of Remeasurement Gains and Losses	447	569	1,016
Transfers in (out)	(19)	-	(19)
<b>Balance at end of year</b>	<b>\$ 75,213</b>	<b>\$ 40,837</b>	<b>\$ 116,050</b>

**Note 10 Portfolio Investments (continued)**

	2019		
	Fixed income securities	Real estate pooled funds	Total
Balance at beginning of year	\$ 147,014	\$ -	\$ 147,014
Purchases	13,861	-	13,861
Sales	-	-	-
Gain (loss) included in the Consolidated Statement of Remeasurement Gains and Losses	1,044	-	1,044
Transfers in (out)	2,819	-	2,819
<b>Balance at end of year</b>	<b>\$ 164,738</b>	<b>\$ -</b>	<b>\$ 164,738</b>

**Note 11 Accounts Receivable**

	2020			2019
	Gross	Allowance for Doubtful Accounts	Net	Net (Note 26)
Patient accounts receivable	\$ 134,190	\$ 34,214	\$ 99,976	\$ 106,526
AH operating transfers receivable	268,119	-	268,119	36,768
AH capital transfers receivable	40,707	-	40,707	34,356
Other operating transfers receivable	21,667	-	21,667	14,824
Other capital transfers receivable	62,716	-	62,716	79,291
Other accounts receivable	118,188	802	117,386	94,957
	<b>\$ 645,587</b>	<b>\$ 35,016</b>	<b>\$ 610,571</b>	<b>\$ 366,722</b>

Accounts receivable are unsecured and non-interest bearing. At March 31, 2019, the total allowance for doubtful accounts was \$28,966.

**Note 12 Accounts Payable and Accrued Liabilities**

	2020	2019
Payroll remittances payable and related accrued liabilities	\$ 611,513	\$ 543,427
Trade accounts payable and accrued liabilities	636,041	608,740
Provision for unpaid claims <sup>(a)</sup>	208,830	202,511
Obligations under capital leases <sup>(b)</sup>	103,990	97,053
Other liabilities	67,210	54,142
	<b>\$ 1,627,584</b>	<b>\$ 1,505,873</b>

Accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of \$305,843 (2019 – \$284,970). Of these amounts, \$13,002 (2019 – \$ 12,721) comprise life lease deposits received from tenants of certain AHS' long term care facilities and amounts payable to the Ministry of Infrastructure of \$109,150 (2019 – \$65,000) related to a project funded by debt.

- (a) Provision for Unpaid Claims is an estimate of liability claims against 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 2.25% (2019 – 2.45%) plus a provision for adverse deviation, based on actuarial estimates. –deviation, based on actuarial estimates.

**Note 12 Accounts Payable and Accrued Liabilities (continued)**

- (b) Obligations under capital leases include a site lease with the University of Calgary, vehicle leases, obligations related to a clinical information system and site leases for ambulance services.

The obligations will be settled between 2020 and 2036 and have an implicit interest rate payable ranging from 1.93% to 5.07% (2019 – 2.37% to 7.04%).

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

Year ended March 31	Minimum Contract Payments
2021	\$ 29,041
2022	27,427
2023	14,536
2024	4,738
2025	4,364
Thereafter	40,328
	<b>120,434</b>
Less: interest	(16,444)
	<b>\$ 103,990</b>

**(c) Liability for Contaminated Sites**

At March 31, 2020, AHS has not identified or accepted any liability for contaminated sites (2019 – \$nil).

**Note 13 Employee Future Benefits**

	2020	2019
Accrued vacation pay	\$ 582,819	\$ 566,415
Accumulating non-vesting sick leave <sup>(a)</sup>	124,652	122,081
Registered defined benefit pension plans <sup>(b) (c)</sup>	-	-
	<b>\$ 707,471</b>	<b>\$ 688,496</b>

**(a) Accumulating Non-Vesting Sick Leave**

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

	2020	2019
Funded status – deficit	\$ 153,419	\$ 103,857
Unamortized net actuarial (loss) gain	(28,767)	18,224
<b>Accrued benefit liability</b>	<b>\$ 124,652</b>	<b>\$ 122,081</b>

Key assumptions used in the determination of the accumulating non-vesting sick leave liability are:

	2020	2019
Estimated average remaining service life	13 years	13 years
Draw down rate of accumulated non-vesting sick leave bank	18.30%	16.50%
Discount rate – beginning of year	3.51%	3.38%
Discount rate – end of year	2.14%	3.51%
Rate of compensation increase per year	2019-20	2018-19
	0.75%	0.75%
	2020-21	2019-20
	0.75%	0.75%
	Thereafter	Thereafter
	2.75%	2.75%

**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' employees comprise approximately 46% (2019-46%) of the total membership in 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 Surplus**

LAPP carried out an actuarial valuation as at December 31, 2018 and these results were then extrapolated to December 31, 2019. The LAPP's December 31, 2019 net assets available for benefits divided by the LAPP's pension obligation shows that the LAPP is 119% (2018 – 108%) funded.

	December 31, 2019	December 31, 2018
LAPP net assets available for benefits	\$ 50,520,461	\$ 44,468,547
LAPP pension obligation	42,607,200	40,999,200
<b>LAPP surplus</b>	<b>\$ 7,913,261</b>	<b>\$ 3,469,347</b>

The LAPP net assets available for benefits are subject to significant market volatility due to the economic crisis stemming from the global COVID-19 pandemic. To the extent that the pension plans may not recover market-losses during the remainder of 2020, the funded status of the plans would experience a correlated decline. The financial market impact of the outbreak has been rapidly evolving, which precludes a reasonable estimate of the impact.

The 2020 and 2019 LAPP contribution rates are as follows:

Calendar 2020		Calendar 2019	
Employer	Employees	Employer	Employees
9.39% of pensionable earnings up to the YMPE and 13.84% of the excess	8.39% of pensionable earnings up to the YMPE and 12.84% of the excess	9.39% of pensionable earnings up to the YMPE and 13.84% of the excess	8.39% of pensionable earnings up to the YMPE and 12.84% of the excess

**(c) Pension Expense**

	2020	2019
Local Authorities Pension Plan	\$ 547,168	\$ 556,609
Defined contribution pension plans and group RRSPs	45,029	48,408
Supplemental Pension Plan	2,095	2,265
Management Employees Pension Plan	378	378
	<b>\$ 594,670</b>	<b>\$ 607,660</b>

**Note 14 Unexpended Deferred Operating Revenue**

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

	2020				2019
	AH	Other Government <sup>(i)</sup>	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 155,302	\$ 29,579	\$ 268,338	\$ 453,219	\$ 420,245
Received or receivable during the year, net of repayments	1,262,036	59,538	171,893	1,493,467	1,417,630
Unexpended deferred operating revenue returned	(13,061)	(60)	(1,013)	(14,134)	(2,496)
Restricted investment income	1,179	1,718	10,231	13,128	9,465
Transferred from unexpended deferred capital revenue <sup>(ii)</sup>	2,265	28,227	1,761	32,253	57,237
Recognized as revenue	(1,290,302)	(92,152)	(157,289)	(1,539,743)	(1,434,092)
Miscellaneous other revenue recognized	(1,333)	(2,384)	(9,848)	(13,565)	(22,463)
	<b>116,086</b>	<b>24,466</b>	<b>284,073</b>	<b>424,625</b>	<b>445,526</b>
Changes in unrealized net gains attributable to portfolio investments related to endowments and unexpended deferred operating revenue	(1,025)	553	(18,202)	(18,674)	7,693
<b>Balance, end of year</b>	<b>\$ 115,061</b>	<b>\$ 25,019</b>	<b>\$ 265,871</b>	<b>\$ 405,951</b>	<b>\$ 453,219</b>

<sup>(i)</sup> The balance at March 31, 2020 for other government includes \$1,007 of unexpended deferred operating revenue received from government entities outside the GOA (March 31, 2019 – \$506). The remaining balance in other government all relates to the GOA, see Note 21.

<sup>(ii)</sup> The transfer is mainly comprised of restricted capital funding that was used for approved expenditures that did not meet the definition of a tangible capital asset

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

	2020				2019
	AH	Other Government	Donors and Non-Government	Total	Total
Research and education	\$ 8,811	\$ 2,505	\$ 165,575	\$ 176,891	\$ 182,763
Physician revenue and alternate relationship plans	36,375	309	-	36,684	37,070
Primary Care Networks	24,778	-	-	24,778	24,354
Long term care partnerships	-	15,093	-	15,093	18,329
Promotion, prevention and community	2,405	1,179	345	3,929	15,777
Addiction and mental health	32,951	226	1,950	35,127	31,668
Support services	945	481	61,196	62,622	58,265
Others less than \$10,000	8,705	1,688	16,757	27,150	42,642
Unrealized net gain attributable to portfolio investments related to endowments and unexpended deferred operating revenue (Note 10)	91	3,538	20,048	23,677	42,351
	<b>\$ 115,061</b>	<b>\$ 25,019</b>	<b>\$ 265,871</b>	<b>\$ 405,951</b>	<b>\$ 453,219</b>

**Note 15 Unexpended Deferred Capital Revenue**

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

	2020				2019 (Note 26)
	AH	Other Government <sup>(i)</sup>	Donors and Non- Government	Total	Total
Balance, beginning of year	\$ 53,862	\$ 6,173	\$ 68,359	\$ 128,394	\$ 124,289
Received or receivable during the year	170,756	118,764	43,266	332,786	349,293
Unexpended deferred capital revenue returned	(4,343)	-	(55)	(4,398)	(250)
Transfer to expended deferred capital revenue	(180,340)	(92,073)	(43,293)	(315,706)	(287,701)
Transferred to unexpended deferred operating revenue <sup>(ii)</sup>	(2,265)	(28,227)	(1,761)	(32,253)	(57,237)
<b>Balance, end of year</b>	<b>\$ 37,670</b>	<b>\$ 4,637</b>	<b>\$ 66,516</b>	<b>\$ 108,823</b>	<b>\$ 128,394</b>

<sup>(i)</sup> The balance at March 31, 2020 for other government all relates to the GOA, see Note 21.<sup>(ii)</sup> The transfer is mainly comprised of restricted capital funding that was used for approved expenditures that did not meet the definition of a tangible capital asset

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

	2020	2019
AH		
Information systems	\$ 11,118	\$ 16,712
Medical Equipment Replacement Upgrade Program	1,457	2
Diagnostic equipment	18,189	19,585
Other equipment	6,906	17,563
<b>Total AH</b>	<b>37,670</b>	<b>53,862</b>
Other government		
Facilities and improvements	4,637	6,173
<b>Total other government</b>	<b>4,637</b>	<b>6,173</b>
Donors and non-government		
Equipment	59,809	59,849
Facilities and improvements	6,707	8,510
<b>Total donors and non-government</b>	<b>66,516</b>	<b>68,359</b>
	<b>\$ 108,823</b>	<b>\$ 128,394</b>

**Note 16 Expended Deferred Capital Revenue**

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

	2020				2019
	AH	Other Government <sup>(i)</sup>	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 340,429	\$ 6,392,303	\$ 192,386	\$ 6,925,118	\$ 6,735,454
Transferred from unexpended deferred capital revenue	180,340	92,073	43,293	315,706	287,701
Contributed tangible capital assets	-	523,196	-	523,196	285,368
Less: amounts recognized as revenue	(61,354)	(308,581)	(34,470)	(404,405)	(383,405)
<b>Balance, end of year</b>	<b>\$ 459,415</b>	<b>\$ 6,698,991</b>	<b>\$ 201,209</b>	<b>\$ 7,359,615</b>	<b>\$ 6,925,118</b>

<sup>(i)</sup> The balance at March 31, 2020 for other government includes \$20 of expended deferred capital revenue received from government entities outside the GOA (March 31, 2019 – \$36). The remaining balance in other government all relates to the GOA, see Note 21.

**Note 17 Debt**

	2020	2019
Debentures payable <sup>(a)</sup> :		
Parkade loan #1	\$ 23,447	\$ 26,500
Parkade loan #2	22,984	25,522
Parkade loan #3	31,338	34,048
Parkade loan #4	124,680	132,577
Parkade loan #5	30,388	32,200
Parkade loan #6	21,576	22,557
Parkade loan #7	47,479	49,516
Parkade loan #8	157,000	-
Energy savings initiative loan	22,336	24,089
Other	323	633
	<b>\$ 481,551</b>	<b>\$ 347,642</b>

- (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 hospital Lands and Alberta Hospital Lands as security for this debenture.

AHS is in compliance with all performance requirements of its debenture loans as at March 31, 2020.

**Note 17 Debt (continued)**

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

	<b>Maturity Date</b>	<b>Fixed Interest Rate</b>
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%
Parkade loan #8	December 2059	3.6010%
Energy savings initiative loan	December 2030	2.4160%
Other	March 2021	4.6000%

- (b) As at March 31, 2020, AHS holds a \$220,000 (March 31, 2019 - \$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, 2020, AHS has \$nil (March 31, 2019 - \$nil) draws against this facility.

AHS also has access to a \$33,000 (March 31, 2019 - \$33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties. At March 31, 2020, AHS has \$4,687 (March 31, 2019 - \$4,419) 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.

- (c) AHS is committed to making payments as follows:

<b>Year Ended March 31</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>
2021	\$ 25,893	\$ 18,974	\$ 44,867
2022	26,666	17,866	44,532
2023	27,811	16,721	44,532
2024	29,008	15,524	44,532
2025	30,258	14,274	44,532
Thereafter	341,915	144,874	486,789
	<b>\$ 481,551</b>	<b>\$ 228,233</b>	<b>\$ 709,784</b>

During the year, the total interest related to debt was \$15,864 (2019 - \$15,199).

## Note 18 Tangible Capital Assets

Cost	2019	Additions <sup>(a)</sup>	Transfers	Disposals/write-downs <sup>(b)</sup>	2020
Facilities and improvements	\$ 9,401,390	\$ 1,867	\$ 244,882	\$ (2,839)	\$ 9,645,300
Work in progress	1,625,941	909,759	(763,719)	(27,293)	1,744,688
Equipment <sup>(c)</sup>	2,561,156	106,152	3,591	(47,283)	2,623,616
Information systems	1,474,803	17,073	389,281	(53,358)	1,827,799
Building service equipment	729,544	-	110,662	(84)	840,122
Land <sup>(d)</sup>	116,823	133	-	(30)	116,926
Leased facilities and improvements	229,874	21,695	3,830	(6)	255,393
Land improvements	94,188	-	11,473	(80)	105,581
	<b>\$ 16,233,719</b>	<b>\$ 1,056,679</b>	<b>\$ -</b>	<b>\$ (130,973)</b>	<b>\$ 17,159,425</b>

Accumulated Amortization	2019	Amortization Expense	Effect of Transfers	Disposals/write-downs <sup>(b)</sup>	2020
Facilities and improvements	\$ 3,915,175	\$ 263,455	\$ -	\$ (2,729)	\$ 4,175,901
Work in progress	-	-	-	-	-
Equipment <sup>(c)</sup>	1,933,533	147,466	-	(46,288)	2,034,711
Information systems	1,320,894	77,772	-	(41,877)	1,356,789
Building service equipment	434,531	42,533	-	(84)	476,980
Land <sup>(d)</sup>	-	-	-	-	-
Leased facilities and improvements	179,731	7,308	-	(6)	187,033
Land improvements	68,851	3,280	-	(80)	72,051
	<b>\$ 7,852,715</b>	<b>\$ 541,814</b>	<b>\$ -</b>	<b>\$ (91,064)</b>	<b>\$ 8,303,465</b>

	Net Book Value	
	2020	2019
Facilities and improvements	\$ 5,469,399	\$ 5,486,215
Work in progress	1,744,688	1,625,941
Equipment <sup>(c)</sup>	588,905	627,623
Information systems	471,010	153,909
Building service equipment	363,142	295,013
Land <sup>(d)</sup>	116,926	116,823
Leased facilities and improvements	68,360	50,143
Land improvements	33,530	25,337
	<b>\$ 8,855,960</b>	<b>\$ 8,381,004</b>

**Note 18 Tangible Capital Assets (continued)**

Cost	2018	Additions <sup>(a)</sup>	Transfers	Disposals/write-downs <sup>(b)</sup>	2019
Facilities and improvements	\$ 9,300,463	\$ -	\$ 108,258	\$ (7,331)	\$ 9,401,390
Work in progress	1,179,069	692,879	(246,007)	-	1,625,941
Equipment <sup>(c)</sup>	2,512,888	164,704	(923)	(115,513)	2,561,156
Information systems	1,438,547	21,742	46,064	(31,550)	1,474,803
Building service equipment	648,352	-	81,747	(555)	729,544
Land <sup>(d)</sup>	116,875	-	-	(52)	116,823
Leased facilities and improvements	229,065	-	809	-	229,874
Land improvements	84,197	-	10,052	(61)	94,188
	<b>\$ 15,509,456</b>	<b>\$ 879,325</b>	<b>\$ -</b>	<b>\$ (155,062)</b>	<b>\$ 16,233,719</b>

Accumulated Amortization	2018	Amortization Expense	Effect of Transfers	Disposals/write-downs	2019
Facilities and improvements	\$ 3,666,479	\$ 255,001	\$ -	\$ (6,305)	\$ 3,915,175
Work in progress	-	-	-	-	-
Equipment <sup>(c)</sup>	1,898,695	148,701	-	(113,863)	1,933,533
Information systems	1,277,120	75,320	-	(31,546)	1,320,894
Building service equipment	398,200	36,884	-	(553)	434,531
Land <sup>(d)</sup>	-	-	-	-	-
Leased facilities and improvements	172,370	7,361	-	-	179,731
Land improvements	65,285	3,627	-	(61)	68,851
	<b>\$ 7,478,149</b>	<b>\$ 526,894</b>	<b>\$ -</b>	<b>\$ (152,328)</b>	<b>\$ 7,852,715</b>

	Net Book Value	
	2019	2018
Facilities and improvements	\$ 5,486,215	\$ 5,633,984
Work in progress	1,625,941	1,179,069
Equipment <sup>(c)</sup>	627,623	614,193
Information systems	153,909	161,427
Building service equipment	295,013	250,152
Land <sup>(d)</sup>	116,823	116,875
Leased facilities and improvements	50,143	56,695
Land improvements	25,337	18,912
	<b>\$ 8,381,004</b>	<b>\$ 8,031,307</b>

**(a) Contributed Tangible Capital Assets**

Additions include total contributed tangible capital assets of \$523,196 (2019 – \$285,368) consisting of \$523,196 from AI (2019 – \$285,322) and \$nil from other sources (2019 – \$46).

**(b) Write-Downs**

Write-downs include work in progress of \$22,615 (2019 - \$ nil) related to the cancelled Edmonton Lab Hub project.

**Note 18 Tangible Capital Assets (continued)****(c) Leased Equipment**

Equipment includes tangible capital assets acquired through capital leases at a cost of \$22,884 (2019 – \$17,240) with accumulated amortization of \$12,152 (March 31, 2019 – \$12,119). For the year ended March 31, 2020, leased equipment included a net increase of \$6,707 related to vehicles under capital leases (2019 – net increase of \$4,363).

**(d) Leased Land**

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

Site	Leased from	Lease Expiry
Evansburg Community Health Centre	Yellowhead County	April 2031
Jasper Healthcare Centre	Parks Canada	January 2034
Bethany Care Centre	Red Deer College	April 2034
Myrnam Land	Eagle Hill Foundation	May 2038
Two Hills Helipad	Stella Stefiuk	August 2041
McConnell Place North	City of Edmonton	September 2044
Northeast Community Health Centre	City of Edmonton	February 2047
Foothills Medical Centre Parkade	University of Calgary	July 2054
Alberta Children's Hospital	University of Calgary	December 2103
Kaye Edmonton Clinic (Parcel H)	The University of Alberta	February 2109

**Note 19 Accumulated Surplus**

Accumulated surplus is comprised of the following:

	2020						2019
	Unrestricted Surplus	Invested in Tangible Capital Assets <sup>(a)</sup>	Endowments <sup>(b)</sup>	Internally Restricted Surplus for Future Purposes <sup>(c)</sup>	Internally Restricted Surplus for Insurance Equity Requirements and Foundations <sup>(d)</sup>	Total	Total
Balance, beginning of year	\$ 42,108	\$ 940,283	\$ 75,157	\$ 152,842	\$ 68,034	\$ 1,278,424	\$ 1,317,055
Annual operating deficit	(145,823)	-	-	-	-	(145,823)	(38,631)
Tangible capital assets acquired with internal funds	(127,589)	151,391	-	(23,802)	-	-	-
Amortization of internally funded tangible capital assets	177,318	(177,318)	-	-	-	-	-
Principal payments on debt	(23,091)	23,091	-	-	-	-	-
Payments on obligations under capital leases	(3,204)	3,204	-	-	-	-	-
Net receipt of life lease deposits	281	(281)	-	-	-	-	-
Transfer of internally restricted surplus	129,040	-	-	(129,040)	-	-	-
Transfer of insurance equity requirements and foundations surpluses	(14,342)	-	-	-	14,342	-	-
Transfer of endowment contributions	(281)	-	281	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 34,417</b>	<b>\$ 940,370</b>	<b>\$ 75,438</b>	<b>\$ -</b>	<b>\$ 82,376</b>	<b>\$ 1,132,601</b>	<b>\$ 1,278,424</b>

**Note 19 Accumulated Surplus (continued)****(a) Invested in Tangible Capital Assets**

The accumulated surplus invested in tangible capital assets represents the net book value of tangible capital assets that have previously been purchased with AHS' unrestricted surplus.

Reconciliation of invested in tangible capital assets:

	2020	2019
Tangible Capital Assets (Note 18)	\$ 8,855,960	\$ 8,381,004
Less funded by:		
Expended Deferred Capital Revenue (Note 16)	(7,359,615)	(6,925,118)
Debt (Note 17)	(481,551)	(347,642)
Unexpended Debt	42,568	6,813
Other funding <sup>(i)</sup>	-	(65,000)
Obligations under capital leases (Note 12b)	(103,990)	(97,053)
Life lease deposits (Note 12)	(13,002)	(12,721)
	<b>\$ 940,370</b>	<b>\$ 940,283</b>

(i) Other funding comprises in substance, tangible capital assets financing provided to AHS by the Ministry of Infrastructure as accounts payable of \$109,150 (2019 - \$65,000) (Note 12), offset by unexpended debt proceeds of \$109,150 (2019 - \$nil) earmarked to settle the liability.

**(b) Endowments**

Endowments represent the portion of accumulated surplus that is restricted and must be maintained in perpetuity. Transfers of endowment contributions from unrestricted surplus include \$281 (2019 - \$463) of contributions received in the year (Note 5).

**(c) Internally Restricted Surplus for Future Purposes**

The restriction of accumulated surplus for AHS' future operating and capital purposes is as follows:

- (i) Ancillary services surplus of \$nil (2019 - \$112,508) comprising ancillary operation surpluses from parking, retail food services, and controlled entities. Transfers in the year include \$23,802 to invested in tangible capital assets representing tangible capital assets acquired with the funds and \$88,706 to unrestricted surplus to close the account.
- (ii) Other surplus of \$nil (2019 - \$40,334) comprising surpluses set aside to address funding of expenses for certain initiatives spanning multiple fiscal years. Transfers in the year include \$40,334 to unrestricted surplus to close the account.

**(d) Internally Restricted Surplus for Insurance Equity Requirements and Foundations**

Insurance equity requirements comprise surpluses of \$28,237 (2019 - \$15,725) related to equity of the LPIP mainly relating to legislative requirements per the Insurance Act. Foundations comprise surpluses amounting to \$54,139 (2019 - \$52,309) related to donations received by AHS' Controlled Foundations without external restrictions attached.

**Note 20 Contractual Obligations and Contingent Liabilities****(a) Contractual Obligations**

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

The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

Year ended March 31	Services <sup>(i)</sup>	Other <sup>(ii)</sup>	Operating Lease Payments	Capital Projects	Total <sup>(iii)</sup>
2021	\$ 2,698,884	\$ 505,868	\$ 58,184	\$ 181,085	\$ 3,444,021
2022	1,449,315	273,261	54,595	30,407	1,807,578
2023	1,085,695	161,159	47,375	-	1,294,229
2024	927,396	91,475	38,270	-	1,057,141
2025	704,878	50,599	28,935	-	784,412
Thereafter	7,296,428	85,456	70,499	-	7,452,383
	<b>\$ 14,162,596</b>	<b>\$ 1,167,818</b>	<b>\$ 297,858</b>	<b>\$ 211,492</b>	<b>\$ 15,839,764</b>

- (i) Service obligations mainly relate to contracts entered into with third parties for the provision of long-term care and home care services.
- (ii) Other obligations mainly relate to contracts entered into with third parties for maintenance, information technology services, software, equipment, acquisitions, and procurement of medical supplies and food.
- (iii) In 2019-20, AHS reassessed for disclosure, contractual obligations related to services, other obligations and capital projects. These amounts were not previously reported.

**(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, 2020, 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 262 legal claims (2019 – 225 claims) related to conditions in existence at March 31, 2020 where the likelihood of the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 222 claims have \$498,678 in specified amounts and 40 have no specified amounts (2019 – 205 claims with \$415,883 of specified claims and 20 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that is different than the claimed amount.

**Note 21 Related Parties**

Transactions with related parties are included within these consolidated financial statements, unless otherwise stated.

The Minister 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 tables below.

Related parties also include key management personnel of AHS. AHS has defined key management personnel to include those disclosed in Sub-Schedule 2A & 2B of these consolidated financial statements. Related party transactions with key management personnel primarily consist of compensation related payments 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. Entities consolidated or included on a modified equity basis have been grouped with their respective ministry and transactions between AHS and the other ministries are recorded at their exchange amount as follows:

	Revenues <sup>(a)</sup>		Expenses	
	2020	2019	2020	2019
Ministry of Advanced Education <sup>(b)</sup>	\$ 56,092	\$ 57,266	\$ 191,053	\$ 184,812
Ministry of Infrastructure <sup>(c)</sup>	343,065	340,892	222	1
Other ministries <sup>(d)</sup>	58,326	55,399	29,794	31,064
<b>Total for the year</b>	<b>\$ 457,483</b>	<b>\$ 453,557</b>	<b>\$ 221,069</b>	<b>\$ 215,877</b>

	Receivable from		Payable to	
	2020	2019	2020	2019
Ministry of Advanced Education <sup>(b)</sup>	\$ 6,545	\$ 7,692	\$ 33,967	\$ 35,618
Ministry of Infrastructure <sup>(c)</sup>	25,477	50,566	109,150	65,000
Other ministries <sup>(d)</sup>	12,128	8,483	488,080	349,886
<b>Balance, end of year</b>	<b>\$ 44,150</b>	<b>\$ 66,741</b>	<b>\$ 631,197</b>	<b>\$ 450,504</b>

- (a) Revenues with GOA ministries include other government transfers of \$425,845 (2019 – \$420,622), (Note 4), other income of \$28,077 (2019 – \$30,847), (Note 6), and fees and charges of \$3,561 (2019 – \$2,088).
- (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 funding provided from one to the other and recoveries of shared costs.
- (c) The transactions with the Ministry of Infrastructure (AI) relate to the construction and funding of tangible capital assets. These transactions include operating transfers of \$35,271 (2019 – \$58,957) and recognition of expended deferred capital revenue of \$307,794 (2019 – \$281,935) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives. Not included in the table above but included in total amounts disclosed in Note 18(a) is the transfer of land and other tangible capital assets from AI of \$523,196 (2019 – \$285,322).

**Note 21 Related Parties (continued)**

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

At March 31, 2020, AHS has recorded deferred revenue from other ministries within the GOA, excluding AH, of \$24,012 (March 31, 2019 – \$29,073) related to unexpended deferred operating revenue (Note 14), \$4,637 (March 31, 2019 – \$6,173) related to unexpended deferred capital revenue (Note 15) and \$6,698,971 (March 31, 2019 – \$6,392,267) 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.

**Note 22 Government Partnerships**

AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC and 33.33% of the results in iRSM. The following is 100% of the financial position and results of operations for AHS' government partnerships.

	2020	2019
Financial assets (portfolio investments, accounts receivable, other assets)	\$ 74,273	\$ 72,548
Liabilities (trade accounts payable, unexpended deferred operating revenue)	74,273	72,548
Accumulated surplus	\$ -	\$ -
Total revenues	\$ 260,975	\$ 248,538
Total expenses	260,975	248,538
<b>Annual surplus</b>	<b>\$ -</b>	<b>\$ -</b>

**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.

HBTA's balances as at March 31 are as follows:

	2020	2019
Financial assets	\$ 128,181	\$ 155,705
Liabilities	17,486	16,401
Net financial assets	\$ 110,695	\$ 139,304
Non-financial assets	4	3
<b>Net assets</b>	<b>\$ 110,699</b>	<b>\$ 139,307</b>

AHS has included in prepaid expenses \$74,828 (2019 – \$93,784) representing in substance a prepayment of future premiums to HBTA. For the fiscal year ended March 31, 2020, AHS paid premiums of \$407,512 (2019 – \$391,734) which is approximately 98% (2019 – 98%) of the total premiums received by HBTA.

**Note 23 Trusts under Administration (continued)****(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 appropriate the funds or 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, 2020, the balance of funds held in trust by AHS for research and development is \$100 (March 31, 2019 – \$100).

AHS receives funds in trust from continuing care residents for personal expenses. As at March 31, 2020, the balance of these funds is \$1,390 (March 31, 2019 – \$1,452). These amounts are not included in the consolidated financial statements.

AHS and a third party trustee administer the SERP in accordance with a retirement compensation arrangement trust agreement. As at March 31, 2020, there are \$29,181 in plan assets (March 31, 2019 - \$32,674). These amounts are not included in the consolidated financial statements

**Note 24 Segment Disclosure**

The Consolidated Schedule of Segment Disclosures – Schedule 3 is intended to enable users to better understand the reporting entity and identify the resources allocated to the major activities of AHS.

AHS' revenues, as reported on the Consolidated Statement of Operations, are most informatively presented by source and are not reasonably assignable to the reportable segments. For each reported segment, the expenses are directly or reasonably attributable to the segment.

The segments have been selected based on the presentation that is adopted for the financial reporting, planning and budget processes, and represent the major distinguishable activities of AHS.

Segments include:

**(a) Continuing care**

Continuing care is comprised of long-term care including chronic and psychiatric care in facilities operated by AHS and contracted providers.

**(b) Community care**

Community care includes supportive living, palliative and hospice care, and community programs including Primary Care Networks, Family Care Clinics, urgent care centres, and community mental health. This segment excludes community-based dialysis, oncology, and surgical services.

**(c) Home care**

Home care is comprised of home nursing and support.

**(d) Acute care**

Acute care is comprised predominantly of patient care units such as medical, surgical, intensive care, obstetrics, pediatrics, mental health, emergency, day/night care, clinics, day surgery, and contracted surgical services. This segment also includes operating and recovery rooms.

**(e) Ambulance services**

Ambulance services is comprised of ground ambulance, air ambulance, patient transport, and Emergency Medical Services (EMS) central dispatch. AHS also supports community paramedic programs, as well as other programs that support the learning, development, quality and safety of EMS professionals.

**Note 24 Segment Disclosure (continued)****(f) Diagnostic and therapeutic services**

Diagnostic and therapeutic services support and provide care for patients through clinical lab (both in the community and acute settings), diagnostic imaging, pharmacy, acute and therapeutic services such as physiotherapy, occupational therapy, respiratory therapy, and speech language pathology.

**(g) Population and public health**

Population and public health is comprised primarily of health promotion, disease and injury prevention, and health protection.

**(h) Research and education**

Research and education is comprised primarily of costs pertaining to formally organized health research and graduate medical education, primarily funded by donations, and third party contributions.

**(i) Information technology**

Information technology is comprised of costs pertaining to the provision of services to design, develop, implement, and maintain effective and efficient management support systems in the areas of data processing, systems engineering, technical support, and systems research and development.

**(j) Support services**

Support services is comprised of building maintenance operations (including utilities), materials management (including purchasing, central warehousing, distribution and sterilization), housekeeping, patient registration, health records, food services, and emergency preparedness.

**(k) Administration**

Administration is comprised of human resources, finance, communications and general administration, as well as a share of administration of certain contracted health service providers. General administration includes senior executives and many functions such as planning and development, infection control, quality assurance, patient safety, insurance, privacy, risk management, internal audit, and legal.

**Note 25 Impact of COVID-19**

The World Health Organization assessed the novel strain of coronavirus, COVID-19, a global pandemic and recommended containment measures worldwide. On March 17, 2020, a state of public health emergency was declared in Alberta.

In response to the global pandemic, AH provided AHS with \$23,317 in funding up to March 31, 2020. These funds were used for incremental expenditures arising from testing, surveillance and treatment of patients. Assessment and treatment centers were also set up to assist with the anticipated demand of COVID-19 related healthcare services. Expenditures were also incurred for hospital supplies and equipment, including personal protective equipment.

Subsequent to March 31, 2020, AHS has received additional funding from AH to assist in the continued response to COVID-19. To date, the following impacts of the pandemic have been identified:

- Additional measures relating to the provision of personal protective equipment for the overall safety of Albertans. This has entailed the entering into of significant purchase commitments, including payment of deposits to secure essential supplies and equipment for both AHS and third party health service providers within Alberta. At the direction of the Minister, AHS also acquired personal protective equipment to provide to other provinces.
- Delays or deferrals of certain health care related services
- Increases in funding provided to third party service providers, especially long term care providers which have been significantly impacted by COVID-19
- Operation of assessment and treatment centers as well as increased laboratory testing relating to COVID-19

**Note 25 Impact of COVID-19 (continued)**

- Redeployment of parts of the AHS workforce as the organization responds to measures such as contact tracing and testing, remote solutions such as virtual health and health link support.
- Delays in the implementation of certain information systems initiatives
- Delays in negotiations and settlement of open contracts relating to the AHS labor workforce
- Potential declines in the value of marketable securities held by AHS as described in Note 9
- Increased uncertainty relating to recoverability of outstanding accounts receivable balances
- Temporary suspension of parking fees
- Receipt of donated ventilators, supplies and personal protective equipment as Albertans come together to assist in the response to COVID-19

As Alberta progresses through the first wave of COVID-19, AHS continues to closely monitor the COVID-19 developments. Overall, as the response is ongoing and an end to the pandemic is indeterminable, the related financial and operational impacts of the pandemic cannot be reliably estimated at this time.

**Note 26 Corresponding Amounts**

In the current year, AHS determined that certain immaterial donor contributions related to the purchase of equipment had been recorded before the contributions were authorized by the donor. As a result, AHS has retrospectively adjusted certain consolidated financial statement accounts as at and for the year ended March 31, 2019 including accounts receivable and unexpended deferred capital revenue which have been reduced by \$78,485 to more appropriately reflect the timing of the donor authorizations.

Certain other corresponding amounts have been reclassified to conform to the 2020 consolidated financial statement presentation.

**Note 27 Approval of Consolidated Financial Statements**

The consolidated financial statements were approved by the AHS Board on June 24, 2020.

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

	2020		2019
	Budget (Note 3)	Actual	Actual
Salaries and benefits (Schedule 2)	\$ 8,327,000	\$ 8,530,683	\$ 8,321,637
Contracts with health service providers	2,781,000	2,823,741	2,749,686
Contracts under the Health Care Protection Act	20,000	20,041	17,186
Drugs and gases	501,000	560,661	506,662
Medical supplies	588,000	581,490	592,517
Other contracted services	1,378,000	1,319,640	1,322,806
Other <sup>(a)</sup>	1,216,000	1,196,379	1,273,213
Amortization and loss on disposals/write-downs of tangible capital assets (Note 18)	554,000	581,723	529,628
	<b>\$ 15,365,000</b>	<b>\$ 15,614,358</b>	<b>\$ 15,313,335</b>
(a) Significant amounts included in Other are:			
Equipment expense	\$ 203,000	\$ 223,174	\$ 212,312
Building rent	121,000	126,387	112,921
Utilities	109,000	115,577	118,372
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies	88,000	86,877	90,608
Building and ground expenses	126,000	85,683	118,206
Food and dietary supplies	81,000	80,855	80,827
Office supplies	53,000	60,311	63,279
Fundraising and grants awarded	54,000	52,298	51,336
Minor equipment purchases	56,000	51,922	59,246
Insurance and liability claims	46,000	42,439	90,867
Telecommunications	39,000	39,983	38,917
Travel	54,000	39,809	45,423
Licenses, fees and memberships	18,000	21,650	17,211
Education	18,000	11,893	12,428
Other	150,000	157,521	161,260
	<b>\$ 1,216,000</b>	<b>\$ 1,196,379</b>	<b>\$ 1,273,213</b>

## SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2020

	2020							2019		
	FTE (a)	Base Salary (b)	Other Cash Benefits (c)	Other Non-Cash Benefits (d)	Subtotal	Severance (e)		Total	FTE (a)	Total
						Number of Individuals	Amount			
Total Board (Sub-Schedule 2A)	10.87	\$ -	\$ 336	\$ -	\$ 336	-	\$ -	\$ 336	10.82	\$ 334
Total Executive (Sub-Schedule 2B)	13.95	5,234	58	843	6,135	1	557	6,692	14.00	6,028
Management Reporting to CEO Direct Reports	56.46	13,452	345	2,420	16,217	-	-	16,217	56.86	15,797
Other Management	3,120.38	372,487	5,207	81,279	458,973	30	3,504	462,477	3,031.59	452,716
Medical Doctors not included above <sup>(f)</sup>	115.97	36,690	472	3,382	40,544	-	-	40,544	141.84	49,934
Regulated nurses not included above:										
RNs, Reg. Psych. Nurses, Grad Nurses	19,930.49	1,906,924	272,159	415,656	2,594,739	7	542	2,595,281	19,566.39	2,544,809
LPNs	5,432.11	358,937	46,374	79,747	485,058	2	86	485,144	5,233.39	464,883
Other health technical and professional	16,557.82	1,530,576	89,423	342,227	1,962,226	11	413	1,962,639	16,948.48	1,963,001
Unregulated health service providers	10,142.83	524,456	61,394	126,612	712,462	5	59	712,521	9,310.80	638,452
Other staff	27,672.17	1,758,794	104,964	382,326	2,246,084	70	3,187	2,249,271	27,251.74	2,186,104
<b>Sub-total</b>	<b>83,053.05</b>	<b>6,507,550</b>	<b>580,732</b>	<b>1,434,492</b>	<b>8,522,774</b>	<b>126</b>	<b>8,348</b>	<b>8,531,122</b>	<b>81,565.91</b>	<b>8,322,058</b>
Less amounts included in Other contracted services		(360)	(2)	(77)	(439)	-	-	(439)		(421)
<b>Total</b>		<b>\$ 6,507,190</b>	<b>\$ 580,730</b>	<b>\$ 1,434,415</b>	<b>\$ 8,522,335</b>	<b>126</b>	<b>\$ 8,348</b>	<b>\$ 8,530,683</b>		<b>\$ 8,321,637</b>

This schedule does not include \$29,799 in capitalized salaries and benefits (2019 - \$27,393).

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

## SUB-SCHEDULE 2A – BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2020

	Term	2020 Committees	2020 Remuneration	2019 Remuneration
<b>Board Chairs<sup>(g)</sup></b>				
Linda Hughes	Nov 27, 2015 to Aug 19, 2019	ARC, CEC, FC, GC, HRC, QSC	\$ 26	\$ 69
David Weyant	Since Aug 20, 2019	ARC, CEC, FC, GC, HRC, QSC	43	-
<b>Board Members</b>				
Dr. Brenda Hemmelgarn (Vice Chair)	Since Nov 27, 2015	CEC (Chair), HRC, QSC	49	49
David Carpenter	Since Nov 27, 2015	ARC (Chair), FC (Chair), HRC	34	35
Heather Crowshoe	Nov 3, 2016 to Nov 2, 2019	CEC, GC	17	30
Richard Dicerni	Since Nov 27, 2015	CEC, FC, HRC (Chair)	28	27
Robb Foote	Apr 12, 2018 to Feb 1, 2019	-	-	24
Linda Hughes	Aug 20, 2019 to Sep 30, 2019	-	1	-
Stephen Mandel	Since Sep 25, 2019	CEC, FC, QSC	16	-
Heidi Overguard	Since Sep 25, 2019	CEC, FC, GC, HRC	17	-
Hugh Sommerville	Since Nov 27, 2015	ARC, GC (Chair)	32	31
Marliss Taylor	Nov 27, 2015 to Oct 24, 2019	GC, HRC (Chair), QSC	18	34
Brian Vaasjo	Since Aug 20, 2019	ARC, FC, GC	19	-
Glenda Yeates	Since Nov 27, 2015	ARC, FC, QSC (Chair)	32	31
<b>Board Committee Participants<sup>(h)</sup></b>				
Dr. Brian Postl	Since Jan 1, 2018	QSC	2	2
Gord Winkel	Since Nov 27, 2015	QSC	2	2
<b>Total Board</b>			<b>\$ 336</b>	<b>\$ 334</b>

Board members were remunerated with monthly honoraria. In addition, they received 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

## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2020

For the Current Fiscal Year	2020						
	FTE <sup>(a)</sup>	Base Salary <sup>(b,i)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)</sup>	Subtotal	Severance <sup>(e)</sup>	Total
<b>Board Direct Reports</b>							
Andrea Beckwith-Ferraton – Chief Ethics and Compliance Officer <sup>(q)</sup>	1.00	\$ 212	\$ 3	\$ 37	\$ 252	\$ -	\$ 252
Ronda White – Chief Audit Executive <sup>(q)</sup>	1.00	278	1	56	335	-	335
Dr. Verna Yiu – President and Chief Executive Officer <sup>(i,r)</sup>	1.00	576	-	78	654	-	654
<b>CEO Direct Reports</b>							
Dr. Francois Belanger – VP, Quality and Chief Medical Officer <sup>(q)</sup>	1.00	465	-	88	553	-	553
Dr. Ted Braun – VP and Medical Director, Clinical Operations <sup>(q)</sup>	1.00	399	-	61	460	-	460
Mauro Chies – VP, CancerControl Alberta and Clinical Support Services <sup>(q)</sup>	1.00	331	-	55	386	-	386
Sean Chilton – VP, Health Professions and Practice and Information Technology <sup>(k,q)</sup>	1.00	331	-	64	395	-	395
Todd Gilchrist – VP, People <sup>(l,q)</sup>	1.00	452	1	72	525	-	525
Deb Gordon – VP and Chief Operations Officer, Clinical Operations <sup>(q)</sup>	1.00	372	-	65	437	-	437
Robert Hawes – Interim VP, Corporate Services and Chief Financial Officer <sup>(m,s)</sup>	0.08	34	3	2	39	-	39
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta <sup>(n)</sup>	0.95	353	-	57	410	-	410
Dr. Mark Joffe – VP and Medical Director, CancerControl Alberta, Clinical Support Services and Provincial Clinical Excellence <sup>(o,t)</sup>	1.00	451	34	42	527	-	527
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer <sup>(p,u)</sup>	0.92	357	1	51	409	557	966
Dr. Kathryn Todd – VP, Provincial Clinical Excellence <sup>(o,t)</sup>	1.00	291	15	45	351	-	351
Colleen Turner – VP, Community Engagement and Communications <sup>(q)</sup>	1.00	332	-	70	402	-	402
<b>Total Executive</b>	<b>13.95</b>	<b>\$ 5,234</b>	<b>\$ 58</b>	<b>\$ 843</b>	<b>\$ 6,135</b>	<b>\$ 557</b>	<b>\$ 6,692</b>

**SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2020  
(CONTINUED)**

For the Prior Fiscal Year	2019						
	FTE <sup>(a)</sup>	Base Salary <sup>(b,i)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)</sup>	Subtotal	Severance <sup>(e)</sup>	Total
<b>Board Direct Reports</b>							
Andrea Beckwith-Ferraton – Chief Ethics and Compliance Officer	1.00	\$ 211	\$ 3	\$ 34	\$ 248	\$ -	\$ 248
Ronda White – Chief Audit Executive	1.00	276	2	43	321	-	321
Dr. Verna Yiu – President and Chief Executive Officer	1.00	572	-	84	656	-	656
<b>CEO Direct Reports</b>							
Dr. Francois Belanger – VP, Quality and Chief Medical Officer	1.00	462	-	62	524	-	524
Dr. Ted Braun – VP and Medical Director, Central and Southern Alberta	1.00	395	-	71	466	-	466
Mauro Chies – VP, CancerControl Alberta and Clinical Support Services	0.52	171	-	28	199	-	199
Sean Chilton – VP, Health Professions and Practice	1.00	329	-	55	384	-	384
Todd Gilchrist – VP, People, Legal and Privacy	1.00	448	1	62	511	-	511
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta	1.00	369	-	83	452	-	452
Karen Horon – Interim VP, Clinical Support Services	0.48	110	-	19	129	-	129
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta	1.00	369	-	62	431	-	431
Dr. Mark Joffe – VP and Medical Director, Northern Alberta	1.00	447	35	41	523	-	523
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer	1.00	388	1	54	443	-	443
Dr. Kathryn Todd – VP, System Innovations and Programs	1.00	289	15	43	347	-	347
Colleen Turner – VP, Community Engagement and Communications	1.00	329	-	65	394	-	394
<b>Total Executive</b>	<b>14.00</b>	<b>\$ 5,165</b>	<b>\$ 57</b>	<b>\$ 806</b>	<b>\$ 6,028</b>	<b>\$ -</b>	<b>\$ 6,028</b>

## 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)(i). 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.

	2020			2019		Account Balance <sup>(3)</sup> or Accrued Benefit Obligation March 31, 2019	Change During the Year <sup>(4)</sup>	Account Balance <sup>(3)</sup> or Accrued Benefit Obligation March 31, 2020
	SPP	SERP						
	Current Period Benefit Costs <sup>(1)</sup>	Other Costs <sup>(2)</sup>	Total	Total				
Andrea Beckwith-Ferraton - Chief Ethics and Compliance Officer	\$ 6	\$ -	\$ 6	\$ 6	\$ 17	\$ 8	\$ 25	
Dr. Francois Belanger - VP, Quality and Chief Medical Officer	36	-	36	36	239	87	326	
Dr. Ted Braun - VP and Medical Director, Clinical Operations								
SERP	-	-	-	5	220	(14)	206	
SPP	28	-	28	28	140	49	189	
Mauro Chies - VP, CancerControl Alberta and Clinical Support Services	20	-	20	18	102	36	138	
Sean Chilton - VP, Health Professions and Practice and Information Technology	20	-	20	20	156	42	198	
Todd Gilchrist - VP, People	34	-	34	34	132	59	191	
Deb Gordon - VP and Chief Operations Officer, Clinical Operations								
SERP	-	(1)	(1)	15	683	(41)	642	
SPP	25	-	25	25	165	54	219	
Robert Hawes - Interim VP, Corporate Services and Chief Financial Officer	-	-	-	-	-	-	-	
Brenda Huband - VP and Chief Health Operations Officer, Central and Southern Alberta								
SERP	-	(1)	(1)	9	400	(33)	367	
SPP	25	-	25	25	174	52	226	
Dr. Mark Joffe - VP and Medical Director, CancerControl Alberta, Clinical Support Services and Provincial Clinical Excellence <sup>(6)</sup>	-	-	-	-	-	-	-	
Deborah Rhodes - VP, Corporate Services and Chief Financial Officer <sup>(u)</sup>	25	-	25	27	229	(229)	-	
Dr. Kathryn Todd - VP, Provincial Clinical Excellence <sup>(6)</sup>	-	-	-	-	-	-	-	
Colleen Turner - VP, Community Engagement and Communications	20	-	20	20	108	42	150	
Ronda White - Chief Audit Executive	13	-	13	14	90	28	118	
Dr. Verna Yiu - President and Chief Executive Officer	49	-	49	49	137	66	203	

(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, 2020

### Definitions

- a. For this schedule, full time equivalents (FTE) are determined by actual hours earned divided by 2,030.50 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, membership fees, 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
  - Vacation accruals for direct reports of the Board or President and Chief Executive Officer, 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. These individuals were participants of Board committees, but are not Board members or AHS employees.

### Executive

- i. Base salary reported for executives are the actual payments earned during the year, and is therefore contingent on the number of AHS' work days in the year. For the year ended March 31, 2020, the number of work days at AHS is 262 (2019 – 260 work days).
- j. The incumbent is engaged in an employment agreement with AHS while on leave of absence from the University of Alberta. The contract term ends June 2, 2021.
- k. The incumbent received a vacation payout of \$16 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 received a vacation payout of \$9 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.
- m. The incumbent was appointed to the temporary position effective March 2, 2020. The term ends July 8, 2020.
- n. As a result of restructuring, the incumbent ceased to be a direct report to the President and Chief Executive Officer effective March 16, 2020.
- o. 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.
- p. The incumbent held the position until February 28, 2020 at which time the incumbent left AHS. The incumbent received salary and other accrued entitlements to the date of departure. The reported severance included 65 weeks base salary at the rate in effect at the date of departure, and 15% of the severance in lieu of benefits. AHS will also make payments for the incumbent to attend an outplacement program for a maximum of five months. In addition, the incumbent received a vacation payout of \$46 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.

### Termination Obligations

- q. The incumbent's termination benefits have not been predetermined.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2020 (CONTINUED)**

- r. 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.
- s. There is no severance associated with the temporary position.
- t. 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.
- u. Based on the provision of the applicable SPP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2019-20 fiscal period. As a result of retirement or termination, the incumbents are entitled to the benefits accrued to them up to the date of retirement or termination. For participants of SPP, the benefit includes the account balances as at March 31, 2019 and the current period benefit costs and investment gains or losses related to the account that were incurred during the current year. The AHS obligations are paid through either a lump sum payment or regular instalments:

Position	Supplemental Plan Commencement Date	Benefit (not in thousands)	Frequency	Payment Terms
VP, Corporate Services and Chief Financial Officer	June 1, 2010	\$288,935	Once	June 2020

### SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES FOR THE YEAR ENDED MARCH 31

	2020								Total
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Care Protection Act	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	
Continuing care	\$ 321,315	\$ 806,123	\$ -	\$ 7,881	\$ 4,533	\$ 5,802	\$ 28,489	\$ 2,324	\$ 1,176,467
Community care	698,728	698,918	-	4,445	3,451	52,003	67,693	551	1,525,789
Home care	338,742	257,699	-	187	9,308	88,298	22,244	84	716,562
Acute care	3,022,568	388,383	20,041	511,365	356,465	562,803	148,107	56,075	5,065,807
Ambulance services	305,282	173,494	-	2,018	3,945	1,472	27,322	17,129	530,662
Diagnostic and therapeutic services	1,595,207	289,472	-	24,473	188,168	286,529	106,626	49,091	2,539,566
Population and public health	305,676	14,620	-	7,704	4,809	10,225	13,825	258	357,117
Research and education	189,530	3,495	-	103	1,364	124,776	25,217	149	344,634
Information technology	298,101	735	-	-	29	40,667	166,852	90,621	597,005
Support services	1,102,401	152,542	-	2,481	9,167	115,228	541,106	364,280	2,287,205
Administration	353,133	38,260	-	4	251	31,837	48,898	1,161	473,544
<b>Total</b>	<b>\$ 8,530,683</b>	<b>\$ 2,823,741</b>	<b>\$ 20,041</b>	<b>\$ 560,661</b>	<b>\$ 581,490</b>	<b>\$ 1,319,640</b>	<b>\$ 1,196,379</b>	<b>\$ 581,723</b>	<b>\$ 15,614,358</b>

**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES (CONTINUED)  
FOR THE YEAR ENDED MARCH 31**

	2019								Total
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Care Protection Act	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	
Continuing care	\$ 317,473	\$ 775,491	\$ -	\$ 7,600	\$ 4,664	\$ 5,278	\$ 24,705	\$ 2,152	\$ 1,137,363
Community care	682,532	657,092		3,562	4,556	31,951	65,218	372	1,445,283
Home care	327,974	246,052	-	179	7,910	83,441	22,591	148	688,295
Acute care	2,994,658	394,435	17,186	461,210	366,996	569,378	149,794	64,810	5,018,467
Ambulance services	299,635	174,932	-	1,953	4,094	1,572	28,690	17,169	528,045
Diagnostic and therapeutic services	1,563,230	293,708	-	22,738	187,983	291,808	101,463	44,688	2,505,618
Population and public health	301,511	9,860	-	6,840	4,403	14,836	11,904	315	349,669
Research and education	186,172	2,911	-	15	1,171	129,589	27,216	165	347,239
Information technology	240,922	514	-	-	32	37,156	152,109	76,593	507,326
Support services	1,070,420	154,714	-	2,560	10,237	112,198	587,269	323,023	2,260,421
Administration	337,110	39,977	-	5	471	45,599	102,254	193	525,609
<b>Total</b>	<b>\$ 8,321,637</b>	<b>\$ 2,749,686</b>	<b>\$ 17,186</b>	<b>\$ 506,662</b>	<b>\$ 592,517</b>	<b>\$ 1,322,806</b>	<b>\$ 1,273,213</b>	<b>\$ 529,628</b>	<b>\$ 15,313,335</b>