



Freedom To Create. Spirit To Achieve.

# Health and Wellness

## Section II

**Annual Report**  
2008–2009

**Government of Alberta** ■

## For further information

For additional copies of this document or Section I contact:

Alberta Health and Wellness  
Communications  
22nd floor, 10025 Jasper Avenue  
Edmonton, Alberta T5J 1S6  
Phone: 780-427-7164  
Fax: 780-427-1171  
E-mail: [ahinform@health.gov.ab.ca](mailto:ahinform@health.gov.ab.ca)

You can find this document on the Alberta Health and Wellness website —  
[www.health.alberta.ca](http://www.health.alberta.ca)

For inquiries on the financial information in this publication contact:

Alberta Health and Wellness  
External Financial Reporting  
19th floor, 10025 Jasper Avenue  
Edmonton, Alberta T5J 1S6  
Phone: 780-427-0675  
Fax: 780-427-1577

ISBN: 978-0-7785-8235-9

ISSN: 1492-8884

# Health and Wellness

## Annual Report — Section II 2008 – 2009

### CONTENTS

- 3 Index of Health Authority Contacts

### Health Authority Financial Statements

- 5 Chinook Regional Health Authority
- 27 Palliser Health Region
- 43 Calgary Health Region
- 69 David Thompson Regional Health Authority
- 91 East Central Health
- 119 Capital Health
- 145 Aspen Regional Health Authority
- 163 Peace Country Health
- 183 Northern Lights Health Region
- 199 Alberta Mental Health Board
- 217 Alberta Cancer Board
- 235 Health Quality Council of Alberta

### 245 Alphabetical List of Entities' Financial Statements

### 254 Ministry Contacts

## Section I

Section I of this report is published under separate cover.

It provides an overview, results analysis and financial statements for the Ministry of Health and Wellness, as well as a summary of the financial statements for the health authorities.



## Health Authorities Contact List

As of April 1, 2009, the former nine regional health authorities and two provincial health boards were incorporated under Alberta Health Services. For further information please contact:

<b>2008/2009 Health Authorities</b>	<b>Contact Phone Number</b>
Alberta Health Services	780-342-2000
Chinook Regional Health Authority	
Palliser Health Region	
Calgary Health Region	
David Thompson Regional Health Authority	
East Central Health	
Capital Health	
Aspen Regional Health Authority	
Peace Country Health	
Northern Lights Health Region	
Alberta Mental Health Board	
Alberta Cancer Board	
Health Quality Council of Alberta	403-297-8162



CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2009



**Chinook Regional  
Health Authority**

---

Financial Statements

March 31, 2009

Management's Responsibility for Financial Reporting

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 -- Schedule of Salaries and Benefits

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**

**MARCH 31, 2009**



**Auditor's Report**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

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

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

The Auditor General of Alberta provides an independent audit of the 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 financial statements prepared by management.

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

I have audited the statement of financial position of Chinook Regional Health Authority (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed]

Dr. Stephen Duckett  
President and Chief Executive Officer  
– Alberta Health Services

[Original signed]

Les Tochor, CA  
Senior Vice President Finance  
– Alberta Health Services

[Original signed]

Chris Mazurkewich, CA  
Chief Financial Officer  
– Alberta Health Services

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009



**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2009**  
(in thousands)

	2009	2008
<b>ASSETS</b>		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 22,467	\$ 31,372
Accounts receivable	9,531	10,363
Contributions receivable from Alberta Health and Wellness	483	9,654
Inventories	3,514	3,528
Prepaid expenses	802	1,769
	<u>36,797</u>	<u>56,686</u>
Non-current cash, cash equivalents and investments (Note 3)	69,749	20,277
Contributions receivable	824	26,617
Capital assets (Note 4)	193,617	190,482
Other assets (Note 5)	13,935	10,256
	<u>314,922</u>	<u>304,318</u>
<b>TOTAL ASSETS</b>	<b>\$ 314,922</b>	<b>\$ 304,318</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current:		
Accounts payable and accrued liabilities	\$ 33,778	\$ 29,083
Accrued vacation pay	14,617	13,201
Deferred contributions (Note 6)	23,563	24,304
Current portion of long-term debt (Note 8)	57	27
	<u>72,015</u>	<u>66,615</u>
Deferred contributions (Note 6)	724	589
Deferred capital contributions (Note 7)	67,292	42,359
Long-term debt (Note 8)	57	-
Deferred contributions – Healthy Aging Partnership (Note 9)	2,704	2,921
Unamortized external capital contributions	175,170	174,095
Other liabilities	1,519	2,464
	<u>319,481</u>	<u>289,043</u>
Net Assets (Liabilities):		
Unrestricted		
Accumulated deficit (Note 11)	(23,042)	(2,084)
Accumulated net unrealized gains on investments (Note 2(a)(3)(v))	-	849
Investment in capital assets	18,333	16,360
	<u>(4,709)</u>	<u>15,125</u>
Endowments	150	150
	<u>(4,559)</u>	<u>15,275</u>
Commitments and contingencies (Note 12)		
	<u>314,922</u>	<u>304,318</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 314,922</b>	<b>\$ 304,318</b>

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

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009	2008
	<u>Budget</u>	<u>Actual</u>
	(Note 13)	<u>Actual</u>
<b>Revenue</b>		
Alberta Health and Wellness contributions (Note 14)	\$ 315,776	\$ 321,559
Other government contributions (Note 15)	3,479	5,885
Fees and charges	11,766	19,887
Ancillary operations (Note 16)	1,764	2,049
Donations	528	278
Investment and other income (Note 17)	11,903	11,002
Amortization of external capital contributions	13,437	14,373
	<u>358,653</u>	<u>375,033</u>
<b>TOTAL REVENUE</b>	<b>358,653</b>	<b>375,033</b>
<b>Expenses (Schedule 1)</b>		
Inpatient acute nursing services	87,740	91,298
Emergency and outpatient services	21,803	21,807
Facility-based continuing care services	39,870	40,699
Community-based care	33,463	38,050
Home care	20,055	22,058
Diagnostic and therapeutic services	64,938	68,721
Promotion, prevention and protection services	15,946	16,605
Administration	13,997	16,615
Information technology	12,716	11,087
Support services	48,972	58,222
Amortization of facilities and improvements	8,535	8,856
	<u>368,035</u>	<u>394,018</u>
<b>TOTAL EXPENSES</b>	<b>368,035</b>	<b>394,018</b>
Deficiency of revenue over expenses	<u>\$ (9,382)</u>	<u>\$ (18,985)</u>
	<u>\$ (9,382)</u>	<u>\$ (3,307)</u>

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

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009				2008			
	Accumulated Deficit (Note 11)	Accumulated net unrealized gains/(losses) on investments	Investment in capital assets	Sub-Total	Endowments	Total	Total	
Balance at beginning of year	\$ (2,084)	\$ 849	\$ 16,360	\$ 15,125	\$ 150	\$ 15,275	\$ 18,813	
Deficiency of revenues over expenses	(18,985)	-	-	(18,985)	-	(18,985)	(3,307)	
Contributed assets	-	-	-	-	-	-	408	
Capital assets purchased with internal funds	(6,233)	-	6,233	-	-	-	-	
Amortization of internally funded capital assets	2,732	-	(2,732)	-	-	-	-	
Disposal of land	-	-	-	-	-	-	(19)	
Transfer related to the acquisition of plant equipment from internally funded to externally funded sources	1,612	-	(1,612)	-	-	-	-	
Repayment of long-term debt used to fund capital assets	(84)	-	84	-	-	-	-	
Net unrealized losses on available for sale financial assets arising during the year	-	(643)	-	(643)	-	(643)	(799)	
Transfer of net realized gains (losses) on investments to revenue (Note 2(a)(3)(v))	-	(206)	-	(206)	-	(206)	179	
Balance at end of year	\$ (23,042)	\$ -	\$ 18,333	\$ (4,709)	\$ 150	\$ (4,559)	\$ 15,275	

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

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget (Note 13)	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	\$ (9,382)	\$ (18,985)	\$ (3,307)
Non-cash transactions:			
Amortization (Schedule 1)	16,709	16,242	16,443
Gross amortization of external capital contributions	(13,432)	(14,373)	(13,824)
Loss on disposal of assets	5	870	3
	(6,100)	(16,246)	(685)
Changes in non-cash working capital account	17,017	(10,520)	4,515
Cash generated from (used by) operations	10,917	(26,766)	3,830
Investing activities:			
Purchase of capital assets:			
internally funded - equipment	(3,499)	(4,469)	(428)
internally funded - facility and improvements	(1,200)	(1,764)	(3,018)
externally funded - equipment	(2,864)	(1,731)	(6,189)
externally funded - facility and improvements	(13,772)	(12,442)	(5,640)
debt funded - equipment	-	(170)	(88)
Proceeds on sale of capital assets	-	329	105
Proceeds on sale of investments	-	10,724	11,185
Acquisition of investments	-	(11,586)	(11,881)
Allocation (from) to current cash and investments	(26,692)	(49,458)	8,193
Capital assets transferred	-	-	(408)
Changes in other assets	3,014	(3,679)	(2,415)
Changes in non-cash working capital account	-	26,874	-
Changes in non-current contributions	24,214	25,793	(24,110)
Cash used by investing activities	(20,799)	(21,579)	(34,694)
Financing activities:			
Capital contributions received	12,324	40,381	31,260
Change in non-cash working capital accounts	-	-	209
Principal payments on long-term debt	-	(84)	(209)
Proceeds from long-term debt	-	170	88
Capital assets transferred	-	-	408
Changes in other liabilities	22	(945)	44
Change in non-current deferred contributions	(390)	(82)	1,287
Cash generated from financing activities	11,956	39,440	33,087
Increase (decrease) in cash, cash equivalents and investments	2,074	(8,905)	2,223
Cash, cash equivalents and investments, beginning of year	31,372	31,372	29,149
Cash, cash equivalents and investments, end of year (Note 3)	\$ 33,446	\$ 22,467	\$ 31,372

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

**CHINOOK REGIONAL HEALTH AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

The Chinook Regional Health Authority ("the Authority") was established on June 24, 1994 under the Alberta Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act. Effective April 1, 2009 the Authority will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 20).

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Rural Hospital/Health Centre Sites

- Chinook Health – Milk River Health Centre
- Chinook Health – Pincher Creek Health Centre
- Chinook Health – Taber Health Centre
- Chinook Health – Fort Macleod Health Centre
- Chinook Health – Crowsnest Pass Health Centre
- Chinook Health – Raymond Health Centre
- Chinook Health – Cardston Health Centre
- Chinook Health – Magrath Health Centre
- Chinook Health – Coaldale Health Centre
- Chinook Health – Piyami Health Centre

Community Health Sites:

- Chinook Health – Lethbridge Community Health Site
- Chinook Health – Vauxhall Community Health Site
- Chinook Health – Taber Community Health Site
- Chinook Health – Coaldale Community Health Site
- Chinook Health – Raymond Community Health Site
- Chinook Health – Crowsnest Pass Community Health Site
- Chinook Health – Magrath Community Health Site
- Chinook Health – Pincher Creek Community Health Site

**Note 1 Authority, Purpose and Operations (continued)**

Other Sites/Locations:

- Chinook Regional Hospital
- Chinook Health – Children’s CARE Centre
- Chinook Health – Raymond Care Centre
- Chinook Health – Lethbridge Community Care Services
- Chinook Health – Community Mental Health
- Chinook Health – Population Health

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

**Note 2 Significant Accounting Policies and Reporting Practices**

(a) Basis of Presentation

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness’ Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
  - (i) The Authority uses the proportionate consolidation method to account for its 50% interest in the Chinook Primary Care Network, a joint venture.
  - (ii) The Authority uses the proportionate consolidation method to account for its share in the Regional Shared Health Information Program (“RSHIP”).
  - (iii) The controlled foundations are not consolidated.
- (3) These financial statements use the deferral method of accounting for contributions, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contribution until the amount is invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

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

- (iv) Endowment and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position or it is determined that an impairment of these financial assets is other than temporary. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Capital Disclosure

Effective April 1, 2008, the Authority implemented new capital disclosure requirements per section 1535 in the CICA Handbook. For operating purposes, the Authority defines capital as including working capital and unrestricted net assets. For capital purposes, the Authority defines capital as including deferred capital contributions, long term debt, unamortized external capital contributions, and investment in capital assets.

The Authority’s objectives for managing capital are:

- In the short term to safeguard the Authority’s financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Authority’s operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Authority monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Authority funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Authority borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

Where a health authority has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

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

(c) Full cost

The Authority records the full cost of services for which it is responsible. Full cost transactions comprise the following:

- (1) Revenues that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- (2) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and a program expense as they represent part of the cost of the Authority's health programs costs.
- (3) Fair value to use non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.
- (4) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plan's deficit or surplus.

The Authority provides a defined benefit Supplemental Executive Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is unfunded.

The Authority fully accrues its obligations for employee non-pension future benefits, including its self-insured extended health, dental and vision care plan.

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

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2 (f).

Transaction costs associated with the acquisition and disposal of investments are expensed when incurred. The purchase and sale of investments are accounted for using the trade date.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition changes in value depend upon the classification. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The Authority has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Available-for-sale
Investments	Available-for-sale
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

The Authority does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Authority as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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

The carrying values of current cash, cash equivalents and investments, accounts receivable, contributions receivable from Alberta Health and Wellness, and accounts payable approximate their fair value because of the short term nature of these items. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from its financial instruments.

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

**(g) Inventories**

In June 2007, the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Authority adopted this new standard as of April 1, 2008, but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average) and current replacement cost. All other inventories are recorded as the lower of cost (defined as moving average) and net realizable value.

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	<u>Useful Life</u>
Land improvements	10 - 25 years
Buildings	20 - 40 years
Building Service Equipment	10 - 25 years
Equipment	3 - 15 years

Construction projects in progress are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. In order to determine whether an impairment of investments classified as available-for-sale is other than temporary, management considers specific factors including the nature and extent of the decrease in fair value of the investment below cost and the underlying credit risk associated with holding investments. Capital assets are amortized over their estimated useful lives. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplemental Executive Retirement Plan obligation is based on actuarial calculations. Actual results could differ from these estimates.

**Note 3 Cash, Cash Equivalents and Investments**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
	(in thousands)			
Cash	\$75,566	\$75,566	\$25,282	\$25,282
Guaranteed investment certificates	3,308	3,308	13,358	13,358
Bonds	10,922	10,905	10,882	10,515
Equities	2,420	2,780	2,127	1,645
	<u>\$92,216</u>	<u>\$92,559</u>	<u>\$51,649</u>	<u>\$50,800</u>
Classified as:				
Current	\$22,467		\$31,372	
Non-current	69,749		20,277	
Total cash, cash equivalents and investments.	<u>\$92,216</u>		<u>\$51,649</u>	

- (a) At March 31, 2009 management determined that an impairment of investments classified as available-for-sale was other than temporary and therefore a cumulative loss has been recognized in the Statement of Operations (Note 17).
- (b) Guaranteed Investment Certificates ("GIC's") maturing on April 22, 2009, April 30, 2009, May 28, 2009, and July 21, 2009 dates are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 3.44% paid annually. The effective yield of the GIC's is 3.44%.
- (c) To optimize returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments. At March 31, 2009 cash included a bank account balance of \$72,572 (2008 - \$18,969) that is managed by Alberta Infrastructure and therefore excluded from the Authority's policy asset mix. The Primary Care Network cash and GIC's of \$5,022 (2008 - \$3,913) are also excluded from the Authority's policy asset mix.
- (d) Fixed-income securities have an effective yield of 5.34% per year, and 5.23% per annum for securities maturing between 1 and 10 years. As at March 31, 2009, the fixed-income securities have the following maturity structure:

	<u>Government of Canada</u>	<u>Provincial</u>	<u>Corporate</u>	<u>Foreign</u>
1 to 5 years	49.30%	13.79%	47.94%	0.00%
5 to 10 years	11.19%	49.54%	33.64%	53.85%
Over 10 years	39.51%	36.67%	18.42%	46.15%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

- (e) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

**Note 4 Capital Assets**

	2009 Net Book Value	2008 Net Book Value
	(in thousands)	
Buildings and improvements	\$ 130,884	\$ 138,109
Work in progress	21,836	7,630
Equipment	17,629	17,728
Information systems	374	654
Software licenses	7,091	8,758
Leasehold improvements	850	935
Land	4,278	4,278
Building service equipment	10,282	11,922
Land improvements	349	424
Other non-depreciable assets	44	44
	<u>\$ 193,617</u>	<u>\$ 190,482</u>

	Cost				Balance March 31, 2009
	Balance April 1, 2008	Transfers	Additions (in thousands)	Disposals	
Buildings and improvements	\$ 259,566	\$ -	\$ -	\$ 1,722	\$ 257,844
Work in progress	7,630	(124)	14,330	-	21,836
Equipment	58,538	124	6,022	886	63,818
Information systems	10,808	-	127	-	10,935
Software licenses	12,772	-	97	-	12,869
Leasehold improvements	1,384	-	-	-	1,384
Land	4,278	-	-	-	4,278
Building service equipment	17,418	-	-	995	16,423
Land improvements	4,488	-	-	-	4,488
Other non-depreciable assets	44	-	-	-	44
	<u>\$ 376,946</u>	<u>\$ -</u>	<u>\$ 20,576</u>	<u>\$ 3,603</u>	<u>\$ 393,019</u>

	Accumulated Amortization			
	Balance April 1, 2008	Current year amortization	Amortization on disposals	Balance March 31, 2009
	(in thousands)			
Buildings and improvements	\$ 121,457	\$ 6,879	\$ 1,376	\$ 126,960
Equipment	40,830	6,152	793	46,189
Information systems	10,154	407	-	10,561
Software licenses	4,014	1,764	-	5,778
Leasehold improvements	449	85	-	534
Building service equipment	5,496	880	235	6,141
Land improvements	4,064	75	-	4,139
	<u>\$ 186,464</u>	<u>\$ 16,242</u>	<u>\$ 2,404</u>	<u>\$ 200,302</u>

**Note 4 Capital Assets (continued)**

(a) Land

Land at the Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value.

(b) Leased equipment

Equipment was acquired through capital leases at a cost of \$170 (2008 - \$237) with accumulated amortization of \$57 (2008 - \$209).

**Note 5 Other Assets**

	2009	2008
	(in thousands)	
Long-term receivable		
Supportive living options	\$ 11,057	\$ 9,224
Participating physicians	-	10
Grants receivable from East Central Health (Note 21)	957	-
Other	50	50
	<u>12,064</u>	<u>9,284</u>
Deferred contract payments	1,871	972
	<u>\$ 13,935</u>	<u>\$ 10,256</u>

The amounts included in the Supportive Living Options are recoverable as services are rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for an initial term of 20 years effective from the date of commencement of operations, unless otherwise terminated. The deferred contract payments are amortized over the term of the related agreements. The average remaining term of the agreements at March 31, 2009 is 15.5 years.

The Authority provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea Clinic. Costs are reimbursed to the Authority over the term of the agreement.

**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(in thousands)	
<b>Current:</b>		
Children's health	\$ 860	\$ 1,204
Immunization programs	117	390
Mental health-innovations funds	1,427	2,951
Palliative care	301	467
Pandemic supplies	849	1,393
Physician on call	928	1,905
Primary care network	4,745	4,365
Seniors' health	7,051	7,056
Stanford management training	128	245
Stroke strategy	907	615
Telehealth programs	722	444
Other	5,528	3,269
	<u>23,563</u>	<u>24,304</u>
<b>Non-current:</b>		
Donations	724	589
	<u>\$ 24,287</u>	<u>\$ 24,893</u>

**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(in thousands)	
Equipment replacement	\$ 1,852	\$ 2,681
Improvement of capital assets	65,440	39,678
	<u>\$ 67,292</u>	<u>\$ 42,359</u>

**Note 8 Long-term Debt**

	2009	2008
	(in thousands)	
Obligations under capital leases	\$ 114	\$ 27
Less: current portion	57	27
	<u>\$ 57</u>	<u>\$ -</u>

The Authority is committed to making payments as follows:

<u>Year ending March 31</u>	
2010	\$ 57
2011	57
	<u>\$ 114</u>

The capital lease expires on March 31, 2011.

**Note 9 Deferred Contributions – Healthy Aging Partnership**

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Authority's residents are recorded as long-term deferred contributions.

During the year the Authority amortized \$217 (2008 - \$229) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

	2009	2008
	(in thousands)	
Alberta Health and Wellness contributions (Note 14)	\$ 196	\$ 199
Investment and other income	21	30
	<u>\$ 217</u>	<u>\$ 229</u>



**Note 10 Long-Term Employee Benefits**

(a) Supplemental Executive Retirement Plan

	2009	2008
	(in thousands)	
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 1,182	\$ 821
Current service cost	54	60
Interest cost	70	52
Prior service cost	-	130
Actuarial (gain) loss	(317)	149
Benefit payments	(32)	(30)
Net accrued benefit obligation, end of year	<u>\$ 957</u>	<u>\$ 1,182</u>
Reconciliation of funded status of accrued benefit asset/liability		
Net accrued benefit obligation	\$ 957	\$ 1,182
Unrecognized actuarial gain (loss)	317	(149)
Unrecognized prior service costs	-	(234)
Reported liability	<u>\$ 1,274</u>	<u>\$ 799</u>
Current service cost	\$ 54	\$ 60
Interest cost	70	52
Amortization of prior service costs	234	130
Amortization of net actuarial loss	149	173
Net benefit cost	<u>\$ 507</u>	<u>\$ 415</u>
	2009	2008
Discount rate	8.00%	5.75%
Expected average remaining service life of employees	3 years	5 years
Salary increase	5.00%	5.00%

The plan is unfunded.

(b) Pension expense

Pension expense related to the Local Authorities Pension Plan in these financial statements is equal to the Authority's annual contributions payable of \$10,861 for the year ended March 31, 2009 (2008 - \$9,502). At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

Supplemental Executive Retirement Plan expense in these financial statements is equal to the net benefit cost of \$507 for the year ended March 31, 2009 (2008 - \$415).

**Note 11 Accumulated Deficit**

The Authority has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 12 Commitments and Contingencies**

(a) The Authority has outstanding contractual commitments related to facilities and improvements projects in the amount of \$21,400.

(b) The Authority is contractually committed to future operating lease payments until 2013 as follows:

Year ending March 31	(in thousands)
2010	\$ 793
2011	559
2012	547
2013	271
	<u>\$ 2,170</u>

(c) The Authority has not recognized a liability of certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value cannot be reasonably estimated as the settlement dates are unknown.

(d) The Authority, in the conduct of its normal activities, is named a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that adequate provision for these proceedings have been made in the Authority's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the Authority, however, should any loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the Authority.

(e) The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

(f) The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region (Note 18(g)). The Authority has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**Note 13 Budget** (in thousands)

The budget was prepared by management and submitted to the Minister of Health and Wellness. Over the course of the fiscal year, the Minister provided additional funding of \$2,084. The Board has allocated these additional resources to address funding expectations.

**Note 14 Alberta Health and Wellness Contributions**

	2009	2008
	(in thousands)	
Unrestricted contributions	\$ 306,093	\$ 286,801
Transfers from deferred contributions	12,041	9,769
Healthy aging partnership (Note 9)	196	199
Primary care network (Note 18(c))	3,229	2,495
	<u>\$ 321,559</u>	<u>\$ 299,264</u>

**Note 15 Other Government Contributions**

	2009	2008
	(in thousands)	
Persons with developmental disabilities South Alberta Board	\$ 2,476	\$ 2,281
Transition grant from East Central Health (Note 21)	1,644	-
Transfers from deferred contributions	791	867
Alberta Infrastructure	240	143
	<u>5,151</u>	<u>3,291</u>
Fair value of rent less rent charges for non-acute care facilities used by the Authority	<u>734</u>	<u>676</u>
	<u>\$ 5,885</u>	<u>\$ 3,967</u>

**Note 16 Ancillary Operations**

	2009				Excess of Revenue over Expenses	2008	
	Revenue	Direct Expenses	Amortization Expense	Total Expenses		Revenue	Excess of Revenue over Expenses
	(in thousands)						
Parking operations	\$ 385	\$ 122	\$ 6	\$ 128	\$257	\$ 407	\$264
Non-patient food services	1,498	1,749	3	1,752	(254)	1,437	184
Laundry operations	79	78	1	79	-	85	-
Other operations	87	113	-	113	(26)	138	2
	<u>\$2,049</u>	<u>\$2,062</u>	<u>\$10</u>	<u>\$2,072</u>	<u>\$(23)</u>	<u>\$2,067</u>	<u>\$450</u>

Ancillary expenses are reported in support services in the Statement of Operations.

**Note 17 Investments and Other Income**

	2009	2008
	(in thousands)	
Investment income earned:		
Unrestricted resources	\$ 1,083	\$ 1,808
Other than temporary impairment of investments (Note 3)	(343)	-
Restricted resources for capital assets	11	22
Resources held for endowment	<u>6</u>	<u>7</u>
	<u>757</u>	<u>1,837</u>
Other income:		
Transfers from deferred contributions	4,735	3,345
Other	<u>5,521</u>	<u>6,165</u>
	11,013	11,347
Less amounts deferred:		
Restricted for capital asset acquisition	<u>(11)</u>	<u>(22)</u>
	<u>\$ 11,002</u>	<u>\$ 11,325</u>

Investment income is comprised of interest and dividends, gains or losses on the sale of investments, and other than temporary impairment of investments.

Other income is comprised of recoveries from sources external to the Authority for compensation, and materials and supplies.

**Note 18 Related Parties**

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of Alberta Health Services Board. The Board is economically dependant on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Authority had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009			
	Revenue	Expense	Receivable	Payable
	(in thousands)			
Other Regional Health Authorities and Provincial Health Boards	<u>\$ 3,749</u>	<u>\$ 1,130</u>	<u>\$ 2,497</u>	<u>\$ -</u>
	2008			
	Revenue	Expense	Receivable	Payable
	(in thousands)			
Other Regional Health Authorities and Provincial Health Boards	<u>\$ 1,808</u>	<u>\$ 1,808</u>	<u>\$ 1,241</u>	<u>\$ 1,303</u>

**Note 18 Related Parties (continued)**

(b) Regional Shared Health Information Program (“RSHIP”)

The seven non-metro health regions: Palliser Health Region, David Thompson Health Region, Aspen Health Region, Northern Lights Health Region, Peace Country Health Region, Chinook Regional Health Authority, East Central Health, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta’s Provincial Electronic Health Record (EHR) initiative.

	2009	2008
	(in thousands)	
Alberta Health and Wellness Funding	\$ 45	\$ 683
Health Authority contribution	1,036	1,983
	<u>\$ 1,081</u>	<u>\$ 2,666</u>

The Authority’s proportionate share of expenditures and costs incurred directly are as follows:

	2009	2008
	(in thousands)	
Expenses	\$ 958	\$ 1,442
Capital assets	123	1,224
	<u>\$ 1,081</u>	<u>\$ 2,666</u>

The Authority accounts for its interest in RSHIP on a proportionate consolidation basis.

**Note 18 Related Parties (continued)**

(c) Primary Care Network

The Authority’s interest in the Chinook Primary Care Network, a joint venture, is included in the financial statements under the proportionate consolidation method.

	Authority’s 50% Share	
	2009	2008
	(in thousands)	
<b>Statement of Financial Position:</b>		
Cash, cash equivalents and investments	\$ 5,022	\$ 3,913
Accounts receivable	37	639
Prepaid expenses	252	-
Capital assets	3	223
	<u>\$ 5,314</u>	<u>\$ 4,775</u>
Accounts payable and accrued liabilities	\$ 320	\$ 187
Deferred contributions	4,745	4,365
Unamortized external capital contributions	-	223
Accumulated deficit	(3)	-
Investments in capital assets	252	-
	<u>\$ 5,314</u>	<u>\$ 4,775</u>
<b>Statement of Operations:</b>		
Revenue (Note 14)	\$ 3,229	\$ 2,495
Expenses	2,980	2,495
Excess of revenue over expenses	<u>\$ 249</u>	<u>\$ -</u>

(d) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The controlled Foundations are not consolidated in these financial statements. Financial information for these Foundations (in thousands) is as follows:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Crowsnest Pass Health Foundation	\$246	\$(3)	\$243	\$271	\$-	\$271
Cardston and District Health Foundation	17	(11)	6	28	-	28
North County Health Foundation	49	-	49	74	(19)	55
Fort Macleod and District Health Foundation	74	-	74	76	(19)	57
Windy Slopes Health Foundation	71	(11)	60	78	( 6)	72
	<b>2009</b>			<b>2008</b>		
	Revenue	Expenses	Excess/Deficit	Revenue	Expenses	Excess/Deficit
Crowsnest Pass Health Foundation	\$163	\$(191)	\$(28)	\$172	\$(128)	\$44
Cardston and District Health Foundation	75	(97)	(22)	112	(114)	(2)
North County Health Foundation	30	(36)	(6)	81	(71)	10
Fort Macleod and District Health Foundation	67	(50)	17	75	(36)	39
Windy Slopes Health Foundation	128	(141)	(13)	180	(212)	32

**Note 18 Related Parties (continued)**

	<u>Contributions Received by Health Authority</u>		<u>Resources held by Foundation</u>	
	Year Ended March 31		Year Ended March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	\$157	\$97	\$209	\$34
Cardston and District Health Foundation	71	89	1	5
North County Health Foundation	15	50	3	46
Fort Macleod and District Health Foundation	20	19	5	69
Windy Slopes Health Foundation	71	137	11	49

The value of administrative support provided to the above Foundations for the year ended March 31, 2009 was \$103 (2008 - \$98). Of this amount, \$14 was receivable from the Foundations at year end (2008 - \$38).

(e) Other Foundations

The Authority has an economic interest in the Chinook Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the Income Tax Act. Financial information for these Foundations (in thousands) is as follows:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Chinook Regional Hospital Foundation	\$4,707	\$(117)	\$4,590	\$5,086	\$(150)	\$4,936
Taber and District Health Foundation	933	(7)	926	964	(5)	959

	<u>Contributions Received by Health Authority</u>		<u>Resources held by Foundation</u>	
	Year Ended March 31		Year Ended March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
Chinook Regional Hospital Foundation	\$ 317	\$392	\$4,124	\$466
Taber and District Health Foundation	51	109	606	320

The value of administrative support provided to the above Foundations for the year ended March 31, 2009 was \$388 (2008 - \$301). Of this amount, \$92 was receivable from the Foundations at year end (2008 - \$115).

(f) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2009, \$59 (2008 - \$56) was due to the Authority.

**Note 18 Related Parties (continued)**

(g) Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services in the Authority. Funding was provided as follows:

	Direct Regional Funding	Direct Alberta Health and Wellness Funding	Fees and Charges and Other Income (in thousands)	Full Cost Adjustments	Total
<b>2009</b>					
Voluntary health service providers	\$ 16,689	\$ -	\$ 3,072	\$ -	\$ 19,761
Private health service providers	49,223	-	4,757	-	53,980
	<u>\$ 65,912</u>	<u>\$ -</u>	<u>\$ 7,829</u>	<u>\$ -</u>	<u>\$ 73,741</u>
<b>2008</b>					
Voluntary health service providers	\$ 14,516	\$ -	\$ 2,948	\$ -	\$ 17,464
Private health service providers	38,776	-	4,661	-	43,437
	<u>\$ 53,292</u>	<u>\$ -</u>	<u>\$ 7,609</u>	<u>\$ -</u>	<u>\$ 60,901</u>

**Note 19 Trust Funds**

The Authority receives funds in trust from Alberta Health and Wellness for the Chinook Primary Care Network. This initiative is a trilateral agreement between the Alberta Medical Association, the Regional Health Authority, and Alberta Health and Wellness. Family physicians in communities in Southwestern Alberta are identifying ways to strengthen the services and care they have always delivered to their patients through the Chinook Primary Care Network. During the year, the Authority disbursed all funds held and received to the Chinook Primary Care Network.

The Authority also receives funds in trust from Ladies Auxiliary and from Society of Friends. The Authority invests these funds on behalf of the organizations. At March 31, 2009 the Authority held \$200 in trust for Ladies Auxiliary and \$100 in trust for Society of Friends. These amounts are not reflected in these financial statements.

**Note 20 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine Regional Health Authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Authority but excluding East Central Health will be disestablished and all of the assets, liabilities, rights and obligations of these entities including the Authority, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

**Note 21 Transition and Restructuring Costs**

As at March 31, 2009, the Authority recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration, Support Services, Facility-Based Continuing Care Services, and Inpatient Acute Nursing Services.

	Severance- Related Charges	Other Charges	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	523	164	687
Payments made during the year	(523)	(164)	(687)
Liability as at March 31, 2009	\$ -	\$ -	\$ -
Unfunded Supplemental Executive Retirement Plan	\$ -	\$ 957	\$ 957

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Authority has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of the Authority's Supplemental Executive Retirement Plan. The Authority has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year.

**Note 22 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 23 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

	2009		2008
	Budget (Note 13)	Actual	Actual
Salaries and benefits (Schedule 2)	\$ 212,596	\$ 219,261	\$ 197,050
Contracts with health service operators (Note 18 (g))	60,809	73,741	60,901
Drugs and gases	5,782	5,714	6,154
Medical and surgical supplies	9,896	10,995	9,440
Other contracted services	21,385	26,341	24,373
Interest on long-term debt	11	3	11
Other*	40,842	40,851	38,301
Amortization:			
Capital equipment – internally funded	3,033	2,656	2,364
Capital equipment – externally funded	5,198	5,669	5,854
Facilities and improvements – internally funded	244	76	255
Facilities and improvements – externally funded	8,234	7,841	7,970
Loss on disposal of assets	5	870	3
	<u>\$ 368,035</u>	<u>\$ 394,018</u>	<u>\$ 352,676</u>
*Included in other expense are the following:			
Supplies	\$ 18,122	\$ 18,566	\$ 16,655
Minor equipment and maintenance	9,173	9,047	8,746
Travel	4,575	4,683	4,097
Utilities	6,160	5,858	5,789
Other	2,812	2,697	3,014
	<u>\$ 40,842</u>	<u>\$ 40,851</u>	<u>\$ 38,301</u>

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009							2008		
	FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(e)</sup>	Subtotal	Number of Individuals	Severance <sup>(f)</sup>	Total	FTE's <sup>(a)</sup>	Total
<b>Board Chair<sup>(g)</sup></b>										
Ken Hughes – AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$-	\$ -	-	\$ -
Jack Ady	0.12	-	7	1	8	-	-	8	1.00	36
<b>Board Members<sup>(g)</sup></b>										
Jack Ady – AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin – AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen – AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol – AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnert – AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis – AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben – AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje – AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie – AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford – AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot – AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini – AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel – AHS	0.33	-	-	-	-	-	-	-	-	-
Arthur Sanford	0.12	-	2	-	2	-	-	2	1.00	9
Beverley Patterson	0.12	-	3	-	3	-	-	3	1.00	8
Donna Bier	0.00	-	-	-	-	-	-	-	1.00	7
Douglas Schindeler	0.12	-	3	-	3	-	-	3	1.00	7
Inez Kelly	0.12	-	1	-	1	-	-	1	1.00	8
James Farr	0.00	-	-	-	-	-	-	-	1.00	8
Lloyd Hickman	0.12	-	3	-	3	-	-	3	1.00	8
Phyllis Bishoff	0.12	-	3	-	3	-	-	3	1.00	6
Roy Reti	0.12	-	2	-	2	-	-	2	1.00	8
Sam Marra	0.12	-	4	-	4	-	-	4	1.00	13
Thaine Olsen	0.12	-	3	-	3	-	-	3	1.00	8
	<u>9.96</u>	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 1</u>	<u>\$ 32</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>12.00</u>	<u>\$ 126</u>

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
**(thousands of dollars)**

	2009								2008	
	FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(e)</sup>	Subtotal	Number of Individuals	Severance <sup>(e)</sup>	Total	FTE's <sup>(a)</sup>	Total
<b>Board Direct Reports <sup>(a)</sup></b>										
President and Chief Executive Officer – AHS <sup>(a)</sup>	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer – AHS <sup>(a)</sup>	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer <sup>(a)(i)</sup>	1.00	385	-	332	717	-	-	717	1.00	565
<b>CEO Direct Reports <sup>(a)</sup></b>										
Chief Clinical Officer	1.00	338	-	-	338	-	-	338	1.00	348
Chief Operating Officer <sup>(ii)</sup>	0.92	97	-	206	303	1	523	826	1.00	382
Chief Information Officer <sup>(iii)</sup>	1.00	160	-	26	186	-	-	186	0.97	177
Director Corporate Communications <sup>(iii)</sup>	1.00	121	-	22	143	-	-	143	1.00	121
Director Corporate Fundraising	1.00	104	-	25	129	-	-	129	0.54	64
Director Corporate Planning & Support	1.00	114	-	20	134	-	-	134	1.00	127
Director Workforce Planning	1.00	118	-	24	142	-	-	142	0.79	110
Executive Director Labour Relations	1.00	124	-	24	148	-	-	148	1.00	142
Executive Director People Strategies	0.93	109	8	23	140	-	-	140	1.00	141
Executive Director Special Projects	0.22	27	3	6	36	-	-	36	0.52	84
Foundations Consultant <sup>(iv)</sup>	0.22	28	-	6	34	1	55	89	0.50	71
Manager of Executive Suite	1.00	88	-	18	106	-	-	106	1.00	97
	<u>12.19</u>	<u>1,813</u>	<u>11</u>	<u>732</u>	<u>2,556</u>	<u>2</u>	<u>578</u>	<u>3,134</u>	<u>11.32</u>	<u>2,429</u>
<b>Total Board and Executive</b>	<u>22.15</u>	<u>\$ 1,813</u>	<u>\$ 42</u>	<u>\$ 733</u>	<u>\$ 2,588</u>	<u>2</u>	<u>\$ 578</u>	<u>\$ 3,166</u>	<u>23.32</u>	<u>\$ 2,555</u>

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009							2008		
	FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(e)</sup>	Subtotal	Number of Individuals	Severance <sup>(e)</sup>	Total	FTE's <sup>(a)</sup>	Total
Board and executive	22.15	\$ 1,813	\$ 42	\$ 733	\$ 2,588	2	\$ 578	\$ 3,166	23.32	\$ 2,555
Management reporting to CEO direct reports	12.22	1,655	1	309	1,965	-	-	1,965	11.26	1,781
Other managers	100.07	10,515	66	2,196	12,777	3	165	12,942	97.23	11,825
Medical doctors	5.04	1,561	-	104	1,665	-	-	1,665	5.08	1,707
Regulated nurses:										
RNs, RPNs, grad nurses	771.99	58,324	9,317	11,879	79,520	-	-	79,520	738.36	72,267
LPNs	172.21	8,562	871	1,600	11,033	-	-	11,033	170.91	9,651
Other health technical and professional	561.61	40,075	2,710	8,333	51,118	-	-	51,118	542.48	44,540
Unregulated health service	181.78	6,535	817	1,262	8,614	-	-	8,614	175.91	7,411
Other staff	902.87	39,518	1,572	8,086	49,176	4	62	49,238	884.79	45,313
<b>Total</b>	<b>2,729.94</b>	<b>\$ 168,558</b>	<b>\$ 15,396</b>	<b>\$ 34,502</b>	<b>\$ 218,456</b>	<b>9</b>	<b>\$ 805</b>	<b>\$ 219,261</b>	<b>2,649.34</b>	<b>\$ 197,050</b>



**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

## Supplemental Executive Retirement Plan

	2009			2008	Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	Total			
Chief Executive Officer	\$ 33	\$ 277	\$ 310	\$ 253	\$ 515	\$ (121)	\$ 394
Chief Operating Officer <sup>(1)</sup>	21	169	190	153	305	(74)	231
Retired Executive	-	7	7	9	362	(30)	332
	<u>\$ 54</u>	<u>\$ 453</u>	<u>\$ 507</u>	<u>\$ 415</u>	<u>\$ 1,182</u>	<u>\$ (225)</u>	<u>\$ 957</u>

**CHINOOK REGIONAL HEALTH AUTHORITY**

**SCHEDULE OF SALARIES, AND BENEFITS**

**FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 4,529 (2008 – 4,413). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, and lump sum payments.
- d. Other non-cash benefits include:
  - Employer’s current service and other costs of supplemental executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer’s share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and Note 10 Long-term Employee Benefits.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- g. On May 15, 2008, the Authority’s board, along with the other regional health authority boards, was replaced by the Alberta Health Services (‘AHS’) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.

**CHINOOK REGIONAL HEALTH AUTHORITY****SCHEDULE OF SALARIES, AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- j. Effective July 8, 2008 the Chief Executive Officer of the Authority transitioned to the Chief Operating Officer Community and Rural – AHS. Costs incurred are reported in the accounts of the Authority.
- k. CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted in footnotes (l) to (o) below.
- l. Effective February 28, 2009 the incumbent received severance. Based on future SERP compensation benefits described under (f) above, the retired individual will receive monthly pension income of \$1,515 over an indefinite term.
- m. Effective February 5, 2009 the Chief Information Officer of the Authority transitioned to the Vice President, Rural and Primary Care Services – AHS. Costs incurred are reported in the accounts of the Authority.
- n. Effective March 3, 2009 the Director of Corporate Communications of the Authority transitioned to the Service Lead, Clinical Programs and Services – AHS. Costs incurred are reported in the accounts of the Authority.
- o. Effective September 15, 2008 the incumbent received severance.



# PALLISER HEALTH REGION

## FINANCIAL STATEMENTS

March 31, 2009

**PALLISER HEALTH REGION**  
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
Financial Statements  
March 31, 2009

---

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

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

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

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

[Original signed]

\_\_\_\_\_  
Chief Executive Officer- Alberta Health Services  
Dr. Stephen Duckett  
June 11, 2009

[Original signed]

\_\_\_\_\_  
Chief Financial Officer- Palliser Health Region  
Seamas O'Fuarthain  
June 11, 2009

[Original signed]

\_\_\_\_\_  
Chief Financial Officer- Alberta Health Services  
Chris Mazurkewich  
June 11, 2009

Statement of Management Responsibility  
Auditor's Report  
Statement of Financial Position  
Statement of Operations  
Statement of Changes in Net Assets  
Statement of Cash Flows  
Notes to the Financial Statements  
Schedule 1 - Schedule of Expenses by Object  
Schedule 2 - Schedule of Salaries and Benefits

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

### Auditor's Report

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

I have audited the statement of financial position of Palliser Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 16, 2008.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**PALLISER HEALTH REGION**  
**STATEMENT OF FINANCIAL POSITION**  
March 31, 2009  
(thousands of dollars)

	2009	2008 (as restated - note 19)
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and investments (note 3)	\$32,155	\$30,338
Accounts receivable	7,867	6,429
Contributions receivable from Alberta Health and Wellness	298	1,921
Inventories	1,419	1,239
Prepaid expenses	572	1,241
	<u>42,311</u>	<u>41,168</u>
Non-current advances - continuing care partnerships (note 4)	8,381	8,785
Other assets (note 5)	310	299
Capital assets (note 6)	80,735	77,635
<b>TOTAL ASSETS</b>	<b>\$131,737</b>	<b>\$127,887</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$15,570	\$14,228
Accrued vacation pay	8,946	8,512
Deferred contributions (note 7)	12,163	13,174
	<u>36,679</u>	<u>35,914</u>
Deferred contributions - continuing care partnerships (note 4)	8,381	8,785
Unamortized external capital contributions	72,365	68,691
Net assets:		
Accumulated surplus (note 9):		
Unrestricted net assets	5,942	878
Internally restricted net assets:	-	4,675
Investment in capital assets	8,370	8,944
	<u>14,312</u>	<u>14,497</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$131,737</b>	<b>\$127,887</b>

Commitments and contingencies (note 10)

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

**PALLISER HEALTH REGION**  
**STATEMENT OF OPERATIONS**  
Year ended March 31, 2009  
(thousands of dollars)

	2009 <i>Budget</i>	2009 Actual	2008 Actual
	(note 11)		(as restated - note 19)
<b>Revenue:</b>			
Alberta Health & Wellness contributions (note 12)	\$183,381	\$185,398	\$175,340
Other government contributions (note 13)	3,505	4,660	3,284
Fees and charges	18,077	19,636	16,025
Ancillary operations (note 14)	1,017	1,163	1,091
Donations	300	468	285
Investment and other income (note 15)	4,005	3,138	4,955
Amortization of external capital contributions	5,555	6,629	5,436
	215,840	221,092	206,416
<b>Expenses (schedule 1):</b>			
Inpatient acute nursing services	56,683	54,184	54,099
Emergency and outpatient services	13,119	12,735	12,382
Facility-based continuing care services	26,133	25,996	23,998
Ground Ambulance Discovery Project	4,397	4,789	4,405
Community-based care	7,197	7,885	6,869
Home care	9,861	10,177	9,321
Diagnostic and therapeutic services	41,752	41,672	37,631
Promotion, prevention and protection services	5,991	6,215	5,927
Administration	9,413	9,923	8,653
Information technology	5,435	5,039	5,237
Support services	38,129	39,372	37,597
Amortization of facilities and improvements	3,030	3,290	2,985
	221,140	221,277	209,104
Deficiency of revenue over expenses	(\$5,300)	(\$185)	(\$2,688)

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

**PALLISER HEALTH REGION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended March 31, 2009  
(thousands of dollars)

	2009 Accumulated Surplus Unrestricted	2009 Internally Restricted	2009 Investment in Capital Assets	2009 Cumulative Net Unrealized Losses on Investments	2009 Total	2008 Total
	(note 9)	(note 9)				(as restated - note 19)
Deficiency of revenue over expenses	(\$185)	\$ -	\$ -	\$ -	(\$185)	(\$2,688)
Capital assets purchased with internal funds	(1,954)	-	1,954	-	-	-
Amortization on internally funded capital assets	2,528	-	(2,528)	-	-	-
Transfer from internally restricted to unrestricted	4,675	(4,675)	-	-	-	-
Cumulative net realized losses on investments: Unrealized losses on available for sale financial assets, arising during the year	-	-	-	(1,987)	(1,987)	-
Transfer of net unrealized losses on available for sale financial assets to revenue (note 2 (f))	-	-	-	1,987	1,987	-
Net change	5,064	(4,675)	(574)	-	(185)	(2,688)
Net assets, beginning of year	878	4,675	8,944	-	14,497	17,185
Net assets, end of year	\$5,942	\$ -	\$8,370	\$ -	\$14,312	\$14,497

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

**PALLISER HEALTH REGION**  
**STATEMENT OF CASH FLOWS**  
Year ended March 31, 2009  
(thousands of dollars)

	2009	2009	2008
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
	<i>(note 11)</i>		<i>(as restated - note 19)</i>
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	<i>(\$5,300)</i>	<i>(\$185)</i>	<i>(\$2,688)</i>
Non cash transactions:			
Amortization of capital equipment - internally funded	<i>2,600</i>	<i>2,528</i>	<i>2,369</i>
Amortization of capital equipment - externally funded	<i>2,525</i>	<i>3,339</i>	<i>2,451</i>
Amort. of facilities & improvements - externally funded	<i>3,030</i>	<i>3,290</i>	<i>2,985</i>
Amortization of external capital contributions	<i>(5,555)</i>	<i>(6,629)</i>	<i>(5,436)</i>
Change in non-cash working capital	<i>-</i>	<i>1,439</i>	<i>(1,563)</i>
	<i>(2,700)</i>	<i>3,782</i>	<i>(1,882)</i>
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	<i>(2,600)</i>	<i>(1,954)</i>	<i>(1,098)</i>
Externally funded - equipment	<i>(1,992)</i>	<i>(5,070)</i>	<i>(3,662)</i>
Externally funded - facilities and improvements	<i>(3,055)</i>	<i>(5,233)</i>	<i>(6,186)</i>
(Increase) decrease in other assets	<i>-</i>	<i>(11)</i>	<i>23</i>
	<i>(7,647)</i>	<i>(12,268)</i>	<i>(10,923)</i>
Financing activities:			
Capital contributions received	<i>5,047</i>	<i>10,303</i>	<i>9,848</i>
	<i>5,047</i>	<i>10,303</i>	<i>9,848</i>
Increase (decrease) in cash, cash equivalents & investments	<i>(5,300)</i>	<i>1,817</i>	<i>(2,957)</i>
Cash, cash equivalents and investments, beginning of year	<i>30,338</i>	<i>30,338</i>	<i>33,295</i>
Cash, cash equivalents and investments, end of year	<i>\$25,038</i>	<i>\$32,155</i>	<i>\$30,338</i>

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

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
March 31, 2009  
(thousands of dollars)

**1. Authority, Purpose and Operations**

Palliser Health Region ("the Region") was established June 24, 1994 under the Regional Health Authorities Act, and is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 17).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bassano Health Centre  
Bow Island Health Centre and Alfred Egan Home  
Bow Island Community Health Office  
Brooks Health Centre  
Brooks Home Care Office  
Medicine Hat Regional Hospital  
Medicine Hat Community Health Office - Dunmore Road  
Medicine Hat Community Mental Health Office - Provincial Building  
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except as disclosed in Note 16.

**2. Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(2) These financial statements were prepared on a consolidated basis and include the following:

- (i) The Region uses the proportionate consolidation method to account for its 50% interest in the Palliser Primary Care Network.
- (ii) The Region uses the proportionate consolidation method to account for its share in the Regional Shared Health Information Program (RSHIP).

(3) These financial statements use the deferral method, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.



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

- (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available for sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held for trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Regions defines capital as including deferred capital contributions, unamortized external capital contributions, and the investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

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

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

**(c) Full Cost**

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value to use acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

2. Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan (SRP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's SRP is fully funded.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the settlement date accounting.

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

2. Significant Accounting Policies and Reporting Practices (continued)

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Non-current advances - continuing care partnerships	Loans and receivables
Accounts payable	Other financial liabilities

At March 31, 2008 the Region classified its investments as held to maturity. At March 31, 2009, the Region no longer intends to hold these investments to maturity. Therefore, the Region re-categorized its investments as available for sale (note 3).

The Region does not use hedge accounting and accordingly, is not impacted by the requirement of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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

The carrying value of cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities and accrued vacation pay approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

2. Significant Accounting Policies and Reporting Practices (continued)

The Region adopted this new standard as of April 1, 2008, but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories held for consumption or distribution at no charge are recorded at the lower of cost (defined as weighted average cost) and current replacement cost. All other inventories are recorded at the lower of cost and net realizable value, with cost determined by the weighted average cost method.

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>		<u>Useful Life</u>
Buildings	40 years	Building service equipment	20 years
Land improvements	20 years	Vehicles and equipment	5- 20 years

Work in progress is not amortized until after a project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(i) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan is based on actuarial calculations. Actual results could differ from these estimates.

3. Cash, Cash Equivalents and Investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 11,362	\$ 11,362	\$ 6,270	\$ 6,270
Bonds	33,781	35,768	36,848	36,157
Less Health Foundation funds	(5,777)	(5,777)	(6,087)	(6,087)
Less Third Party funds	(7,211)	(7,211)	(6,002)	(6,002)
	\$ 32,155	\$ 34,142	\$ 31,029	\$ 30,338

To optimize returns at an acceptable risk level, management has established a policy asset mix of 0% to 100% for fixed-income securities and 0% for equities. Risk is reduced through diversification of issuers.

Bonds represent fixed income securities comprised of:

Canadian provincial bonds with effective yields of 5.69% to 6.28% (2008 - 5.69% to 6.28%)  
 Corporate bonds with effective yields of 4.72% to 7.39% (2008 - 4.72% to 7.39%).

At March 31 the bonds have the following maturity structure:

	2009	2008
1 to 5 years	40%	45%
6 to 10 years	55%	47%
11 to 15 years	5%	8%
	100%	100%

Total pooled funds have a market value of \$1,987 less than book value (2008 - \$691 greater than book value). Valuation of bonds has been obtained from independent brokerage firms. At March 31, 2009, management determined that the impairment of investments classified as available for sale was other than temporary and therefore the cumulative loss has been recognized in the statement of operations.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**4. Non-Current Advances – Continuing Care Partnerships**

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary/private health service contract operators, are recorded as a non-current advance.

The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, the Region finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the predicted life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnerships and each year a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (3) (iii). The portion included in revenue, representing the amount forgiven during the year, is \$404 (2008 - \$405).

During 2002, funding of \$7.1 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project. 100% of the advance is to be forgiven over the period from 2002 to 2027.

During 2005, funding of \$4.013 million was received from Alberta Infrastructure and advanced to Club Sierra Lifestyles at River Ridge Inc. for the construction of the 50 bed Masterpiece Living Project. 90% of the advance is to be forgiven over the period from 2005 to 2035.

**5. Other Assets**

On November 2, 2005, the Region initiated a Supplemental Retirement Plan (SRP) for certain senior executives, as noted in 2 (d). At March 31, 2009, the fair value of plan assets is \$1,307 (2008 - \$965), and the net asset is \$310 (2008 - \$299).

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**6. Capital Assets**

	Cost			
	Opening Balance Apr 1/08	Asset Additions	Asset Disposals	Closing Balance Mar 31/09
Land	\$ 852	\$ -	\$ -	\$ 852
Buildings	111,967	10,224	-	122,191
Land/leasehold improvements	4,276	106	-	4,382
Building service equipment	17,578	1,556	-	19,134
Equipment	35,604	7,024	-	42,628
Construction in progress	8,710	(6,653)	-	2,057
	\$ 178,987	\$ 12,257	\$ -	\$ 191,244

	Accumulated Amortization			Net Book Value	
	Opening Balance Apr 1/08	Additions	Closing Balance Mar 31/09	2009	2008 (as restated – note 19)
Land	\$ -	\$ -	\$ -	\$ 852	\$ 852
Buildings	66,632	2,833	69,465	52,726	45,335
Land/leasehold improve.	2,609	96	2,705	1,677	1,667
Building service equip.	13,575	361	13,936	5,198	4,003
Equipment	18,536	5,867	24,403	18,225	17,068
Construction in progress	-	-	-	2,057	8,710
	\$ 101,352	\$ 9,157	\$ 110,509	\$ 80,735	\$ 77,635

Capital assets have been funded from the following sources:

	2009	2008
Externally funded (Unamortized External Capital Contributions)	\$ 72,365	\$ 68,691
Internally funded (Investment in Capital Assets)	8,370	8,944
	\$ 80,735	\$ 77,635

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**7. Deferred Contributions**

The balance at the end of year is restricted for the following purposes:

	2009	2008
Alberta Telestroke program	\$ -	\$ 20
Clinical Telehealth	507	151
Continuing care projects	283	584
Innovation in immunization	-	140
Innovation in pre-school development	182	131
Mental health projects	534	1,270
Physician on call	383	939
Regional Health Promotion Coordinators – healthy weights	417	370
Security of systems	219	239
Pandemic funding	-	891
Public health safety – hand hygiene	243	300
Reducing and avoiding injury	640	728
Infrastructure - maintenance program and projects	6,055	5,411
Primary Care Network (Note 16 (c))	2,700	2,000
	<b>\$ 12,163</b>	<b>\$ 13,174</b>

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**8(a). Long Term Employee Benefits - Supplementary Retirement Plan**

	2009	2008
<b>Accrued benefit obligation:</b>		
Accrued obligation, beginning of year	\$ 1,224	\$ 876
Current service cost	51	57
Interest cost	65	48
Prior service cost	-	2
Actuarial (gain) loss	(260)	247
Benefit payments	(29)	(6)
<b>Accrued obligation, end of year</b>	<b>1,051</b>	<b>1,224</b>
<b>Reconciliation of funded status of accrued benefit asset:</b>		
Funded status of plan (deficit)	256	(259)
Unamortized actuarial loss	34	384
Unrecognized initial obligation	20	173
Unamortized prior service costs	-	1
<b>Accrued benefit asset</b>	<b>310</b>	<b>299</b>
<b>Determination of net benefit cost for the year:</b>		
Current service cost	51	57
Interest cost	65	48
Amortization of initial obligation	153	86
Amortization of prior service costs	-	1
Amortization of net actuarial loss	128	42
Expected return on plan assets	(32)	(23)
<b>Benefit cost</b>	<b>\$ 365</b>	<b>\$ 211</b>
<b>Significant actuarial assumptions are as follows:</b>		
Discount rate	6.20%	5.20%
Expected average remaining service life of employees	6 years	3 years
Salary increase	4.00%	4.00%
Expected return on plan assets	3.10%	2.60%
The above is based on the actuarial valuation performed at March 31, 2009. The Region's SRP is fully funded.		
<b>Employer contributions at March 31:</b>		
Plan assets (held by trustee) - fair value of assets	628	488
Plan assets (held by Canada Revenue Agency) - paid by refundable taxes	679	477
<b>Total plan assets</b>	<b>\$ 1,307</b>	<b>\$ 965</b>
<b>Funded status of plan (deficit)</b>	<b>\$ 256</b>	<b>\$ (259)</b>

**8(b). Long Term Employee Benefits - Pension Expense**

Pension expense related to the Region's participation in the Local Authorities Pension Plan in these financial statements is equal to the Region's annual contributions payable of \$6,140 for the year ended March 31, 2009 (2008 - \$5,702).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4.414 billion (December 31, 2007 - deficiency of \$1.183 billion).

Pension expense related to the Region's participation in Supplementary Retirement Plan in these financial statements is equal to \$365 for the year ended March 31, 2009 (2008 - \$211).

**9. Accumulated Surplus**

The Region's accumulated surplus comprises the following:

	2009	2008 (as restated - note 19)
Unrestricted net assets	\$ 5,942	\$ 878
Internally restricted net assets:		
Future capital equipment replacement	-	4,675
	<u>\$ 5,942</u>	<u>\$ 5,553</u>

In 2009, the Alberta Health Services Board unrestricted all funds that were previously internally restricted.

**10. Commitments and Contingencies**

The Region has entered into various multi-year commitments for the purchase of supplies. Also, the Region contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability, if any, the Region believes that there will be no material adverse effect on its financial position from these claims.

The Region has been named as a defendant in a legal action in respect of increased long term care accommodation charges. The claim has been filed against the province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million, based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

With regard to its buildings, the Region has identified that certain costs could arise (asset retirement obligations) on decommissioning for which fair value cannot currently be reasonably estimated, due to the indeterminate timing and scope of when and how the buildings might be decommissioned in the future. The asset retirement obligations for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

**11. Budget**

The budget was approved by senior executive and submitted to the Minister of Health and Wellness on June 5, 2008.

**12. Alberta Health and Wellness Contributions**

	2009	2008
Unrestricted contributions	\$ 171,860	\$ 162,131
Transfers from deferred contributions	12,146	12,217
Legacy Mortgage Assistance Program for nursing home upgrades	192	192
Primary Care Network (note 16)	1,200	800
	<u>\$ 185,398</u>	<u>\$ 175,340</u>

**13. Other Government Contributions**

	2009	2008
Persons with Developmental Disabilities – Alfred Egan Home	\$ 3,094	\$ 2,879
Transition grant from East Central Health (note 18)	1,056	-
Emergency Medical Services grant from East Central Health	106	-
Continuing care partnerships	404	405
	<u>\$ 4,660</u>	<u>\$ 3,284</u>

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**14. Ancillary Operations**

	2009			2008	
	Revenue	Direct Expenses	Excess of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
Parking operations	\$ 367	\$ 108	\$ 259	\$ 314	\$ 225
Non-patient food services	796	796	-	777	-
<b>Total</b>	<b>\$ 1,163</b>	<b>\$ 904</b>	<b>\$ 259</b>	<b>\$ 1,091</b>	<b>\$ 225</b>

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Ancillary expenses are reported in the support services line in the Statement of Operations.

**15. Investment and Other Income**

	2009	2008
Investment income	\$ 1,954	\$ 2,026
Other than temporary impairment of investments (note 3)	(1,987)	-
Other income	3,171	2,929
	<b>\$ 3,138</b>	<b>\$ 4,955</b>

Investment income comprises interest, amortization of discounts (premiums) and net gains on disposal of investments.

Other income comprises Student Health Initiative Program, WCB recoveries, rental income and miscellaneous recoveries.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**16. Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Region had the following significant transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts agreed upon by the related parties:

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 1,814	\$ -	\$ 4,433	\$ -	\$ 670	\$ -	\$ 2,165	\$ -
<b>Total</b>	<b>\$ 1,814</b>	<b>\$ -</b>	<b>\$ 4,433</b>	<b>\$ -</b>	<b>\$ 670</b>	<b>\$ -</b>	<b>\$ 2,165</b>	<b>\$ -</b>

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions (Palliser Health Region, Chinook Regional Health Authority, David Thompson Health Region, East Central Health, Aspen Health Region, Peace Country Health, Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

RSHIP transactions recorded in the financial statements are as follows:

	2009	2008
Alberta Health and Wellness funding	\$ 1,067	\$ 1,091
Health region contribution	602	569
	<b>\$ 1,669</b>	<b>\$ 1,660</b>
<b>Reported as follows:</b>		
Expenses	\$ 602	\$ 569
Capital assets	1,067	1,091
	<b>\$ 1,669</b>	<b>\$ 1,660</b>

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**(c) Primary Care Network**

During 2007, a Primary Care Network (PCN) commenced operation within the Region. The Region's 50% share of the PCN is included in the financial statements under the proportionate consolidation method, as follows:

	2009	2008
Statement of Financial Position:		
Cash and cash equivalents	\$ 2,700	\$ 2,000
Deferred contributions	2,700	2,000
Statement of Operations:		
Revenue (note 12)	\$ 1,200	\$ 800
Expenses	1,200	800

**(d) Foundations**

The Region has economic interest in the following foundations:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Bassano	\$ 35	-	\$ 35	\$ 75	-	\$ 75
Bow Island	103	-	103	141	-	141
Brooks	623	-	623	670	-	670
Medicine Hat	4,741	-	4,741	4,923	-	4,923
Oyen	286	-	286	286	-	286
<b>Total</b>	<b>\$ 5,788</b>	<b>-</b>	<b>\$ 5,788</b>	<b>\$ 6,095</b>	<b>-</b>	<b>\$ 6,095</b>

  

	2009			2008		
	Revenue	Expenses	Deficiency	Revenue	Expenses	Excess
Bassano	\$ 31	\$ 71	\$ (40)	\$ 56	\$ 6	\$ 50
Bow Island	43	82	(39)	111	101	10
Brooks	339	387	(48)	230	157	73
Medicine Hat	935	1,117	(182)	1,390	915	475
Oyen	54	54	-	81	18	63
<b>Total</b>	<b>\$ 1,402</b>	<b>\$ 1,711</b>	<b>\$ (309)</b>	<b>\$ 1,868</b>	<b>\$ 1,197</b>	<b>\$ 671</b>

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

Contributions received by the Region during the year, representing the funding of capital and non-capital items selected by the foundations, are as follows:

	2009	2008
Bassano & District Health Foundation	\$ 70	\$ 6
Bow Island & District Health Foundation	77	101
Brooks & District Health Foundation	374	143
Medicine Hat & District Health Foundation	931	757
Oyen & District Health Care Foundation	52	15
	<b>\$ 1,504</b>	<b>\$ 1,022</b>

Resources held by the foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unres- tricted	Externally Restricted	2009 Total	2008 Total
Bassano & District Health Foundation	\$ 10	\$ 25	\$ 35	\$ 75
Bow Island & District Health Foundation	78	25	103	142
Brooks & District Health Foundation	326	297	623	670
Medicine Hat & District Health Foundation	3,562	1,179	4,741	4,923
Oyen & District Health Care Foundation	278	8	286	285
	<b>\$ 4,254</b>	<b>\$ 1,534</b>	<b>\$ 5,788</b>	<b>\$ 6,095</b>

**(e) Private Health Service Providers**

The Region has an economic interest through its contracts with private health service providers. Funding was provided as follows:

	2009	2008
Direct Region funding	\$ 29,430	\$ 26,745
Alberta Health & Wellness funding	192	192
Fees and charges	7,200	6,350
	<b>\$ 36,822</b>	<b>\$ 33,287</b>



**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**17. New Governance Structure**

On May 15, 2008, the Minister of Health & Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all of these entities including the Region, but excluding East Central Health, will be disestablished and all the assets, liabilities, rights and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services.

**18. Transition Costs**

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services, consisting of severance costs and termination benefits (Schedule 2). In the Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to Alberta Health Services are also reported and disclosed in the financial statements of East Central Health.

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described below.

	Severance- Related	Other	Total
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Expenses	1,056	-	1,056
Payments made during the year	(699)	-	(699)
Liability as at March 31, 2009	\$ 357	\$ -	\$ 357

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**19. Correction of Errors**

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

- (a) Assets were purchased in 2006, 2007 and 2008 that were funded from external sources and were not capitalized in the financial statements.
- (b) Payroll benefits were incorrectly accrued in 2008 and prior years.
- (c) RSHIP assets were incorrectly recorded in 2008 and prior years.

	As Originally Reported	(a)	Adjustments (b)	(c)	As Restated
<b>For the year ended March 31, 2008:</b>					
Deficiency of revenues over expenses	\$ (2,688)	\$ -	\$ -	\$ -	\$ (2,688)
<b>As at March 31, 2008:</b>					
Accounts receivable	4,934	-	-	1,495	6,429
Prepaid expenses	2,308	-	-	(1,067)	1,241
Capital assets	76,872	763	-	-	77,635
Accounts payable and accrued liabilities	14,678	-	(450)	-	14,228
Unamortized External Capital Contributions	67,928	763	-	-	68,691
Net Assets: Accumulated surplus	4,675	-	450	428	5,553
<b>As at March 31, 2007:</b>					
Net Assets: Accumulated surplus	6,092	-	450	428	6,970

**20. Comparative Figures**

Certain 2008 figures have been reclassified and restated to conform to the 2009 presentation.

**21. Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**PALLISER HEALTH REGION**  
**SCHEDULE OF EXPENSES BY OBJECT**  
Year ended March 31, 2009  
(thousands of dollars)

**Schedule 1**

		2009	2008
	<i>Budget</i>	Actual	Actual
	<i>(note 11)</i>		
Salaries and benefits (schedule 2)	\$129,510	\$129,562	\$121,985
Contracts with health service providers (note 16)	34,877	36,822	33,287
Drugs and gases	5,080	4,618	4,695
Medical and surgical supplies	5,590	5,975	5,261
Other contracted services	16,210	15,252	15,266
Other expenses - utilities	4,000	3,854	3,772
Other expenses - miscellaneous	17,718	16,037	17,033
Amortization:			
Capital equipment - internally funded	2,600	2,528	2,369
Capital equipment - externally funded	2,525	3,339	2,451
Facilities and improvements - externally funded	3,030	3,290	2,985
	\$221,140	\$221,277	\$209,104

**PALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS**  
Year Ended March 31, 2009  
(thousands of dollars)

**Schedule 2(a)**

	2009							2008		
	FTE	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Sub Total	Severance		Total	FTE	Total
						FTE	Amount			
(1)	(2)	(3)	(4)	(6)		(5)		(1)		
<b>Board Chair (7)</b>										
Ken Hughes - AHS	0.88	-	-	-	-	-	-	-	-	-
Carol Secondak	0.12	\$11			\$11			\$11	1.00	\$32
<b>Board Members (7)</b>										
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin - AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Höhol - AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnrs - AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bonfje - AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-
Howard Barker	0.12		2		2			2	1.0	9
Jim Black	0.12		1		1			1	1.0	7
Hugh English	0.12		-		-			-	1.0	5
Jim Kirwan	0.12		1		1			1	1.0	7
Albert McFadyen	0.12		2		2			2	1.0	12
Leva Olsstad	0.12		3		3			3	1.0	12
Lynne Sangster	0.12		2		2			2	1.0	13
Ken Sauer	0.12		2		2			2	1.0	6
Martin Shields	0.12		1		1			1	1.0	7
Rod Sommerfeld	0.12		2		2			2	1.0	12
Harold Sixrien	0.12		1		1			1	1.0	6
Craig Widmer	0.12		1		1			1	1.0	9
	10.32		\$29		\$29			\$29	13.0	\$137

**PALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS**  
Year Ended March 31, 2009  
(thousands of dollars)

Schedule 2(a) continued

	2009							2008		
	FTE (1)	Base Salary (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4) (6)	Sub Total	Severance		Total	FTE (1)	Total
						FTE (5)	Amount			
<b>Board Direct Reports (8):</b>										
President / Chief Executive Officer - AHS (9)	0.02	-	-	-	-	-	-	-	-	-
Interim Chief Executive Officer - AHS (9)	0.88	-	-	-	-	-	-	-	-	-
President / Chief Executive Officer (Palliser) (9)	0.27	78	7	247	332	1.0	699	1,031	1.0	454
<b>CEO Direct Reports (10):</b>										
Senior Vice President - Health Services	1.00	190	34	78	302	-	-	302	1.0	276
Vice President - Community Health	1.00	160	4	46	210	-	-	210	1.0	178
Vice President - Planning & Corporate Services	1.00	160	-	39	199	1.0	357	556	1.0	178
Chief Financial Officer	1.00	187	17	4	208	-	-	208	1.0	179
Vice President - Medical Services	1.00	259	-	-	259	-	-	259	1.2	393
<b>Other Employees:</b>										
Other Management reporting to CEO Direct Reports	28	3,150	-	547	3,697	-	-	3,697	29	3,673
Other Management Regulated Nurses:	36	3,453	-	600	4,053	-	-	4,053	37	4,186
RNs, RPNs, Grad Nurses	459	37,533	-	6,517	44,050	-	-	44,050	469	43,094
LPNs	129	7,227	-	1,255	8,482	-	-	8,482	137	7,802
Other Health Technical & Professionals	311	22,657	-	3,934	26,591	-	-	26,591	308	24,433
Unregulated Health Service Providers	148	5,845	-	1,015	6,860	-	-	6,860	148	6,040
Other Staff	604	28,320	-	4,914	33,234	-	-	33,234	598	30,962
	1731	\$109,219	\$91	\$19,196	\$128,506	2	\$10.56	\$129,562	1745	\$121,985

The accompanying notes (1) to (10) are part of this Schedule

**PALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS - NOTES**  
Year Ended March 31, 2009  
(thousands of dollars)

Schedule 2(b)

- Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full time employee. Total actual discrete number of individuals employed: 3,112 (2008 - 3,091). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- Base Salary includes pensionable base pay.
- Other cash benefits include honoraria (for Board Members), fixed vehicle allowances and vacation liability increases (for named positions).
- Other non-cash benefits include:
  - Employer's current and prior service cost of supplementary retirement plans (per note 6 below).
  - Share of all employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.
- Severance includes direct or in direct payments to individuals upon termination, which are not included in other benefits.
- Supplemental Retirement Plan (SRP):  
Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. SRP costs detailed below are not cash payments during the year, but are the period expense for rights to future compensation. SRP costs reflect the actuarially estimated cost to provide pension income over the post-employment period. The SRP provides future pension benefits to participants based on years of service and earnings.

The annual benefit for each executive is as follows:

	2009		2008	
	Current Service Costs	Prior Service & Other costs	Total	Total
President / Chief Executive Officer (Palliser)	\$10	\$23.5	\$24.5	\$149
Senior Vice President - Health Services	16	40	56	44
Vice President - Community Health	8	16	24	4
Vice President - Planning & Corporate Services	8	8	16	3
<b>Other retirees and non-named positions</b>	9	15	24	11
	\$51	\$314	\$365	\$211

The accrued SRP obligation for each executive is as follows:

	Accrued Obligation	Change in accrued obligation	Accrued Obligation
	Mar 31, 2008		Mar 31, 2009
President / Chief Executive Officer (Palliser)	\$677	(\$88)	\$589
Senior Vice President - Health Services	219	(5)	214
Vice President - Community Health	142	(2.5)	117
Vice President - Planning & Corporate Services	75	(4.8)	27
<b>Other retirees and non-named positions</b>	111	(7)	104
	\$1,224	(\$173)	\$1,051

The actual SRP payments made or payable to named recipients upon termination were as follows (in thousands of dollars):

- President / Chief Executive Officer (Palliser): Total SRP payments of \$24 for 2009 (2008 - \$0), based on payments of \$3 per month from August 2008 indefinitely (joint & survivor benefit).
- Vice President - Planning & Corporate Services: Total SRP payments of \$27 for 2009 (2008 - \$0), based on a single lump sum payment of \$27, payable after March 31, 2009.

**PALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS - NOTES**  
Year Ended March 31, 2009  
(thousands of dollars)

---

**Schedule 2(b) continued**

- (7) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of AHS board members are reported and disclosed in the financial statements of East Central Health.
- (8) Board Direct Reports reflect FTEs and costs for the entire 2009 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (9) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (10) CEO Direct Reports reflect FTEs and costs for the 2009 fiscal year based on the titling and positioning that existed as at July 8, 2008.

## Calgary Health Region

---

Consolidated Financial Statements

March 31, 2009

## CALGARY HEALTH REGION CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

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

CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2009

The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

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

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

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

[Original signed]

Dr. Stephen Duckett  
President and Chief Executive Officer  
– Alberta Health Services

[Original signed]

Chris Mazurkewich, CA  
Executive Vice President and Chief Financial Officer  
– Alberta Health Services

[Original signed]

Les Tochor, CA  
Senior Vice President Finance  
– Alberta Health Services

Auditor's Report

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

I have audited the consolidated statement of financial position of the Calgary Health Region (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**CALGARY HEALTH REGION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2009**  
(thousands of dollars)

	2009	2008 (Restated) (Note 24)
<b>ASSETS</b>		
Current:		
Cash and cash equivalents (Note 3)	\$ 172,832	\$ 30,863
Accounts receivable	63,373	60,171
Contributions receivable from Alberta Health and Wellness	5,843	49,972
Inventories	35,231	35,576
Prepaid expenses	11,172	11,557
	<u>288,451</u>	<u>188,139</u>
Non-current cash and investments (Note 3)	865,318	468,816
Capital contributions receivable	22,749	475,727
Capital assets (Note 4)	2,328,232	1,884,350
Other assets (Note 5)	14,800	29,078
	<u>3,519,550</u>	<u>3,046,110</u>
<b>TOTAL ASSETS</b>	<b>\$ 3,519,550</b>	<b>\$ 3,046,110</b>

**LIABILITIES AND NET ASSETS**

Current:		
Accounts payable and accrued liabilities	\$ 329,670	\$ 285,262
Accrued vacation pay	125,003	111,129
Current portion of deferred contributions (Note 6)	112,359	95,325
Current portion of long-term debt (Note 8)	12,135	11,353
	<u>579,167</u>	<u>503,069</u>
Deferred contributions (Note 6)	35,592	35,272
Deferred capital contributions (Note 7)	773,757	771,392
Long-term debt (Note 8)	185,919	142,823
Long-term employee benefit liabilities (Note 9)	9,391	8,174
Unamortized external capital contributions	1,879,405	1,526,513
	<u>3,463,231</u>	<u>2,987,243</u>
Net Assets:		
Unrestricted		
Accumulated deficit (Note 21)	(218,886)	(193,028)
Accumulated net unrealized (losses) gains on investments (Note 2(a)(2)(v))	(2,736)	8,166
Investment in capital assets	277,941	243,729
	<u>56,319</u>	<u>58,867</u>
Commitments and contingencies (Notes 9, 10 and 18)		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,519,550</b>	<b>\$ 3,046,110</b>

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

**CALGARY HEALTH REGION**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009	2008	2008
	Budget (Note 11)	Actual	Actual (Restated) (Note 24)
Revenue			
Alberta Health and Wellness contributions (Note 12)	\$ 2,609,867	\$ 2,859,715	\$ 2,421,152
Other government contributions (Note 13)	34,605	54,666	31,631
Fees and charges (Note 14)	177,933	177,592	160,517
Ancillary operations (Note 15)	39,655	43,637	38,914
Donations	6,073	7,880	7,552
Investment and other income (Note 16)	96,405	96,323	109,870
Amortization of external capital contributions	91,934	107,091	86,629
	<u>3,056,472</u>	<u>3,346,904</u>	<u>2,856,265</u>
<b>TOTAL REVENUE</b>	<b>3,056,472</b>	<b>3,346,904</b>	<b>2,856,265</b>
Expenses (Schedule 1)			
Inpatient acute nursing services	924,104	906,516	829,500
Emergency and outpatient services	381,365	397,300	355,452
Facility-based continuing care services	224,097	227,215	205,397
Community-based care	186,305	194,617	167,113
Home care	118,139	117,260	105,488
Diagnostic and therapeutic services	570,835	576,074	521,254
Promotion, prevention and protection services	75,460	74,484	68,396
Research and education (Note 17)	49,548	49,371	42,669
Administration	117,379	102,471	95,477
Information technology	115,283	122,066	94,283
Support services (Note 5 and Note 15)	471,733	507,877	425,428
Amortization of facilities and improvements	44,642	63,299	44,362
	<u>3,278,890</u>	<u>3,338,550</u>	<u>2,954,819</u>
<b>TOTAL EXPENSES</b>	<b>3,278,890</b>	<b>3,338,550</b>	<b>2,954,819</b>
(Deficiency) Excess of revenue over expenses	\$ (222,418)	\$ 8,354	\$ (98,554)

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

**CALGARY HEALTH REGION**

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009			2008	
	Accumulated deficit	Accumulated net unrealized gains (losses) on investments	Investment in capital assets	Total	Total (Restated) (Note 24)
Balance at beginning of year	\$ (193,028)	\$ 8,166	\$ 243,729	\$ 58,867	\$ 173,064
(Deficiency) Excess of revenue over expenses	8,354	-	-	8,354	(98,554)
Capital assets purchased with internal funds	(70,584)	-	70,584	-	-
Amortization of internally funded capital assets	36,237	-	(36,237)	-	-
Repayment of long-term debt used to fund capital assets	(8,138)	-	8,138	-	-
Portion of goodwill impairment funded by repayment of long-term debt	8,273	-	(8,273)	-	-
Disposal of land	-	-	-	-	(429)
Purchase of land	-	-	-	-	3,866
Transfer of land	-	-	-	-	29
Net unrealized losses arising during the year on investments (Note 2(a)(2)(v))	-	(11,601)	-	(11,601)	(9,717)
Transfer of net realized gains (losses) on investments to revenue (Note 2(a)(2)(v))	-	699	-	699	(9,392)
Balance at end of year	\$ (218,886)	\$ (2,736)	\$ 277,941	\$ 56,319	\$ 58,867

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

**CALGARY HEALTH REGION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual (Restated) (Note 24)
<b>Operating activities:</b>			
(Deficiency) Excess of revenue over expenses	\$ (222,418)	\$ 8,354	\$ (98,554)
<b>Non-cash transactions:</b>			
Amortization (Schedule 1)	131,198	143,380	115,042
Amortization of external capital contributions	(91,987)	(107,143)	(86,681)
Goodwill impairment (Note 5)	-	25,804	-
Other	3,817	2,270	4,018
	(179,390)	72,665	(66,175)
Net change in non-cash working capital	47,198	76,190	25,271
Cash (used by) generated from operations	(132,192)	148,855	(40,904)
<b>Investing activities:</b>			
<b>Purchase of capital assets:</b>			
Internally funded - equipment	(120,000)	(5,606)	(12,343)
Internally funded - information systems	(100,000)	(30,674)	(58,240)
Internally funded - facilities and improvements	(1,728)	(34,304)	(22,742)
Externally funded - equipment	(40,695)	(26,280)	(26,956)
Externally funded - information systems	(24,400)	(26,895)	(2,725)
Externally funded - facilities and improvements	(511,065)	(406,122)	(338,918)
Externally funded - land	-	-	(3,866)
Debt funded - facilities and improvements	(105,705)	(56,572)	(13,374)
Acquisition of investments	(3,337)	(29,451)	(102,639)
Proceeds on sale of investments	-	127,687	210,813
Allocations to (from) current cash and investments	144,220	(506,339)	100,367
Net change in non-cash working capital	-	27,448	33,135
Cash used by investing activities	(762,710)	(967,108)	(237,488)
<b>Financing activities:</b>			
Capital contributions received	434,124	914,635	257,351
Principal payments on long-term debt	(9,412)	(9,413)	(8,155)
Proceeds from long-term debt	439,327	55,000	3,308
Cash generated from financing activities	864,039	960,222	252,504
Net (decrease) increase in current cash and cash equivalents	\$ (30,863)	141,969	(25,888)
Current cash and cash equivalents, beginning of year		30,863	56,751
Current cash and cash equivalents, end of year	\$ 172,832	\$ 172,832	\$ 30,863
Interest paid on long-term debt		\$ 6,927	\$ 7,287

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



**CALGARY HEALTH REGION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

**Note 1 Authority, Purpose and Operations**

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Alberta Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000 and subsequently adopted the name Calgary Health Region (the "Region"). The Region is exempt from payment of income tax and is a registered charity under the Income Tax Act (Canada). Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 22).

The Region's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following:

Calgary acute care facilities:	Rural acute and continuing care facilities:
· Alberta Children's Hospital	· Canmore General Hospital
· Foothills Medical Centre	· Claresholm General Hospital
· Peter Lougheed Centre	· Didsbury District Health Services
· Rockyview General Hospital	· High River General Hospital
	· Little Bow Continuing Care Centre (in Carmangay)
Calgary continuing care facilities operating as Carewest:	· Oilfields General Hospital (in Black Diamond)
· Colonel Belcher	· Strathmore District Health Services
· Dr. Vernon Fanning Centre	· Vulcan Community Health Centre
· George Boyack	· Willow Creek Continuing Care Centre (in Claresholm)
· Glenmore Park	
· Nickle House	Psychiatric rehabilitation facility:
· Royal Park	· Claresholm Care Centre
· Signal Pointe	
· Sarcee	Urgent Care facilities:
	· Sheldon M. Chumir Health Centre
	· South Calgary Health Centre

Other:

- Community health centres and public health units throughout the region.
- Mental health clinics throughout the region.
- Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.
- The Diagnostic and Scientific Centre and various patient service centres operating as Calgary Laboratory Services within Calgary.
- Numerous hemodialysis satellites sites outside the region.

**Note 1 Authority, Purpose and Operations (continued)**

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region.

**Note 2 Significant Accounting Policies and Reporting Practices**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

- (1) The financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated (Note 19(d)(i)).

Included in these consolidated financial statements are the following wholly owned subsidiaries:

- (i) Carewest - The Region contracts with Carewest to provide health services in the region.
- (ii) Calgary Laboratory Services Ltd. ("CLS") - The Region contracts with CLS to provide health services in the region.
- (iii) 1115399 Alberta Inc. which operates as Chemical Exposure Support Services.

The transactions between the Region and these subsidiaries have been eliminated on consolidation.

The Region uses the proportionate consolidation method to account for its 50% interest in each of the following Primary Care Networks:

Bow Valley Primary Care Network  
Calgary Foothills Primary Care Network  
Calgary Rural Primary Care Network  
Calgary West Central Primary Care Network  
Highland Primary Care Network  
Mosaic Primary Care Network  
South Calgary Primary Care Network

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

- (2) These consolidated financial statements were prepared using the deferral method of accounting for contributions; the key elements of our revenue recognition policies are:
- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
  - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the year the related amortization expense of the funded capital asset is recorded.
  - (iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
  - (v) Investment income comprises interest from cash balances, money market and fixed income investments, dividends from equities, and realized gains or losses on the sale of investments. Investment income is calculated on an accrual basis. Interest on fixed income investments is calculated over the term of the investment using the effective interest rate method. Unrealized gains and losses on investments classified as available for sale are included directly in net assets, until the investments are sold.
    - Unrestricted investment income is recognized in the year earned.
    - Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.
  - (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, long term debt, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

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

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

The Region complied with all debt covenants during the year and at the end of the year.

When a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 21).

**(c) Full Cost**

The Region records the full cost of services for which it is responsible. Full cost transactions comprise the following:

- (1) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.
- (2) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.
- (3) The estimated cost for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions and as program expenses, since the Region's contract payments do not include an amount for the use of these facilities.
- (4) The estimated cost for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- (5) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because fair value cannot be reasonably determined.

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

(d) Financial Instruments

The Region's financial instruments were classified as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable, contributions receivable, and mortgage receivable	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest rate method. The Region does not use hedge accounting and accordingly is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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

The carrying values of current cash, cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, capital contributions receivable, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from these financial instruments.

Further disclosure on financial instruments is provided in Note 2(e) Investments, Note 3 Cash, Cash Equivalents and Investments, and Note 8 Long-term debt.

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

(e) Investments

Investments are classified as available for sale and are recorded at fair value as it is not management's primary objective to generate trading profits from short-term fluctuations in price nor to hold investments to maturity. Fair values are determined by reference to published price quotations in an active market at year-end.

Transaction costs associated with the acquisition and disposal of investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees are expensed as incurred. The purchase and sale of investments are accounted for using trade-date accounting.

(f) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined on an annual basis as at March 31 using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. This plan is unfunded but is secured by a letter of credit (Note 9(a)).

The Region also provides defined contribution pension plans for two employee groups.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

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

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

(h) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Facilities and improvements	10 - 40 years
Equipment	3 - 20 years
Information systems	3 - 7 years
Leased facilities and improvements	term of lease
Building service equipment	5 - 40 years
Land improvements	5 - 40 years

Work in progress includes infrastructure and information systems projects. Actual interest incurred on debt funded projects is capitalized. Work in progress is not amortized until the project is complete.

Land and facilities transferred from Alberta Infrastructure are reported at the net book value recorded by Alberta Infrastructure at the time of the transfer.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are reported as acquisitions of capital assets funded by long-term obligations.

(i) Goodwill and Intangible Assets

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment in the carrying value. Intangible assets with definite lives are amortized on a straight-line basis over their remaining lives.

(j) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible long-lived assets. Asset retirement obligations are recorded when they are incurred if a reasonable estimate of fair value can be determined. Accretion (interest) expense is the increase in the obligation due to the passage of time. The associated retirement costs are capitalized as part of the carrying amount of the asset and amortized over the asset's remaining useful life.

(k) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. The amounts recorded for asset retirement and employee future benefits obligations are based on estimated future cash flows. Actual results could differ from these estimates.

**Note 3 Cash, Cash Equivalents and Investments**

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
	(thousands of dollars)			
Cash	\$ 1,006,960	\$ 1,006,960	\$ 346,664	\$ 346,664
Money market	-	-	11,988	11,988
Fixed income	20,631	20,891	92,401	91,757
Equities	10,559	13,035	48,626	41,104
	<u>\$ 1,038,150</u>	<u>\$ 1,040,886</u>	<u>\$ 499,679</u>	<u>\$ 491,513</u>
Current	\$ 172,832	\$ 172,832	\$ 30,863	\$ 30,863
Non-current (Note 3(d))	865,318	868,054	468,816	460,650
	<u>\$ 1,038,150</u>	<u>\$ 1,040,886</u>	<u>\$ 499,679</u>	<u>\$ 491,513</u>

In order to earn optimal financial returns at an acceptable level of risk, the Region's investment bylaw and policy establish benchmark and maximum asset mix ranges for fixed income investments and equities. The portfolio is rebalanced to the asset mix on a quarterly basis.

a) Interest Rate Risk

The Region manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

Fixed income investments have an effective yield of 4.30% per annum, an average duration of 6.5 years and the following maturity dates as at March 31, 2009:

1 - 5 years	42%
6 - 10 years	35%
Over 10 years	23%

Investments in equity securities are not exposed to significant interest rate risk.

b) Currency Risk

The Region is exposed to foreign exchange fluctuations on its investments denominated in foreign currencies. However, this risk is mitigated by the fact that the Region's investment bylaw limits non-Canadian equities to 50% of total equities.

c) Credit and Market Risks

The Region's investment bylaw restricts the types and proportions of eligible investments. Money market investments are limited to a rating of R1 or A1 or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB rated bonds or higher and to no more than 40% of the total fixed income investments. No more than 10% may be invested in BBB rated bonds. Equities are comprised of publicly traded securities in major stock markets. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. Short selling is not permitted.

**Note 3 Cash, Cash Equivalents and Investments (continued)**

d) Non-current cash and investments represent the following:

	2009	2008
	(thousands of dollars)	
Deferred capital contributions (Note 7)	\$ 773,757	\$ 771,392
Capital contributions receivable from Alberta Health and Wellness	(22,749)	(475,727)
Capital accounts payable and accrued liabilities	84,553	63,119
Externally restricted for long-term care partnership projects (Note 18)	29,757	34,017
Other restricted contributions invested in bonds and equities	-	76,015
	<u>\$ 865,318</u>	<u>\$ 468,816</u>

**Note 4 Capital Assets**

	2009	2008
	Net Book Value	Net Book Value
	(thousands of dollars)	
	(Restated) (Note 24)	
Facilities and improvements	\$ 932,840	\$ 765,235
Work in progress	940,754	658,839
Equipment	150,625	162,355
Information systems	115,974	119,989
Leased facilities and improvements	95,975	83,932
Land <sup>(a)</sup>	52,917	52,624
Building service equipment	35,762	37,641
Land improvements	3,385	3,735
	<u>\$ 2,328,232</u>	<u>\$ 1,884,350</u>

	Cost				Balance March 31, 2009
	Balance April 1, 2008	Transfers	Additions	Disposals	
	(thousands of dollars)				
Facilities and improvements	\$ 1,232,528	\$ 219,962	\$ -	\$ (28,000)	\$ 1,424,490
Work in progress	658,839	(272,652)	554,567	-	940,754
Equipment	415,893	(2,717)	32,623	(41,380)	404,419
Information systems	217,227	29,926	-	(5,146)	242,007
Leased facilities and improvements	111,245	23,400	-	(2,391)	132,254
Land <sup>(a)</sup>	52,624	293	-	-	52,917
Building service equipment	64,710	1,762	-	(3,762)	62,710
Land improvements	8,759	26	-	(1,277)	7,508
	<u>\$ 2,761,825</u>	<u>\$ -</u>	<u>\$ 587,190</u>	<u>\$ (81,956)</u>	<u>\$ 3,267,059</u>

	Accumulated Amortization			Balance March 31, 2009
	Balance April 1, 2008	Amortization	Disposals	
	(thousands of dollars)			
Facilities and improvements	\$ 467,293	\$ 45,692	\$ (21,335)	\$ 491,650
Equipment	253,538	39,629	(39,373)	253,794
Information systems	97,238	33,531	(4,736)	126,033
Leased facilities and improvements	27,313	11,348	(2,382)	36,279
Building service equipment	27,069	3,245	(3,366)	26,948
Land improvements	5,024	328	(1,229)	4,123
	<u>\$ 877,475</u>	<u>\$ 133,773</u>	<u>\$ (72,421)</u>	<u>\$ 938,827</u>

**Note 4 Capital Assets (continued)**

(a) Land

Land at the following sites has been provided to the Region at nominal values:

<u>Site</u>	<u>Provided by</u>	<u>Lease Expiry</u>
Alberta Children's Hospital	University of Calgary	December 21, 2101
Foothills Medical Centre parkade	University of Calgary	July 30, 2054
Banff Health Unit	Mineral Springs Hospital	January 30, 2028

(b) Asset Retirement Obligations

The Region has recorded a liability for an asset retirement obligation of \$2,409,026 (2008 - \$4,118,000) (Note 8). The asset retirement obligation represents the legal obligations associated with the removal of asbestos during planned renovations at the Foothills Medical Centre. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(c) Funding

Capital assets have been funded from the following sources:

	2009	2008
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	\$ 1,879,405	\$ 1,526,513
Internally funded (investment in capital assets)	278,012	238,540
Funded by debt	170,815	119,297
	<u>\$ 2,328,232</u>	<u>\$ 1,884,350</u>

**Note 5 Other Assets**

	2009	2008
	(thousands of dollars)	
Grants receivable from East Central Health (Note 23)	\$ 11,742	\$ -
Goodwill	-	25,804
Intangible asset -- premise leases (net of accumulated amortization of \$213 (2008 - \$142))	230	301
Forgivable mortgage receivable -- non-current portion	2,828	2,973
	<u>\$ 14,800</u>	<u>\$ 29,078</u>

As at March 31, 2009, the Region recorded goodwill impairment of \$25,804,000 within Support Services on the Consolidated Statement of Operations related to the purchase of CLS in 2006. This impairment is due to the announcement during the year of a new and fully integrated provincial health service delivery model, Alberta Health Services effective April 1, 2009. Prior to this announcement, CLS and its management provided almost all of the clinical laboratory services required by the Calgary Health Region. Effective April 1, 2009 CLS and its management join the clinical laboratory service providers of the other entities within AHS to become one fully integrated provincial clinical laboratory.

**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
<b>Current:</b>		
Inpatient acute nursing services	\$ 25,165	\$ 21,136
Emergency and outpatient services	13,493	19,931
Continuing care services	8,505	11,628
Community-based care	9,907	16,159
Diagnostic and therapeutic services	7,425	7,555
Promotion, prevention and protection services	6,007	5,978
Research and education	8,206	6,345
Information technology	396	1,291
Support services	31,873	4,154
Other	1,382	1,148
	<u>112,359</u>	<u>95,325</u>
<b>Non-current:</b>		
Alzheimer/dementia facility	2,828	2,973
Long-term care partnership projects (Note 18)	32,764	32,299
	<u>35,592</u>	<u>35,272</u>
	<u>\$ 147,951</u>	<u>\$ 130,597</u>

**Note 7 Deferred Capital Contributions**

Balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
		(Restated) (Note 24)
Facilities and improvements	\$ 657,259	\$ 642,170
Information systems	102,313	114,292
Equipment	14,185	14,930
	<u>\$ 773,757</u>	<u>\$ 771,392</u>

**Note 8 Long-term Debt**

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
	(thousands of dollars)			
Debentures payable: <sup>(a)</sup>				
Parkade loan #1	\$51,366	\$ 50,722	\$ 53,601	\$ 52,614
Parkade loan #2	45,943	45,664	47,937	47,238
Parkade loan #3	57,375	55,000	-	-
Calgary Laboratory Services purchase	30,522	28,535	35,865	34,109
	<u>\$185,206</u>	<u>179,921</u>	<u>\$137,403</u>	<u>133,961</u>
Obligation under capital lease:				
Building <sup>(b)</sup>	<u>\$18,974</u>	15,724	<u>\$19,754</u>	16,097
Asset retirement obligation (Note 4(b))		2,409		4,118
		<u>\$198,054</u>		<u>\$154,176</u>
Current		\$ 12,135		\$ 11,353
Non-current		185,919		142,823
		<u>\$198,054</u>		<u>\$154,176</u>

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

Parkade loan #1 financed parkades at Foothills Medical Centre and Alberta Children's Hospital.

Parkade loan #2 financed parkades at Rockyview General Hospital, Peter Lougheed Centre and Sheldon M. Chumir Centre.

Parkade loan #3 financed parkades at South Health Campus and Foothills Medical Centre.

**Note 8 Long-term Debt (continued)**

(b) The Region leases a building from the University of Calgary.

(c) The maturity dates and interest rates are:

	Maturity Date	Interest Rate	
		Original	Market
Debentures payable:			
Parkade loan #1	September 2026	4.4025%	4.2625%
Parkade loan #2	September 2027	4.3870%	4.3339%
Parkade loan #3	March 2029	4.9150%	4.4410%
Calgary Laboratory Services purchase	May 2013	4.6810%	2.2683%
Obligation under capital lease	January 2028	6.5000%	4.4082%

(d) The Region is committed to making payments as follows:

Year ending March 31	Debentures Principal Payments	Capital Lease Minimum Lease Payments
	(thousands of dollars)	
2010	\$ 11,125	\$ 1,383
2011	11,645	1,383
2012	12,190	1,383
2013	12,760	1,395
2014	9,804	1,453
Thereafter	<u>122,397</u>	<u>21,204</u>
	<u>\$ 179,921</u>	<u>28,201</u>
Less: interest		<u>(12,477)</u>
		<u>\$ 15,724</u>

**Note 9 Long-term Employee Benefit Liabilities**

(a) Supplemental Executive Retirement Plan

	2009	2008
	(thousands of dollars)	
Net accrued benefit obligation, beginning of year	\$ 12,905	\$ 11,397
Current service cost	1,278	1,591
Interest cost	768	694
Actuarial (gain) loss	(1,330)	88
Benefit payments	(1,879)	(865)
<b>Net accrued benefit obligation, end of year</b>	<b>\$ 11,742</b>	<b>\$ 12,905</b>
Net accrued benefit obligation	\$ 11,742	\$ 12,905
Unrecognized actuarial loss	(1,943)	(4,125)
Unrecognized prior service costs	(408)	(606)
<b>Reported liability</b>	<b>\$ 9,391</b>	<b>\$ 8,174</b>
Current service cost	\$ 1,278	\$ 1,591
Interest cost	768	694
Prior service cost amortization	198	175
Actuarial loss amortization	852	479
<b>Net benefit cost</b>	<b>\$ 3,096</b>	<b>\$ 2,939</b>
Assumptions:		
Discount rate for accrued benefit obligation	6.2%	5.2%
Discount rate for benefit cost	5.2%	5.2%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4%	4%
Date of actuarial valuation – March 31, 2009		

The value of the accrued benefit obligation under the Plan is fully secured by a combination of contingent assets in the form of a letter of credit held by the trustee plus the balance in the refundable tax account held by the Canada Revenue Agency. The letter of credit is payable to the trustee only if a designated event as defined by the Plan occurs. A designated event includes, for example, the Region becoming insolvent or bankrupt and failing to meet certain Plan conditions.

The amount of the letter of credit has been calculated assuming the Plan has been terminated within the period April 1 to March 31 and all benefits settled in lump sum payments. The lump sum payment for each member is sufficient to purchase an annuity using the Plan's prescribed assumptions and to pay the member's income tax on the lump sum and interest thereon to the date of pension commencement. The required face amount for the letter of credit according to the trust agreement is 110% of the actuarial present value for each member plus 110% of a reasonable estimate of expenses less the assets in the refundable tax account. The face amount of the letter of credit is \$21,479,000 (\$18,430,000 for April 1, 2007 to March 31, 2008).

**Note 9 Long-term Employee Benefit Liabilities (continued)**

(b) The Region participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Region's contributions to the plan during the year as determined by LAPP to provide for future benefits payable. Since January 1, 2009, the contribution rates for the employer were 8.46% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.66% for earnings above YMPE to the maximum allowed. The LAPP Board of Trustees conducts a full review of the plan's performance each year. If the performance deviates from the Board's economic and demographic assumptions, contribution rate changes may be necessary.

At December 31, 2008, LAPP reported a deficiency of \$4,413,971,000 (2007 – deficiency of \$1,183,334,000). The Region has insufficient information to determine its share of this deficit. Therefore, no obligation has been recorded.

(c) Pension expense

	2009	2008
	(thousands of dollars)	
Local Authorities Pension Plan	\$ 81,098	\$ 68,439
Defined contribution pension plans	9,642	8,821
Supplemental Executive Retirement Plan	3,096	2,939
<b>\$ 93,836</b>	<b>\$ 80,199</b>	

**Note 10 Commitments and Contingencies**

(a) Leases

The Region is contractually committed to future operating lease payments until 2025 as follows:

Year ending March 31	(thousands of dollars)
2010	\$ 18,396
2011	18,090
2012	17,885
2013	17,483
2014	16,854
Thereafter	71,105
	<b>\$ 159,813</b>



**Note 10 Commitments and Contingencies (continued)**

(b) Capital Assets

The Region has the following outstanding contractual commitments for capital assets:

	2009
	(thousands of dollars)
Facilities and improvements	\$ 1,375,052
Information systems	23,642
Equipment	4,348
	<u>\$ 1,403,042</u>

(c) Contracted Health Service Operators

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the Region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

(d) Legal

The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

**Note 11 Budget**

A preliminary business plan with a budgeted deficit of \$222.4 million was submitted to the Minister of Health and Wellness in early fiscal 2008-2009. Subsequent to the submission several revisions were submitted to the new AHS executive reflecting reclassifications between revenue and expense categories. The reported budget reflects the original \$222.4 million deficit and the classifications used for reporting and internal accountability.

Over the course of the fiscal year, the Minister provided additional funding for \$186,082,000. The Board has allocated these additional resources to address the expectations of the funding.

**Note 12 Alberta Health and Wellness Contributions**

	2009	2008
	(thousands of dollars)	
Unrestricted contributions	\$ 2,568,906	\$ 2,207,907
Restricted contributions recognized as revenue	<u>290,809</u>	<u>213,245</u>
	<u>\$ 2,859,715</u>	<u>\$ 2,421,152</u>

**Note 13 Other Government Contributions**

	2009	2008
	(thousands of dollars)	
Alberta Government		
Alberta Infrastructure	\$ 11,276	\$ 8,300
Other	18,911	17,704
Transition grant from East Central Health	20,615	-
Full cost adjustments:		
Fair value for use of non-owned acute care facilities (Note 19(e))	655	649
Fair value for use of non-owned non-acute care facilities	493	2,610
Unrestricted contributions		
Alberta government	239	307
Other government	<u>2,477</u>	<u>2,061</u>
	<u>\$ 54,666</u>	<u>\$ 31,631</u>

**Note 14 Fees and Charges**

	2009	2008
	(thousands of dollars)	
Acute care – inpatient	\$ 57,795	\$ 52,956
Acute care – outpatient	25,165	19,135
Continuing care	21,238	19,812
Other	7,430	6,554
Fees and charges – contracted operators:		
Continuing care	60,899	57,890
Other	<u>5,065</u>	<u>4,170</u>
	<u>\$ 177,592</u>	<u>\$ 160,517</u>

**Note 15 Ancillary Operations**

	2009			2008		
	(thousands of dollars)					
	Revenue	Direct Expenses	Amortization Expense	Deficiency of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
Parking operations	\$ 21,790	\$ 15,200	\$ 4,550	\$ 2,040	\$ 19,950	\$ 3,672
Non-patient food services	11,772	11,192	25	555	11,355	522
Sales of goods and services	8,203	7,783	2	418	5,785	496
Rental operations	1,872	543	-	1,329	1,824	1,287
Administrative support to Calgary Health Trust (Note 19 (d)(i))	-	4,492	-	(4,492)	-	(4,748)
	<u>\$ 43,637</u>	<u>\$ 39,210</u>	<u>\$ 4,577</u>	<u>\$ (150)</u>	<u>\$ 38,914</u>	<u>\$ 1,229</u>

These expenses are included in Support Services on the Consolidated Statement of Operations.

**Note 16 Investment and Other Income**

	2009	2008
	(thousands of dollars)	
Recoveries of services, drugs and materials	\$ 75,635	\$ 70,669
Investment income	4,957	21,301
Workers' Compensation Board special dividend	4,905	5,908
Other	10,826	11,992
	<u>\$ 96,323</u>	<u>\$ 109,870</u>

Investment income consists of interest income, gains/losses on disposal of investment, and foreign exchange gains/losses.

**Note 17 Research and Education**

Research and education expenses were funded from the following sources:

	2009	2008
	(thousands of dollars)	
Alberta Health and Wellness contributions:		
Restricted	\$ 36,869	\$ 32,368
Unrestricted	8,003	6,733
Other government contributions	322	69
Donations	1,512	1,157
Investment and other income	2,665	2,342
	<u>\$ 49,371</u>	<u>\$ 42,669</u>

**Note 18 Long-term Care Partnership Projects**

The Alberta Government has supported long-term care partnership projects by providing one-time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 24 years. These payments have a net present value of \$28,456,584 at March 31, 2009 (2008 - \$29,953,449) discounted at 2.5% (2008 - 2.9%). The investments have a market value at March 31, 2009 of \$31,189,269 (2008 - \$36,201,000) of which \$29,757,500 is classified as long-term. The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2009	2008
	(thousands of dollars)	
Included in deferred contributions:		
Current portion	\$ 2,195	\$ 2,184
Non-current portion	32,764	32,299
	<u>\$ 34,959</u>	<u>\$ 34,483</u>

**Note 19 Related Parties**

(a) Province of Alberta

The Minister of Health and Wellness appoints the board members of Alberta Health Services. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Region and the Ministry are disclosed in the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, and the Notes to the Consolidated Financial Statements.

(b) Health Authorities and Boards

The Region shares a common relationship with other health authorities and boards through its relationship with the Province of Alberta. The Region had the following transactions with other health authorities and boards recorded on the Consolidated Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

**Note 19 Related Parties (continued)**

	2009	2008
Receivable	\$32,367	\$6,647
Payable	1,359	1,719
Revenue	64,408	36,802
Expense	10,189	11,211

(c) Primary Care Networks

The Region's share of the Primary Care Networks' contributions from Alberta Health and Wellness, including amounts received less amounts recognized as revenue in the year, are as follows:

	2009	2008
	(thousands of dollars)	
Deferred contributions, beginning of year	\$ 9,244	\$ 11,162
Contributions from Alberta Health and Wellness	16,986	10,385
Amounts recognized as revenue	(19,012)	(12,303)
Deferred contributions, end of year	\$ 7,218	\$ 9,244

(d) Foundations

(i) Calgary Health Trust

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and, without restriction, to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act (Canada). The Calgary Health Trust is not consolidated in these financial statements.

**Note 19 Related Parties (continued)**

The Region, the Trust, and the University of Calgary (the "University") are collaborating in a joint fundraising initiative branded "Reach!". The purpose of Reach! is to employ the expertise of the participants to create specific donor opportunities and raise philanthropic capital to achieve new world standards of health care. Under the initiative, the Trust receives donations and makes grants to the Region, the University and other health-related organizations as requested by the donors.

The following aggregated financial information of the Trust is presented using the same accounting policies as the Region.

	Calgary Health Trust	
	2009	2008
	(thousands of dollars)	
Revenue	\$ 51,530	\$ 34,721
Expenses	50,518	33,726
Excess of revenue over expenses	\$ 1,012	\$ 995
Total assets	\$ 95,675	\$ 108,062
Total liabilities	(80,886)	(90,239)
Net assets	\$ 14,789	\$ 17,823
Resources held by the Trust:		
Endowments	\$ 13,777	\$ 16,799
Unrestricted	1,012	1,024
Deferred contributions	73,371	76,599

Transactions in the normal course of operations between the Region and the Trust are as follows:

	2009	2008
	(thousands of dollars)	
Grants and administrative support provided to the Trust for operating expenses	\$ 4,492	\$ 4,748
Charitable disbursements received by the Region	19,566	11,821
Accounts payable to the Region	(43)	(273)
Fair value for use of office space provided by the Region – not included in administrative support	350	350

**Note 19 Related Parties (continued)**

(ii) Other Foundations

The Region has economic interests in several foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. These foundations are not consolidated in these financial statements. The foundations are registered charities under the Income Tax Act (Canada). The foundations are:

- Alberta Children's Hospital Foundation
- Canmore and Area Health Care Foundation
- Claresholm and District Health Foundation
- High River District Health Care Foundation
- Oilfields/Okotoks Health Foundation
- Rosebud Health Foundation
- Strathmore District Health Foundation

(e) Contracted Health Service Operators

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	Direct Regional Funding	Fees and Charges and Other Income  (thousands of dollars)	Full Cost Adjustments	Total
<u>2009</u>				
Voluntary health service providers	\$ 91,214	\$ 25,019	\$ 655	\$ 116,888
Private health service providers	157,942	41,266	-	199,208
	<u>\$ 249,156</u>	<u>\$ 66,285</u>	<u>\$ 655</u>	<u>\$ 316,096</u>
<u>2008</u>				
Voluntary health service providers	\$ 76,964	\$ 23,282	\$ 649	\$ 100,895
Private health service providers	142,526	39,370	-	181,896
	<u>\$ 219,490</u>	<u>\$ 62,652</u>	<u>\$ 649</u>	<u>\$ 282,791</u>

**Note 19 Related Parties (continued)**

(f) University of Calgary

The University is considered a related party as the Province of Alberta appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University recorded at their exchange amounts are as follows:

	2009	2008
	(thousands of dollars)	
Amount included in expenses <sup>(i)</sup>	\$ 40,000	\$ 37,000
Amount included in revenue <sup>(ii)</sup>	23,000	18,000
Net payable by the Region to the University	3,000	11,500

- <sup>(i)</sup> The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.
- <sup>(ii)</sup> The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases a building from the University (Note 8(b)).

**Note 20 Trust Funds**

The Region receives funds in trust from Alberta Health and Wellness to pay other Regional Health Authorities for certain programs coordinated by the Region. The Region receives other funds in trust for research and development, education and other programs. The Region receives funding from Alberta Health and Wellness for the Primary Care Networks; the Region uses these funds to cover the Primary Care Networks' expenditures until they make their own banking arrangements. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reflected in these consolidated financial statements.

	2009	2008
	(thousands of dollars)	
Balance of funds held by the Region:		
Alberta Health and Wellness	\$ 9,643	\$ 31,879
Research and development, education and other programs	5,585	5,036
Primary Care Networks	3,151	3,286
Continuing care residents	650	537
	<u>\$ 19,029</u>	<u>\$ 40,738</u>

**Note 21 Accumulated Deficit**

The health region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 22 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities including the Region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities including the Region will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 23 Transition and Restructuring Costs**

As at March 31, 2009, the Region recorded transition costs and restructuring expenses in the Consolidated Statement of Operations. The expenses consist of severance and termination benefits, professional services, consulting costs and other applicable transition expenses. In the Consolidated Statement of Operations, these expenses are included in Administration, Support Services and Information Technology.

	Severance- Related Charges	Other Charges	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	6,619	1,067	7,686
Amounts capitalized	-	4,258	4,258
Payments made during the year	(3,827)	(1,067)	(4,894)
Liability as at March 31, 2009	<u>\$ 2,792</u>	<u>\$ 4,258</u>	<u>\$ 7,050</u>
Unfunded Supplemental Executive Retirement Plan	<u>\$ -</u>	<u>\$ 12,929</u>	<u>\$ 12,929</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Executive Retirement Plan. The Region has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum supplementary executive retirement plan payments during the year as part of a severance package.

**Note 24 Prior Period Adjustment**

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

- (a) Liabilities related to one capital project were not recorded at March 31, 2008.
- (b) Various capital projects were not amortized on a timely basis for the period from 2002 to 2008.
- (c) The Region reviewed the internal/external funding split in the capital assets sub-ledger and identified capital assets that were previously reported with incorrect funding sources for the period from 1999 to 2008.

	As Originally Reported (Note 25)	(a)	(b)	(c)	As Restated
		(in thousands)			
For the year ended March 31, 2008					
Revenue	\$2,855,095	\$ -	\$ 972	\$ 198	\$2,856,265
Expenses	2,952,641	-	2,178	-	2,954,819
Deficiency of revenue over expenses	(97,546)	-	(1,206)	198	(98,554)
As at March 31, 2008					
Capital assets	1,882,951	3,737	(2,338)	-	1,884,350
Accounts payable and accrued liabilities	281,525	3,737	-	-	285,262
Deferred capital contributions	774,455	(3,737)	-	674	771,392
Unamortized external capital contributions	1,521,363	3,737	(1,330)	2,743	1,526,513
Unrestricted net assets	(192,354)	-	-	(674)	(193,028)
Investment in capital assets	247,480	-	(1,008)	(2,743)	243,729
As at March 31, 2007					
Net assets	176,480	-	199	(3,615)	173,064

**Note 25 Comparative Figures**

Certain 2008 figures have been reclassified to conform to 2009 presentation.

**Note 26 Approval of Financial Statements**

These consolidated financial statements have been approved by the Alberta Health Services Board.

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual (Restated) (Note 24)
Salaries and benefits (Schedule 2)	\$ 1,768,853	\$ 1,764,059	\$ 1,579,404
Contracts with health service operators	394,002	408,745	357,792
Contracts under the Health Care Protection Act	17,586	16,354	16,914
Drugs and gases	96,633	97,792	92,601
Medical and surgical supplies	123,671	126,457	117,513
Other contracted services <sup>(a)</sup>	398,268	428,423	377,146
Interest on long-term debt	6,864	6,812	6,176
Goodwill impairment (Note 5)	-	25,804	-
Other <sup>(b)</sup>	341,815	320,724	292,231
	<u>3,147,692</u>	<u>3,195,170</u>	<u>2,839,777</u>
Amortization:			
Capital equipment – internally funded	15,959	7,321	8,276
Capital equipment – externally funded	36,258	34,725	33,119
Information systems – internally funded	13,132	17,336	10,165
Information systems – externally funded	15,984	16,195	15,096
Facilities and improvements – internally funded	11,550	11,509	9,850
Facilities and improvements – externally funded	38,244	56,223	38,466
Intangible assets – internally funded	71	71	70
	<u>131,198</u>	<u>143,380</u>	<u>115,042</u>
	<u>\$ 3,278,890</u>	<u>\$ 3,338,550</u>	<u>\$ 2,954,819</u>

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

<sup>(a)</sup> Other contracted services include the following:

	2009	2008 (Restated) (Note 24)
Medical purchased services	\$ 282,115	\$ 232,704
Other purchased services	131,932	128,535
Legal fees	3,480	3,569
Other professional fees	10,896	12,338
	<u>\$ 428,423</u>	<u>\$ 377,146</u>

<sup>(b)</sup> Other includes the following:

	2009	2008 (Restated) (Note 24)
Clinical lab and therapeutic supplies	\$ 51,393	\$ 45,902
Utilities	38,893	35,472
Rented space	34,578	30,731
Equipment maintenance	29,422	25,033
Minor equipment	22,797	22,186
Department and office supplies	22,306	20,751
Food supplies	20,828	19,207
Repairs and maintenance	19,985	17,290
Communication and education	19,319	24,176
Recruitment and travel	18,060	16,362
Housekeeping and laundry supplies	9,776	9,990
Plant maintenance and equipment supplies	7,289	6,353
Insurance	4,733	4,477
Other	21,345	14,301
	<u>\$ 320,724</u>	<u>\$ 292,231</u>

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009							2008		
	FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(f)</sup>	Subtotal	Number of Individuals	Severance <sup>(e)</sup>	Total	FTE's <sup>(a)</sup>	Total
<b>Board Chair<sup>(g)</sup></b>										
Ken Hughes – AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	-	\$ -
David Tuer	0.12	-	7	1	8	-	-	8	1.00	39
<b>Board Members<sup>(g)</sup></b>										
Jack Ady – AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin – AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen – AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol – AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnrs – AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis – AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben – AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje – AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie – AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford – AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot – AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini – AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel – AHS	0.33	-	-	-	-	-	-	-	-	-
Courtney Rousseau	0.12	-	5	-	5	-	-	5	1.00	23
Diane Caleffi	0.12	-	6	-	6	-	-	6	1.00	10
George Pinchbeck	0.12	-	7	-	7	-	-	7	1.00	23
Gordon McPherson	0.12	-	6	-	6	-	-	6	1.00	18
Loreen Gilmour	0.12	-	3	1	4	-	-	4	1.00	12
Lynn Martin	0.12	-	6	1	7	-	-	7	1.00	22
Mairi Matheson	0.12	-	5	-	5	-	-	5	1.00	8
Marjorie Ricketts	0.12	-	5	-	5	-	-	5	1.00	13
Myron Kanik	-	-	-	-	-	-	-	-	0.46	3
N.D. (Skip) Mcdonald	0.12	-	1	-	1	-	-	1	1.00	4
Nancy Laird	0.12	-	1	-	1	-	-	1	1.00	2
Robert Moskovitz	-	-	-	-	-	-	-	-	0.24	3
Sandy Dougall	0.12	-	3	-	3	-	-	3	1.00	8
	10.20	\$ -	\$ 55	\$ 3	\$ 58	-	\$ -	\$ 58	12.70	\$ 188

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009							2008		
	FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(i)</sup>	Subtotal	Number of Individuals	Severance <sup>(e)</sup>	Total	FTE's <sup>(a)</sup>	Total
<b>Board Direct Reports <sup>(h)</sup></b>										
President and Chief Executive Officer - AHS <sup>(i)</sup>	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Contracted Service - Interim Chief Executive Officer - AHS <sup>(i)</sup>	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer <sup>(i)(j)</sup>	0.27	106	78	484	668	1	1,671	2,339	1.00	1,335
Medical Officer of Health	1.00	257	46	97	400	-	-	400	1.00	334
Chief Audit Executive <sup>(i)</sup>	1.00	223	39	60	322	-	-	322	1.00	218
<b>CEO Direct Reports <sup>(k)</sup></b>										
President and Chief Operating Officer <sup>(l)(j)</sup>	1.00	316	140	203	659	-	-	659	1.00	612
Interim President and Chief Operating Officer <sup>(l)</sup>	0.71	171	29	39	239	-	-	239	-	-
Executive Vice President, Risk Management and CFO <sup>(m)(j)</sup>	1.00	314	140	618	1,072	1	782	1,854	1.00	589
Senior Vice President, Planning and Capital Development <sup>(j)</sup>	1.00	210	29	43	282	-	-	282	1.00	411
Senior Vice President, People and Learning <sup>(n)(j)</sup>	0.02	5	1	3	9	-	-	9	1.00	412
Senior Vice President, Interprofessional Practice and Chief Nursing Officer <sup>(o)(j)</sup>	0.38	98	20	118	236	1	535	771	0.23	118
Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio <sup>(p)</sup>	1.00	380	95	104	579	-	-	579	0.23	116
Senior Vice President, Advanced Technology and Enterprise Reporting <sup>(q)</sup>	1.00	334	71	155	560	-	-	560	0.23	99
Senior Vice President, Communications and Community Relations	-	-	-	-	-	-	-	-	0.78	482
Senior Vice President, Wellness <sup>(r)</sup>	0.51	107	18	71	196	1	327	523	0.77	297
Senior Vice President, South Health Campus	1.00	258	56	27	341	-	-	341	0.23	47
Vice President, Strategic Health Planning	1.00	232	39	64	335	-	-	335	0.23	66
Acting Senior Vice President, Patient Experience and Advocacy	-	-	-	-	-	-	-	-	0.42	57
Senior Vice President and Advisor Patient Experience and Advocacy	-	-	-	-	-	1	382	382	0.88	511
Vice President, Government Relations and Assistant Corporate Secretary <sup>(s)(j)</sup>	1.00	189	40	49	278	-	-	278	1.00	255
	12.79	3,200	841	2,135	6,176	5	3,697	9,873	12.00	5,959
<b>Total Board and Executive</b>	<b>22.99</b>	<b>\$ 3,200</b>	<b>\$ 896</b>	<b>\$ 2,138</b>	<b>\$ 6,234</b>	<b>5</b>	<b>\$ 3,697</b>	<b>\$ 9,931</b>	<b>24.70</b>	<b>\$ 6,147</b>



**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009							2008		
	FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(f)</sup>	Subtotal	Number of Individuals	Severance <sup>(e)</sup>	Total	FTE's <sup>(a)</sup>	Total
Board and executive	22.99	\$ 3,200	\$ 896	\$ 2,138	\$ 6,234	5	\$ 3,697	\$ 9,931	24.70	\$ 6,147
Management reporting to CEO direct reports	20.53	4,123	509	1,039	5,671	5	1,668	7,339	18.60	5,407
Other managers	947.71	95,541	2,181	16,980	114,702	28	2,660	117,362	915.93	111,684
Medical doctors	79.36	17,838	296	525	18,659	1	83	18,742	71.64	18,321
Regulated nurses:										
RNs, RPNs, grad nurses	6,329.88	517,630	39,774	86,146	643,550	3	140	643,690	6,143.11	599,871
LPNs	749.44	39,984	2,771	6,514	49,269	-	-	49,269	708.67	41,489
Other health technical and professional	4,816.58	319,068	10,398	59,957	389,423	5	186	389,609	4,324.79	351,191
Unregulated health service	1,962.36	81,069	3,184	13,242	97,495	-	-	97,495	1,844.68	82,253
Other staff	7,039.13	349,662	10,470	69,756	429,888	41	734	430,622	6,661.96	363,041
<b>Total</b>	<b>21,967.98</b>	<b>\$ 1,428,115</b>	<b>\$ 70,479</b>	<b>\$ 256,297</b>	<b>\$ 1,754,891</b>	<b>88</b>	<b>\$ 9,168</b>	<b>\$ 1,764,059</b>	<b>20,714.08</b>	<b>\$ 1,579,404</b>

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

## Supplemental Executive Retirement Plan

	2009			2008		Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	Total				
Chief Executive Officer <sup>(u)</sup>	\$ 74	\$ 395	\$ 469	\$ 704	\$ 4,028	\$ (303)	\$ 3,725	
Medical Officer of Health	33	44	77	121	421	57	478	
Chief Audit Executive	26	17	43	12	170	27	197	
President and Chief Operating Officer	101	98	199	186	872	43	915	
Interim President and Chief Operating Officer	27	8	35	-	74	25	99	
Executive Vice President, Risk Management and CFO <sup>(u)</sup>	91	520	611	181	1,001	(1,001)	-	
Senior Vice President, Planning and Capital Development	24	18	42	57	265	14	279	
Senior Vice President, People and Learning	24	39	63	50	165	(165)	-	
Senior Vice President, Interprofessional Practice and Chief Nursing Officer <sup>(u)</sup>	17	94	111	138	839	(207)	632	
Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio	75	22	97	86	242	92	334	
Senior Vice President, Advanced Technology and Enterprise Reporting	101	33	134	120	311	145	456	
Senior Vice President, Communications and Community Relations	-	-	-	53	-	-	-	
Senior Vice President, Wellness <sup>(u)</sup>	16	47	63	81	494	(12)	482	
Senior Vice President, South Health Campus	19	1	20	-	-	17	17	
Vice President, Strategic Health Planning	24	20	44	42	193	18	211	
Vice President, Government Relations and Assistant Corporate Secretary	19	10	29	17	80	7	87	

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 35,597 (2008 – 33,767). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- d. Other non-cash benefits include:
- Employer’s current and prior service cost of supplementary executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer’s share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
**(thousands of dollars)**

- g. On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. This position was held by two incumbents during the year.
- k. CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted in (l) through (s) below.
- l. This position was held by two incumbents during the year. Effective July 8, 2008:
- The President and Chief Operating Officer of the Region transitioned to the Chief Operating Officer - Urban - AHS. Costs incurred are reported in the accounts of the Region.
  - The Interim President and Chief Operating Officer was appointed for the Region.
- m. Effective July 8, 2008 the Executive Vice President, Risk Management and Chief Financial Officer of the Region was also appointed the Interim Chief Financial Officer - AHS. Costs incurred are reported in the accounts of the Region. Effective March 31, 2009 the incumbent departed.
- n. Effective April 7, 2008, the incumbent retired. Due to organization restructuring from April 7, 2008 to July 28, 2008 this position reported to the Interim President and Chief Operating Officer, and is included in Management reporting to CEO Direct Reports. Effective July 28, 2008, the Interim Senior Vice President of Human Resources - AHS was appointed and reported to the Interim Chief Operating Officer, Corporate Services - AHS. Effective December 1, 2008 the position transitioned to the Interim Human Resources Lead and Vice President, Total Rewards and Human Resource Analytics and reported to the Special Assistant to the Chief Executive Officer, Corporate Services - AHS. Costs incurred for the Interim Senior Vice President of Human Resources - AHS and the Interim Human Resources Lead and Vice President, Total Rewards and Human Resource Analytics are reported in the accounts of the Region.

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

- o. Due to organization restructuring, effective August 15, 2008 this position was assumed by the Interim President and Chief Operating Officer. Costs are captured in (l) above.
- p. Effective February 6, 2009 the Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio transitioned to the Senior Physician Executive – AHS. Costs incurred are reported in the accounts of the Region.
- q. Effective November 20, 2008 the Senior Vice President, Advanced Technology and Enterprise Reporting of the Region was also appointed the Senior Vice President and Chief Information Officer - AHS. Costs incurred are reported in the accounts of the Region.
- r. Effective October 3, 2008 the incumbent retired. Subsequently, the Wellness portfolio was realigned to report to the Chief Operating Officer - Urban - AHS.
- s. Effective June 17, 2008 the Vice President, Government Relations and Assistant Corporate Secretary of the Region transitioned to Chief of Staff, Board Office - AHS. Costs incurred are reported in the accounts of the Region. Effective June 17, 2008 the Vice President, Government Relations and Assistant Corporate Secretary of the Region transitioned to the Vice President of Government Relations and Assistant Corporate Secretary - AHS. Costs incurred are reported in the accounts of the Region.
- t. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.
- u. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 2008-09 fiscal period:

Name	Pension Income (not in thousands)	Frequency	Term
Chief Executive Officer	\$ 22,409	Monthly	Indefinite
Executive Vice President, Risk Management and CFO	1,186,758	Lump-Sum	One-Time
Senior Vice President, Interprofessional Practice and Chief Nursing Officer	3,919	Monthly	Indefinite
Senior Vice President, Wellness	2,991	Monthly	Indefinite



**DAVID THOMPSON  
HEALTH REGION**

**DAVID THOMPSON HEALTH REGION  
CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

---

**CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009  
and  
AUDITOR'S REPORT**

---

Statement of Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

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

The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

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

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

The Office of 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 other procedures, which will allow him to report on the fairness of the consolidated financial statements prepared by management.

[Original signed]	[Original signed]	[Original signed]
_____ Bryan Judd Chief Financial Officer	_____ Chris Mazurkewich Chief Financial Officer	_____ Dr. Stephen Duckett President & Chief Executive Officer
David Thompson Health Region June 11, 2009	Alberta Health Services June 11, 2009	Alberta Health Services June 11, 2009

## Auditor's Report

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

I have audited the consolidated statement of financial position of the David Thompson Health Region (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 28, 2008.

[Original signed by Fred J. Dunn]  
 FCA  
 Auditor General

Edmonton, Alberta  
 June 11, 2009



David Thompson Health Region  
Consolidated Statement of Financial Position  
March 31, 2009  
(thousands of dollars)

	2009	2008 (Restated) (Note 21)
<u>ASSETS</u>		
Current:		
Cash and investments (Note 3)	\$ 99,825	\$ 83,368
Accounts receivable	14,111	17,817
Contributions receivable from Alberta Health and Wellness	5,898	6,103
Inventories	6,976	6,166
Prepaid expenses	1,317	2,063
	<u>128,127</u>	<u>115,517</u>
Non-current cash and investments (Note 3)	20,674	39,119
Capital assets (Note 4)	414,194	421,885
Loans - continuing care partnership projects (Note 5)	26,213	20,656
Other assets (Note 6)	664	828
<b>TOTAL ASSETS</b>	<u>\$ 589,872</u>	<u>\$ 598,005</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current:		
Accounts payable and accrued liabilities	\$ 60,051	\$ 45,455
Accrued vacation pay	25,890	23,664
Deferred contributions (Note 7)	68,767	38,883
Current portion of long-term debt (Note 9)	179	125
	<u>154,887</u>	<u>108,127</u>
Deferred capital contributions (Note 8)	5,961	18,538
Deferred contributions - continuing care partnership projects	40,926	41,237
Long-term debt (Note 9)	262	326
Unamortized external capital contributions (Note 4)	379,339	389,842
	<u>581,375</u>	<u>558,070</u>
Net assets		
Accumulated (deficit) surplus (Note 11)	(25,492)	8,678
Investment in capital assets from internally funded sources (Note 4)	33,989	31,167
Cumulative net unrealized gains on investments	-	90
	<u>8,497</u>	<u>39,935</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 589,872</u>	<u>\$ 598,005</u>

Commitments and contingencies (Note 12)

Subsequent event (Note 22)

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

David Thompson Health Region  
Consolidated Statement of Operations  
For the Year Ended March 31, 2009  
(thousands of dollars)

	2009		2008
	Budget (Unaudited) (Note 13)	Actual	Actual (Restated) (Note 21)
Revenue			
Alberta Health and Wellness contributions (Note 14)	\$ 571,848	\$ 585,691	\$ 577,065
Other government contributions (Note 15)	5,047	10,377	11,673
Fees and charges	34,159	36,711	33,724
Ancillary operations (Note 16)	5,266	4,463	4,864
Donations	971	3,021	1,703
Investment and other income (Note 17)	14,187	16,553	15,036
Amortized external capital contributions	28,412	26,039	24,697
<b>TOTAL REVENUE</b>	<u>659,890</u>	<u>682,855</u>	<u>668,762</u>
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	175,207	181,006	164,659
Facility-based emergency and outpatient services	46,247	55,808	46,626
Facility-based continuing care services	73,816	74,938	69,062
Community-based care	34,320	34,009	29,693
Home care	24,929	25,781	21,558
Diagnostic and therapeutic services	111,596	111,340	101,271
Promotion, prevention and protection services	22,848	21,933	20,506
Research and education	629	570	644
Administration	32,113	39,130	27,637
Information technology	24,902	19,179	17,126
Support services	129,996	134,082	120,926
Amortization of facilities and improvements	16,703	16,427	16,390
<b>TOTAL EXPENSES</b>	<u>693,306</u>	<u>714,203</u>	<u>636,098</u>
(Deficiency) excess of revenue over expenses	<u>\$ (33,416)</u>	<u>\$ (31,348)</u>	<u>\$ 32,664</u>

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

David Thompson Health Region  
Consolidated Statement of Changes In Net Assets  
For the Year Ended March 31, 2009  
(thousands of dollars)

	2009				2008
	Accumulated surplus (deficit)	Investment in capital assets	Cumulative net unrealized gains (losses) on investments	Total	Total
Balance at beginning of year	\$ 8,678	\$ 31,167	\$ 90	\$ 39,935	\$ 7,248
(Deficiency) excess of revenue over expenses	(31,348)	-	-	(31,348)	32,664
Capital assets purchased with internal funds	(8,299)	8,299	-	-	-
Amortization on internally funded capital assets	5,487	(5,487)	-	-	-
Repayment of long-term debt used to fund capital assets	(257)	257	-	-	-
Proceeds from long-term debt	247	(247)	-	-	-
Unrealized (losses) gains on "available-for-sale" financial assets arising during the year	-	-	(90)	(90)	23
Balance at end of year	\$ (25,492)	\$ 33,989	\$ -	\$ 8,497	\$ 39,935

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

David Thompson Health Region  
Consolidated Statement of Cash Flows  
For the Year Ended March 31, 2009  
(thousands of dollars)

	2009		2008
	Budget (Unaudited) (Note 13)	Actual	Actual (Restated) (Note 21)
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (33,416)	\$ (31,348)	\$ 32,664
Items not involving cash			
Amortization (Schedule 1)	34,679	31,526	29,851
Amortized external capital contributions	(28,412)	(26,039)	(24,697)
Changes in non-cash operating working capital (Note 18)	(37,113)	44,849	39,476
Cash generated from operations	(64,262)	18,988	77,294
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(5,500)	(5,704)	(3,290)
Externally funded - equipment	(6,600)	(7,899)	(9,930)
Internally funded - facility and improvements	(3,000)	(2,595)	-
Externally funded - facility and improvements	(6,123)	(7,637)	(22,902)
(Decrease) increase in net unrealized gains on investments	-	(90)	90
Allocations to non-current cash and investments	-	-	(12,402)
Cash used by investing activities	(21,223)	(23,925)	(48,434)
Financing activities:			
Capital contributions received	12,723	2,959	24,653
Principal payments on long-term debt	(123)	(257)	(210)
Proceeds from long-term debt	-	247	-
Allocations from non-current cash and investments	29,119	18,445	-
Cash generated from financing activities	41,719	21,394	24,443
Increase (decrease) in cash and investments	(43,766)	16,457	53,303
Cash and investments, beginning of year	79,941	83,368	30,065
Cash and investments, end of year	\$ 36,175	\$ 99,825	\$ 83,368

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

**Note 1 Authority, Purpose and Operations**

The David Thompson Health Region (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*, is a registered charity under the *Income Tax Act* and exempt from payment of income tax. Effective April 1, 2009 the Region was disestablished and all the assets and liabilities were transferred to Alberta Health Services (Note 22).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bentley Care Centre  
Breton Health Centre  
Centennial Centre for Mental Health and Brain Injury  
Consort Hospital and Care Centre  
Coronation Hospital and Care Centre  
Drayton Valley Hospital and Care Centre  
Drumheller Health Centre  
Hanna Health Centre  
Innisfail Health Centre  
Lacombe Hospital and Care Centre  
Olds Hospital and Care Centre

Castor Community Health Centre  
Consort Community Health Centre  
Coronation Community Health Centre  
Drayton Valley Community Health Centre  
Drumheller Environmental Health and Support Services  
Eckville Community Health Centre  
Elnora Community Health Centre  
Johnstone Crossing Community Health Centre  
Lacombe Community Health Centre  
Olds Community Health Centre

Drayton Valley Mental Health Centre  
Drumheller Mental Health Centre  
Hanna Mental Health Centre  
Lacombe Mental Health Centre  
Olds Mental Health Centre  
Ponoka Mental Health Centre

Ponoka Hospital and Care Centre  
Red Deer Nursing Home  
Red Deer Regional Hospital Centre  
Red Deer Valley Park Manor Care Centre  
Rimbey Hospital and Care Centre  
Rocky Mountain House Health Centre  
Stettler Hospital and Care Centre  
Sundre Hospital and Care Centre  
Three Hills Health Centre  
Wetaskiwin Hospital and Care Centre

Ponoka Community Health Centre  
Red Deer Bremner Ave. Community Health Centre  
Red Deer 49<sup>th</sup> St. Community Health Centre  
Rimbey Community Health Centre  
Rocky Mountain House Community Health Centre  
Stettler Community Health Services  
Sundre Community Health Centre  
Sylvan Lake Community Health Centre  
Wetaskiwin Community Health Centre  
Winfield Community Health Centre

Rimbey Mental Health Centre  
Rocky Mountain House Mental Health Centre  
Stettler Mental Health Centre  
Three Hills Mental Health Centre  
Wetaskiwin Mental Health Centre

**Note 1 Authority, Purpose and Operations (continued)**

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 19.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements were prepared on a going concern basis notwithstanding the new governance structure that became effective April 1, 2009 (Note 22).
- (2) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (3) These financial statements were prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Region (Note 19(d)).
  - (i) The Region uses the proportionate consolidation method to account for its interests in Primary Care Networks (Note 19(c)).
- (4) These financial statements use the deferral method, the key elements of which are:
  - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.
  - (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital assets is recorded.
  - (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

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

**(a) Basis of Presentation (continued)**

- (v) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Ancillary operations reflect gross revenues earned through the various activities undertaken. Related expenses are reported under support services on the Consolidated Statement of Operations.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 – *Capital Disclosures* of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

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

**(b) Capital Disclosure (continued)**

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

**(c) Full Cost**

The Region accounts for all costs and revenue from services for which it is responsible. The fair value of such services are recorded. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Region's health programs.
- (iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Region do not include an amount for use of these facilities.
- (iv) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Contributions of other assets, supplies and services that the Region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported, as a fair value cannot be reasonably determined.

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Region's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan.

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

**(d) Employee future benefits (continued)**

The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives (Note 10). The cost of these benefits is actuarially determined using the projected benefit method pro-rated on service, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's SERP is fully funded on an annual basis.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are capitalized. The purchase and sale of investments are accounted for using the trade date method of accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

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

**(f) Financial Instruments (continued)**

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Contributions receivable from Alberta Health and Wellness	Loans and receivables
Loans – continuing care partnership projects	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

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

The carrying value of receivables, payables and loans – continuing care partnerships project approximate their fair value. The fair value of Investments is disclosed in Note 3 and the fair value of Long-term debt in Note 9. Unless otherwise noted, it is management's opinion that the region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at lower of cost and current replacement cost using the weighted average method of accounting. All other inventories are valued at lower of cost and net realizable value, on an individual item basis.

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

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful life</u>
Land improvements	10 - 20 years
Facilities and improvements	10 - 40 years
Equipment	3 - 20 years
Leased equipment	Lease term

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital assets ownership to the Region are reported as capital asset acquisitions financed by long-term obligations.

**(i) Measurement uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Accrued liabilities for utility contracts, home care services and diagnostic testing are estimated based on prior usage. Actual results could differ from estimates.

**Note 3 Cash and Investments**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
			(Restated)	
			(Note 21)	
Cash	\$ 37,152	\$ 37,152	\$ 28,953	\$ 28,953
Term deposits	1,533	1,533	1,308	1,308
Money market securities	67,036	67,037	77,418	77,419
Bonds and bond funds	10,484	10,132	10,162	10,002
Marketable securities	<u>4,294</u>	<u>5,290</u>	<u>4,646</u>	<u>4,715</u>
Total cash and investments	<u>\$120,499</u>	<u>\$121,144</u>	<u>\$122,487</u>	<u>\$122,397</u>
Classified as:				
Current	\$ 99,825		\$ 83,368	
Non-current	<u>20,674</u>		<u>39,119</u>	
Total cash and investments	<u>\$120,499</u>		<u>\$122,487</u>	

- (i) Term deposits represent funds held by Primary Care Networks (Note 19(c)). Eligible investments and durations are defined within the Primary Care Initiative policies.
- (ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 0% to 60% for fixed-income instruments, 0% to 20% for equities and 20% to 100% for cash and cash equivalents. Risk is reduced through diversification.
- (iii) Fixed-income securities, such as bonds (Government of Canada, Provincial – other than Alberta), and bond funds (Global Government Bond Index, Private Canadian Corporate) have an average effective yield of 3.45% per year for securities maturing between one and six years. As at March 31, 2009, the securities have the following maturity structure:

	<u>%</u>
1 to 5 years	90
5 to 10 years	10

- (iv) Equities (Canadian – 62%, U.S. – 38%) comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 3 Cash and Investments (continued)**

(v) Unrealized investment losses totalled \$645,000 at March 31, 2009. Of this amount, \$400,000 is related to unrestricted investments and has been recognized within the Consolidated Statement of Operations due to the likelihood that these investments will be liquidated during the next year. The balance of \$245,000 is related to restricted investments and is included within deferred contributions.

**Note 4 Capital Assets**

Capital Asset	Opening Balance	Transfers from Capital Projects in Progress			Closing Balance
	April 1, 2008 (Restated) (Note 21)	Progress	Additions	Disposals	March 31, 2009
Land	\$ 6,577	\$ 1,154	\$ -	\$ -	\$ 7,731
Land improvements	11,293	-	-	(634)	10,659
Facilities and improvements	536,488	7,112	-	(95)	543,505
Equipment	146,381	12,609	6,981	(5,750)	160,221
Capital projects in progress	47,178	(20,875)	16,854	-	43,157
	<u>\$ 747,917</u>	<u>\$ -</u>	<u>\$ 23,835</u>	<u>\$ (6,479)</u>	<u>\$ 765,273</u>

Capital Asset	Accumulated Amortization				Net Book Value	
	Opening Balance	Current Year Amortization	Accumulated Amortization on Disposals	Closing Balance	March 31, 2009	March 31, 2008
	April 1, 2008 (Restated) (Note 21)	Amortization	on Disposals	March 31, 2009	March 31, 2009	March 31, 2008 (Restated) (Note 21)
Land	\$ -	\$ -	\$ -	\$ -	\$ 7,731	\$ 6,577
Land improvements	3,830	845	(634)	4,041	6,618	7,463
Facilities and improvements	227,374	15,546	(94)	242,826	300,679	309,114
Equipment	94,828	15,099	(5,715)	104,212	56,009	51,553
Capital projects in progress	-	-	-	-	43,157	47,178
	<u>\$ 326,032</u>	<u>\$ 31,490</u>	<u>\$ (6,443)</u>	<u>\$ 351,079</u>	<u>\$ 414,194</u>	<u>\$ 421,885</u>

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 4 Capital Assets (continued)**

**(a) Leased equipment**

Equipment was acquired through capital leases at a cost of \$849,000 (2008 \$602,000) with accumulated amortization of \$717,000 (2008 \$443,000).

Capital assets were funded from the following sources:

	2009	2008
Short-term debt	\$ 425	\$ 425
Long-term debt	441	451
Unamortized external capital contributions	379,339	389,842
Investment in capital assets from internally funded sources	<u>33,989</u>	<u>31,167</u>
	<u>\$414,194</u>	<u>\$421,885</u>

**Note 5 Loans - Continuing Care Partnership Projects**

	2009	2008
Loans receivable		
Continuum Healthcare Corporation	\$ 122	\$ 157
Michener Hill Village	7,563	1,314
Voluntary health service providers	<u>18,528</u>	<u>19,185</u>
	<u>\$26,213</u>	<u>\$20,656</u>

The Region has a non-interest bearing forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, \$35,416 (2008 \$35,872) was forgiven under the terms of the agreement.

The Region has signed contracts with three voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. The Region uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Region and private, public or voluntary organizations by providing a one-time, up-front capital grant. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year, \$657,047 (2008 \$657,047) was forgiven on the loans receivable and has been recorded in the facility based continuing care services expense.

Pursuant to these contracts, interest has been charged at the bank prime rate (2.50% at March 31, 2009) plus 2% on the loans receivable for a total of \$1,189,171 (2008 \$1,642,844). This amount is included in investment income. The interest has been forgiven and \$1,189,171 (2008 \$1,642,844) has been recorded in the facility based continuing care services expense. The remaining balance of the loans will be forgiven on a straight-line basis or repaid over a term of 30 years.

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 6 Other Assets**

	<u>2009</u>	<u>2008</u>
Laboratory Lean Project	\$132	\$265
Mineral rights	24	24
Cooperative's shares	3	3
Accrued pension benefit	<u>505</u>	<u>536</u>
	<u>\$664</u>	<u>\$828</u>

The accrued pension benefit relates to the Supplementary Executive Retirement Plan, which is fully funded (Note 10).

**Note 7 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	<u>2009</u>	<u>2008</u> (Restated) (Note 21)
Inpatient Acute Care Nursing	\$ 398	\$ -
Emergency and Outpatient Services	2,795	4,286
Continuing Care Services	1,433	1,607
Community-based Services	4,484	6,273
Diagnostic and Therapeutic Services	1,280	1,179
Promotion, Prevention & Protection	1,450	1,208
Research and Education	163	223
Information Technology Programs	15,378	710
Support Services	396	684
Alberta Infrastructure	20,931	11,276
Pandemic Supplies	2,710	2,759
Human Resources Projects	8,555	-
Special Purpose Funds - Donations	8,771	8,676
Other	<u>23</u>	<u>2</u>
Total	<u>\$68,767</u>	<u>\$38,883</u>

**Note 8 Deferred Capital Contributions**

Balance at the end of the year is restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Equipment replacement	\$ 558	\$ 6,242
New construction	<u>5,403</u>	<u>12,296</u>
	<u>\$ 5,961</u>	<u>\$ 18,538</u>

**Note 9 Long-term Debt**

	<u>2009</u>		<u>2008</u>	
	Fair Value	Cost	Fair Value	Cost
Bank loan <sup>(1)</sup>	\$ 326	\$ 326	\$ 388	\$ 388
Obligations under capital lease <sup>(2)</sup>	<u>115</u>	<u>115</u>	<u>63</u>	<u>63</u>
		441		451
Current portion		<u>(179)</u>		<u>(125)</u>
		<u>\$ 262</u>		<u>\$ 326</u>

Future principal payments are estimated for the year ended March 31:

	<u>Bank Loan</u>	<u>Capital Lease</u>	<u>Total</u>
2010	64	115	179
2011	67	-	67
2012	70	-	70
2013	72	-	72
2014 and thereafter	<u>53</u>	<u>-</u>	<u>53</u>
	<u>\$326</u>	<u>\$115</u>	<u>\$441</u>

(1) The bank loan is due in monthly installments of \$6,367 including interest at 3.85% (rate term expires on June 1, 2009). It is secured by a general assignment of book debts and matures November 2010 and is renewed annually, amortized to 2018.

(2) The capital lease expires on November 30, 2009. The implicit interest rate payable on the lease is 3%.



David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 10 Long-Term Employee Benefits**

**(a) Supplementary Executive Retirement Plan**

	<u>2009</u>	<u>2008</u>
<b>Accrued benefit obligation</b>		
Accrued obligation, beginning of year	\$ 1,305	\$ 1,221
Current service cost	90	112
Interest cost	71	70
Prior service cost	-	1
Actuarial gain	(174)	(80)
Benefit payments	(42)	(19)
Accrued benefit obligation, end of year	<u>\$ 1,250</u>	<u>\$ 1,305</u>
<b>Reconciliation of funded status of accrued benefit asset/liability</b>		
Funded status of plan	362	165
Unamortized actuarial loss (gain)	(6)	147
Unamortized prior service costs	-	1
Unamortized initial obligation	149	223
Accrued benefit asset	<u>\$ 505</u>	<u>\$ 536</u>
Current service cost	90	113
Interest cost	71	69
Amortization of prior service costs	74	78
Amortization of net actuarial loss	27	18
Expected return on plan assets	(39)	(33)
Benefit cost	<u>\$ 223</u>	<u>\$ 245</u>
<b>Significant actuarial assumptions are as follows:</b>		
Discount rate	6.2%	5.2%
Expected return on plan assets	3.1%	2.6%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4.0%	4.0%
The above information is based on the actuarial valuation performed at March 31, 2009. The Region's SERP is fully funded on an annual basis.		
<b>Plan assets (held by trustee)</b>		
Employer contributions - fair value of assets at March 31	766	731
<b>Plan assets (held by Canada Revenue Agency)</b>		
Employer contributions paid by refundable taxes	846	738
Total plan assets	<u>\$ 1,612</u>	<u>\$ 1,469</u>
Funded status of plan	<u>\$ 362</u>	<u>\$ 165</u>

**Note 10 Long-Term Employee Benefits (continued)**

**(b) Pension Expense**

Pension expense in these financial statements is equal to the Region's annual contributions of \$24,481,000 for the year ended March 31, 2009 (2008 \$21,424,000).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$4,413,971,000 (2007 deficit \$1,183,344,000).

**Note 11 Accumulated (Deficit) surplus**

The Region's accumulated (deficit) surplus comprises of the following:

	<u>2009</u>	<u>2008</u>
Accumulated (deficit) surplus	<u>\$(25,492)</u>	<u>\$ 8,678</u>

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 12 Commitments and Contingencies**

The Region is contingently liable for the buyback of 27 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is \$100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable. As at March 31, 2009, the Region was negotiating the sale of vacant units and the buy-back obligations on all other units with an arm's length not for profit organization.

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009. Contracted continuing care services total \$29,433,000 on an annual basis, subject to inflation and service requirements.

The Region is currently in the process of developing a new P3 project, Michener Hill Village, that would replace the 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home. Funding in the amount of \$21,401,000 was received and cost to date total \$7,563,853.

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 12 Commitments and Contingencies (continued)**

The Region has committed to capital upgrade projects at the Rimbey Health Centre in the amount of \$20,000,000. Total costs to date are \$17,699,005 and total contributions to date are \$20,000,000.

The Region has committed to capital projects at the Red Deer Regional Hospital Cancer Centre, Red Deer Community Health Centre and the Michener Centre Site (Red Deer) in the amount of \$82,400,000. Total costs to date are \$21,581,518 and contributions to date total \$21,600,000.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to any pending litigation, the Region believes there will be no material adverse effect on its financial position.

**Note 13 Budget**

The budget was approved by Senior Management of the Region, and was submitted to Alberta Health and Wellness and Alberta Health Services.

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 14 Alberta Health and Wellness Contributions**

	<u>2009</u>	<u>2008</u>
		(Restated) (Note 21)
Unrestricted contributions	\$ 549,494	\$ 558,390
Restricted contributions	37,706	65,186
Transfers to deferred contributions	(7,971)	(15,076)
Transfers to deferred capital contributions	(18,282)	(50,110)
Transfer to RSHIP project	(1,500)	-
Transfers from deferred contributions	18,290	15,778
Transfers from deferred capital contributions	1,336	10
Share of project funds held in trust (Note 20)	35	201
Share of Primary Care Networks	2,367	1,445
Restricted contributions made by Alberta Health and Wellness directly to other health service operators on the Region's behalf	<u>4,216</u>	<u>1,241</u>
	<u>\$ 585,691</u>	<u>\$ 577,065</u>

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 15 Other Government Contributions**

	2009	2008
Unrestricted Alberta Infrastructure	\$ -	\$ 5,220
Fair value of rent less rent charges for non-acute care facilities used by the Region	619	551
Transfers from deferred contributions	4,151	2,763
Transition grant from East Central Health Region (Note 23)	2,707	-
EMS Transition Grant from East Central Health Region	133	-
Transfers from deferred capital contributions	-	769
Workers Compensation Board - refund	1,352	1,746
Alberta Cancer Board	687	624
Other	728	-
	<u>\$ 10,377</u>	<u>\$ 11,673</u>

**Note 16 Ancillary Operations**

	2009				2008			
	Revenue	Direct Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expenses	Revenue	Excess (Deficiency) of Revenue over Expenses	Revenue	Excess (Deficiency) of Revenue over Expenses
Non-patient food services	\$ 1,487	\$ 1,724	\$ 1	\$ (238)	\$ 1,798	\$ (143)		
Assisted living condos <sup>(1)</sup>	3	57	-	(54)	103	49		
Parking operations	1,250	851	-	399	1,189	232		
David Thompson Dispensary	1,607	1,709	-	(102)	1,654	(30)		
TV and telephones	116	65	-	51	120	61		
	<u>\$ 4,463</u>	<u>\$ 4,406</u>	<u>\$ 1</u>	<u>\$ 56</u>	<u>\$ 4,864</u>	<u>\$ 169</u>		

(1) Includes Designated Assisted Living:  
Housing/hoteling component for only those facilities owned by a health region

**Note 17 Investment and Other Income**

	2009	2008
		(Restated) (Note 21)
Investment income	\$ 4,028	\$ 3,938
Unrealized investment losses recognized	(400)	-
Other income	<u>12,925</u>	<u>11,098</u>
	<u>\$ 16,553</u>	<u>\$ 15,036</u>

Investment income is comprised of interest, dividends, and net gains and losses on disposal of investments.

Other income is comprised of revenue from various programs and revenue and expense recoveries external to the Region.

**Note 18 Changes in Non-cash Operating Working Capital**

	2009	2008
		(Restated) (Note 21)
Accounts receivable	\$ 3,706	\$ 1,730
Contributions receivable from Alberta Health and Wellness	205	5,103
Inventories	(810)	449
Prepaid expenses	746	523
Loans - continuing care partnership projects	(5,557)	(622)
Other assets	164	(282)
Accounts payable and accrued liabilities	14,596	(1,643)
Accrued vacation pay	2,226	1,792
Deferred contributions	29,884	11,584
Deferred contributions - continuing care partnership projects	<u>(311)</u>	<u>20,842</u>
	<u>\$ 44,849</u>	<u>\$ 39,476</u>

**Note 19 Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other regional health authorities and provincial health boards recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

2009				2008			
Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
\$ 6,081	\$ 3,123	\$ 3,239	\$ 5,007	\$ 3,635	\$ 1,280	\$ 6,974	\$ 6,557

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions, Aspen Health Region, Chinook Health Region, David Thompson Health Region, East Central Health Region, Northern Lights Health Region, Palliser Health Region, and Peace Country Health Region, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2009	2008
Alberta Health and Wellness funding	\$ 2,949	\$ 3,607
Health Region contribution	948	3,688
Total	\$ 3,897	\$ 7,295

Reported as follows:

Expenses	\$ 1,285	\$ 1,700
Capital assets	1,449	5,595
Total	\$ 2,734	\$ 7,295

**Note 19 Related Parties (continued)**

**(c) Primary Care Networks**

The Region's interest in its Primary Care Networks (joint ventures) are included in the financial statements under the proportionate consolidation method at the following percentages:

Provost – Consort Primary Care Network	25%
1202762 Alberta Ltd. – Operating as Rocky Mountain House Primary Care Network	50%
1191451 Alberta Ltd. – Operating as Red Deer Primary Care Network	50%
Big Country Primary Care Network	50%
Wolf Creek Primary Care Network	50%

Audited financial statements were not available from the Primary Care Networks at the time of preparation of these financial statements.

**(d) Foundations**

The Region has an economic interest in the following foundations:

	Contributions Received by the Region	
	2009	2008
David Thompson Health Region Foundation	\$ 1,226	\$ 1,522
Wetaskiwin Health Foundation	208	552
Drayton Valley Health Services Foundation	337	248
Stettler Health Services Foundation	139	60
Coronation Health Centre Foundation	12	47
Drumheller Area Health Foundation	153	113
Consort Hospital Foundation	-	5
	\$ 2,075	\$ 2,547

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.

**Note 19 Related Parties (continued)**

**(d) Foundations (continued)**

Included in accounts receivable are amounts owing from the foundations at year-end as follows:

	2009	2008
David Thompson Health Region Foundation	\$ 504	\$ 226
Wetaskiwin Health Foundation	41	409
Drayton Valley Health Services Foundation	9	13
Coronation Health Centre Foundation	5	13
Stettler Health Services Foundation	34	-
Drumheller Area Health Foundation	-	14
	<u>\$ 593</u>	<u>\$ 675</u>

Resources of the foundations are restricted by donors for the exclusive use of the hospital or care centre in the community in which the foundation resides.

Audited financial statements were not available from the foundations at the time of preparation of these financial statements. Additional preliminary information for the David Thompson Health Region Foundation is provided as follows:

	2009	2008
Assets	\$ 8,754	\$ 8,379
Liabilities	234	393
Net Assets	<u>8,520</u>	<u>7,986</u>
Revenue	5,741	3,192
Expense	4,892	1,633
Excess	<u>849</u>	<u>1,559</u>
Resources held at March 31:		
Externally restricted	7,913	7,236
Unrestricted	607	750
	<u>\$ 8,520</u>	<u>\$ 7,986</u>

**Note 19 Related Parties (continued)**

**(e) Contracts with Health Service Providers**

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2009			2008		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	\$ 19,524	\$ 25,589	\$ 45,113	\$ 18,113	\$ 22,297	\$ 40,410
Direct Alberta Health and Wellness funding	-	184	184	-	184	184
Fees and charges	4,150	1,758	5,908	4,189	1,730	5,919
Total	<u>\$ 23,674</u>	<u>\$ 27,531</u>	<u>\$ 51,205</u>	<u>\$ 22,302</u>	<u>\$ 24,211</u>	<u>\$ 46,513</u>

**Note 20 Trust Funds**

- (a) The Region received funds in trust from Alberta Health and Wellness for the Regional Shared Health Information Program. These amounts are not reported in these financial statements.

During the year, the Region received \$7,421,617 (2008 \$1,400,000) and disbursed \$2,249,484 (2008 \$11,922,133) for costs relating to the project. The Region shows revenue equal to its share of the expenses in the amount of \$1,285,380. The funds held by the Region is \$0 (2008 deficit \$5,172,133).

- (b) The Region received funds in trust from Alberta Health and Wellness for implementation of Continuing Care Health Service Standards for Health Care Aide Education. These amounts are not reported in these financial statements.

During the year, the Region received \$0 (2008 \$0) and disbursed \$0 (2008 \$2,595,380) for costs relating to the project. The Region showed revenue equal to its share of the expenses in the amount of \$34,409. The balance of funds held by the Region is \$247,020 (2008 \$247,020).

**Note 21 Restatement of Prior Year Figures**

(a) Based on new information provided to the Region, it has been determined that the Region has joint control over the Primary Care Networks. Accordingly, the Primary Care Networks have been included in the Financial Statements of the Region retroactively, using the proportionate consolidation method. This resulted in the following changes to the Financial Statements as reported for March 31, 2008:

	March 31, 2008 as Originally Stated	Adjustment	March 31, 2008 as Restated
<b>Statement of Financial Position:</b>			
Cash and investments	\$ 79,941	\$ 3,427	\$ 83,368
Accounts receivable	17,734	83	17,817
Prepaid expenses	2,061	2	2,063
Capital assets	421,742	143	421,885
	<u>\$ 521,478</u>	<u>\$ 3,655</u>	<u>\$ 525,133</u>
Accounts payable and accrued liabilities	\$ 45,279	\$ 176	\$ 45,455
Deferred contributions	35,547	3,336	38,883
Unamortized external capital contributions	389,699	143	389,842
	<u>\$ 470,525</u>	<u>\$ 3,655</u>	<u>\$ 474,180</u>
<b>Statement of Operations:</b>			
Alberta Health and Wellness contributions	\$ 575,620	\$ 1,445	\$ 577,065
Investment and other income	14,854	182	15,036
Amortized external capital contributions	24,654	43	24,697
	<u>\$615,128</u>	<u>\$1,670</u>	<u>\$616,798</u>
Community-based care	<u>\$ 28,023</u>	<u>\$ 1,670</u>	<u>\$ 29,693</u>

(b) The Consolidated Statement of Cash Flows has also been restated to correct for an error in 2008. Changes in non-cash operating working capital has been increased, and capital contributions received has been decreased, by \$8,179,000.

**Note 22 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all the entities including the Region but excluding East Central Health were disestablished and all the assets, liabilities, rights and obligations of these entities including the Region were assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 23 Transition and Restructuring Expenses**

As at March 31, 2009, the Region recorded incremental transition and restructuring expenses, related to the transition to AHS, consisting of severance costs and termination benefits (Schedule 2). In the Consolidated Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to AHS are also reported and disclosed in the financial statements of East Central Health.

	Severance- Related
Liability as at March 31, 2008	\$ -
Expenses	2,707
Payments made during the year	<u>(1,546)</u>
Liability as at March 31, 2009	<u>\$ 1,161</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Note 24 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 25 Approval of Financial Statements**

These consolidated financial statements have been approved by the Alberta Health Services Board.

## Schedule 1

David Thompson Health Region  
Consolidated Schedule of Expenses by Object  
For the Year Ended March 31, 2009  
(thousands of dollars)

	2009		2008	
	Budget (Unaudited)	Actual	Actual (Restated)	
Salaries and benefits (Schedule 2)	\$ 454,165	\$ 466,725	\$ 415,681	
Contracts with health service operators (Note 19(e))	51,779	51,205	46,513	
Drugs and gases	14,331	13,891	13,622	
Medical and surgical supplies	15,883	16,119	14,935	
Other contracted services	36,048	44,508	34,699	
Interest on long-term debt	19	20	28	
Other <sup>(1)</sup>	86,402	90,209	80,769	
Amortization:				
Capital equipment - internally funded	5,900	5,157	4,825	
Capital equipment - externally funded	12,076	9,978	8,666	
Facilities and improvements - internally funded	367	330	329	
Facilities and improvements - externally funded	16,336	16,061	16,031	
	<u>\$ 693,306</u>	<u>\$ 714,203</u>	<u>\$ 636,098</u>	
<sup>(1)</sup> Other:				
Building and equipment maintenance		\$ 21,212	\$ 17,662	
Diagnostic and therapeutic supplies		7,306	5,729	
Dietary supplies		7,423	6,687	
Insurance		1,810	1,733	
Minor equipment purchases		2,362	1,721	
Patient transport and staff travel		11,748	11,518	
Rental or lease of building and equipment		6,972	5,919	
Utilities		12,174	12,054	
Other		19,202	17,746	
		<u>\$ 90,209</u>	<u>\$ 80,769</u>	

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

David Thompson Health Region  
 Schedule of Salaries and Benefits  
 For the Year Ended March 31, 2009  
 (thousands of dollars)

	2009					Severance <sup>(e)</sup>			2008	
	Number of FTEs <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(f)</sup>	Sub Total	Number of FTEs	Amount	Total	Number of FTEs <sup>(a)</sup>	Total
<b>Board Chair<sup>(g)</sup></b>										
Ken Hughes - AHS	0.88	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	-	\$ -
Jean Graham	0.12	-	13	-	13	-	-	13	1.00	41
<b>Board Members<sup>(g)</sup></b>										
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin - AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnrs - AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje - AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-
Colleen Andersen	0.12	-	3	-	3	-	-	3	1.00	23
Gloria Bergman	0.12	-	3	-	3	-	-	3	1.00	12
Michael Dawe	0.12	-	3	-	3	-	-	3	1.00	13
Don Fowler	0.12	-	3	-	3	-	-	3	1.00	16
Irene Gataint	0.12	-	4	-	4	-	-	4	1.00	11
E. Sylvia Gillespie	0.12	-	3	-	3	-	-	3	1.00	12
Wama Moore	0.12	-	7	-	7	-	-	7	1.00	21
Wayne Notley	0.12	-	5	-	5	-	-	5	1.00	15
Brent Pedersen	0.12	-	4	-	4	-	-	4	1.00	15
Helen Posti	0.12	-	4	-	4	-	-	4	1.00	14
Kathy Rooyackers	0.12	-	5	-	5	-	-	5	1.00	26
Sheila J. Taylor	0.12	-	5	-	5	-	-	5	1.00	16
Robert G. Thompson	0.12	-	4	-	4	-	-	4	1.00	11
Dorothy Ungstad	0.12	-	5	-	5	-	-	5	1.00	12
Sub-total	10.56	\$ -	\$ 71	\$ -	\$ 71	\$ -	\$ -	\$ 71	15.00	\$ 258



David Thompson Health Region  
 Schedule of Salaries and Benefits  
 For the Year Ended March 31, 2009  
 (thousands of dollars)

	2009					2008				
	Number of FTEs <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(f)</sup>	Sub-total	Severance <sup>(e)</sup>			Number of FTEs <sup>(a)</sup>	Total
						Number of FTEs	Amount	Total		
<b>Board Direct Reports<sup>(b)</sup></b>										
President and Chief Executive Officer - AHS <sup>(d)</sup>	-	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer - AHS <sup>(d)</sup>	-	-	-	-	-	-	-	-	-	-
President & CEO <sup>(d)(f)</sup>	0.3	97	12	67	176	1.0	970	1,146	1.00	422
<b>CEO Direct Reports<sup>(j)</sup></b>										
Sr. Vice President & COO - Health Services <sup>(d)(f)</sup>	0.5	108	3	40	151	1.0	529	680	1.00	282
Vice President & COO - Corporate Services <sup>(d)(f)(g)</sup>	1.0	216	4	46	266	-	-	266	1.00	254
Vice President - Public Health <sup>(k)</sup>	1.0	167	4	34	205	-	-	205	1.00	188
Vice President - Capital Planning & Project Development <sup>(k)</sup>	1.0	160	4	37	201	-	-	201	1.00	189
Vice President - Medicine	0.8	252	22	51	325	-	-	325	0.79	312
Vice President - Communications & Public Relations	0.8	115	2	25	142	1.0	335	477	1.00	161
Executive Director - Corporate & Legislative Affairs <sup>(k)</sup>	1.0	123	4	24	151	-	-	151	1.00	130
<b>Sub-total</b>	<b>6.4</b>	<b>1,238</b>	<b>55</b>	<b>324</b>	<b>1,617</b>	<b>3.0</b>	<b>1,834</b>	<b>3,451</b>	<b>7.79</b>	<b>1,938</b>
Other management persons reporting to those above <sup>(k)</sup>	38.3	4,796	39	916	5,751	4.0	834	6,585	39.54	5,787
Other management	232.1	22,756	101	4,425	27,282	-	-	27,282	235.65	26,109
Medical doctors not included above	3.5	1,014	15	86	1,115	-	-	1,115	2.85	932
Regulated nurses not included above										
- RNs, Reg. Psych. nurses, Grad nurses	1,525.5	111,812	24,756	22,471	159,039	1.0	2	159,041	1,483.50	146,665
- LPNs	436.5	21,911	2,792	4,253	28,956	-	-	28,956	425.27	24,743
Other health technical and professionals	1,037.0	69,955	4,151	13,990	88,096	-	-	88,096	993.49	77,458
Unregulated health service providers	899.7	32,289	4,606	6,009	42,904	1.0	8	42,912	839.35	36,105
Other staff	2,052.6	86,930	4,825	17,461	109,216	-	-	109,216	1,981.03	95,686
<b>Total Staff</b>	<b>6,225.2</b>	<b>351,463</b>	<b>41,285</b>	<b>69,611</b>	<b>462,359</b>	<b>6.0</b>	<b>844</b>	<b>463,203</b>	<b>6,000.68</b>	<b>413,485</b>
<b>Total honoraria and staff</b>	<b>6,242.2</b>	<b>\$ 352,701</b>	<b>\$ 41,411</b>	<b>\$ 69,935</b>	<b>\$ 464,047</b>	<b>9.0</b>	<b>\$ 2,678</b>	<b>\$ 466,725</b>	<b>6,023.47</b>	<b>\$ 415,681</b>

David Thompson Health Region  
 Schedule of Salaries and Benefits  
 For the Year Ended March 31, 2009  
 (thousands of dollars)

Supplemental Executive Retirement Plan<sup>(1)</sup>

	2009			2008		Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	Total				
President & CEO	\$ 13	\$ 52	\$ 65	\$ 90	\$ 506	\$ (27)	\$ 479	
Sr. Vice President & COO - Health Services	7	17	24	31	193	(14)	179	
Vice President & COO - Corporate Services	9	10	19	20	138	(4)	134	
Vice President - Public Health	5	1	6	6	32	(1)	31	
Vice President - Capital Planning & Project Development	5	5	10	10	49	1	50	
Vice President - Medicine	27	2	29	24	-	25	25	
Vice President - Communications & Public Relations	5	1	6	2	3	(3)	-	
Other management persons reporting to those above	19	45	64	62	384	(32)	352	
	<u>\$ 90</u>	<u>\$ 133</u>	<u>\$ 223</u>	<u>\$ 245</u>	<u>\$ 1,305</u>	<u>\$ (55)</u>	<u>\$ 1,250</u>	

David Thompson Health Region  
 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance  
 For the Year Ended March 31, 2009

- (a) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 11,817 (2008 10,487). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- (b) Base salary includes pensionable base pay.
- (c) Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- (d) Other non-cash benefits include:
- Employer’s current service and prior costs of supplementary executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer’s share of the cost of additional benefits including sabbaticals or other special leave with pay.
- (e) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (f) Supplemental Executive Retirement Plan (SERP)  
 Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

David Thompson Health Region  
 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance  
 For the Year Ended March 31, 2009

- (g) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (h) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (i) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- (j) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- (k) These individuals are provided with an automobile allowance. Dollar amounts are included under (c) above.
- (l) Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who retired within the 2008-09 fiscal period:

<u>Title</u>	<u>Pension Income</u>	<u>Elected Frequency</u>	<u>Term</u>
President & CEO	\$3,030	Monthly	Indefinite
Sr. Vice President & COO – Health Services	\$1,173	Monthly	Indefinite

- (m) Effective November 1, 2008, the Vice President & Chief Operating Officer, Corporate Services was also appointed the Senior Vice President, Pharmacy & Diagnostic Services – AHS. Costs incurred are reported in the accounts of the Region.

## **East Central Health**

---

Financial Statements

March 31, 2009

## **EAST CENTRAL HEALTH FINANCIAL STATEMENTS MARCH 31, 2009**

Statement of Management Financial Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries and Benefits

Schedule 3 – Alberta Health Services Consolidated Schedule of Salaries and Benefits

Schedule 4 – Schedule of Assets, Liabilities and Net Assets Transferred to Alberta Health Services



**EAST CENTRAL HEALTH**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

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

The Auditor General of Alberta provides an independent audit of the 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 financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
*Chief Executive Officer*  
*Alberta Health Services*

[Original signed]

Alan F. Heyhurst, CA  
*Interim Chief Financial Officer*  
*East Central Health*

[Original signed]

Chris Mazurkewich, CA  
*Chief Financial Officer*  
*Alberta Health Services*

### Auditor's Report

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

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**EAST CENTRAL HEALTH**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2009**  
(in thousands)

	2009	2008
	Actual	Actual
<b><u>ASSETS</u></b>		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 129,925	\$ 16,144
Accounts receivable	6,635	7,824
Contributions receivable from Alberta Health and Wellness	10,603	3,320
Inventories	2,533	2,530
	149,696	29,818
Non current cash, cash equivalents and investments (Note 3)	99,529	17,932
Capital assets (Note 4)	142,821	135,057
Other assets (Note 5)	396	825
<b>TOTAL ASSETS</b>	<b>\$ 392,442</b>	<b>\$ 183,632</b>

**LIABILITIES AND NET ASSETS**

Current:		
Accounts payable and accrued liabilities	\$ 82,236	\$ 20,047
Accrued vacation pay	8,590	7,180
Deferred contributions (Note 6)	70,510	9,112
	161,336	36,339
Deferred contributions (Note 6)	230	220
Deferred capital contributions (Note 7)	99,299	17,712
Unamortized external capital contributions	131,410	123,005
	392,275	177,276
Net Assets		
Accumulated deficit (Note 20)	(11,244)	(5,696)
Investment in capital assets	11,411	12,052
	167	6,356
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 392,442</b>	<b>\$ 183,632</b>

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

**EAST CENTRAL HEALTH**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

	2009	2008
	Budget	Actual
	(Note 11)	Actual
<b>Revenue</b>		
Alberta Health and Wellness contributions (Note 12)	\$ 240,165	\$ 322,968
Other government contributions (Note 13)	2,100	3,081
Fees and charges	21,423	22,115
Ancillary operations (Note 14)	677	645
Donations	10	193
Investment and other income (Note 15)	4,758	2,779
Amortized external capital contributions	7,964	8,555
<b>TOTAL REVENUE</b>	<b>277,097</b>	<b>360,336</b>
<b>Expenses (Schedule 1)</b>		
Inpatient acute nursing services	46,410	49,245
Emergency and outpatient services	10,223	12,994
Facility-based continuing care services	45,942	48,146
Community-based care	15,063	16,597
Home care	23,397	26,076
Diagnostic and therapeutic services	42,960	45,386
Promotion, prevention and protection services	7,385	9,768
Administration	17,272	21,405
Information technology	10,156	9,796
Support services	58,239	60,171
Amortization of facilities and improvements	3,893	3,861
Transition expenses (Note 19)	-	66,196
<b>TOTAL EXPENSES</b>	<b>280,940</b>	<b>369,641</b>
Deficiency of revenue over expenses before transfers	(3,843)	(9,305)
Transfer of HBA Services (Note 9)	-	3,116
Deficiency of revenue over expenses after transfers	<b>\$ (3,843)</b>	<b>\$ (6,189)</b>

**EAST CENTRAL HEALTH**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

(in thousands)

	2009			2008
	Accumulated Deficit	Investment in capital assets	Total	Total
Balance at beginning of year	\$ (5,696)	\$ 12,052	\$ 6,356	\$ 8,763
Deficiency of revenue over expenses	(6,189)	-	(6,189)	(2,407)
Transfer of HBA Services (Note 9)	(488)	488	-	-
Capital assets purchased with internal funds	(2,215)	2,215	-	-
Amortization of internally funded capital assets	3,344	(3,344)	-	-
Balance at end of year	<u>\$ (11,244)</u>	<u>\$ 11,411</u>	<u>\$ 167</u>	<u>\$ 6,356</u>

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



**EAST CENTRAL HEALTH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	\$ (3,843)	\$ (6,189)	\$ (2,407)
Non-cash transactions:			
Amortization (Schedule 1)	10,928	11,899	10,928
Amortized external capital contributions	(7,964)	(8,555)	(7,965)
Disposals - externally funded	-	-	(21)
(Gain)/Loss on disposal of capital equipment	-	(5)	18
Unrealized loss on investments (Note 15)	-	1,146	8
Transfer of HBA Services Capital Assets (Note 9)	-	(488)	-
Changes in non-cash working capital account	(3)	118,900	6,517
Cash (used by) generated from operations	(882)	116,708	7,078
Investing activities:			
Purchase of investments	-	(118,660)	(16,692)
Purchase of capital assets:			
internally funded - equipment	(840)	(2,215)	(2,097)
internally funded - work in progress	-	-	(308)
externally funded - equipment	(2,500)	(4,661)	(2,842)
externally funded - facilities and improvements	(14,000)	(279)	(154)
externally funded - work in progress	-	(12,019)	(23,403)
Proceeds on sale of investments	6,500	12,557	19,310
Proceeds on disposal of capital assets	-	5	3
Increase (decrease) in other assets	-	429	(117)
Allocations from non-current cash	-	23,360	5,152
Change in accounting policy	-	-	472
Cash used by investing activities	(10,840)	(101,483)	(20,676)
Financing activities:			
Increase (decrease) in non-current deferred contributions	-	10	(299)
Capital contributions received	10,000	98,546	19,121
Cash generated from financing activities	10,000	98,556	18,822
Increase (decrease) in current cash, cash equivalents and investments	(1,722)	113,781	5,224
Current cash, cash equivalents and investments, beginning of year	16,144	16,144	10,920
Current cash, cash equivalents and investments, end of year	<u>\$ 14,422</u>	<u>\$ 129,925</u>	<u>\$ 16,144</u>

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

**EAST CENTRAL HEALTH**  
**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

East Central Health (the "Region") was established on June 24, 1994 under the Alberta Regional Health Authorities Act. The Region is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009, the Region will become Alberta Health Authority and will operate as Alberta Health Services ("AHS"). The Region will assume the assets and liabilities of the other regional health authorities, Alberta Mental Health Board, Alberta Cancer Board, and the Alberta Alcohol and Drug Abuse Commission (Note 18).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
  - (i) The Region uses the proportionate consolidation method to account for its 11.8% interest in the Regional Shared Health Information Program ("RSHIP") (Note 16(b)).
  - (ii) The Region uses the proportionate consolidation method to account for its 50% interest in the Camrose Local Primary Care Initiative and its 25% interest in the Provost – Consort Primary Care Network (Note 16(c)).
  - (iii) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(d), which are controlled by the Region.
- (3) These financial statements use the deferral method, the key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
  - (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
  - (iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
  - (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
  - (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

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

**(b) Capital Disclosures**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions and investment in capital assets. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

Where a Region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 20).

**(c) Full Cost**

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value for use of acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

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

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is fully funded.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the settlement date accounting method.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations, deferred contributions or directly in net assets. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

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

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and equivalents	Held for trading
Investments	Held for trading
Accounts receivable and contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

The carrying value of the above approximate their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, current or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost and current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	3-20 years

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

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(i) Accounting Policy Changes**

The Canadian Institute of Chartered Accountants ("CICA") has issued new sources of generally accepted accounting principles which have not yet been applied but may impact the Region.

In December 2006, the CICA issued Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation which replaces Section 3861 Financial Instruments Disclosure and Presentation. These standards will expand the disclosure requirements placing an increased emphasis on disclosures about the risks associated with recognized and unrecognized financial instruments and how those risks are managed. The Region will review these new standards and the impact, if any, will be reflected in the Region's financial statements for the year ended March 31, 2010.

In September 2008, the CICA issued new accounting standard Section 4470 – Disclosure of Allocated Expenses. This section takes effect for the Region beginning April 1, 2009. The standard requires the Region to disclose policies adopted for the allocation of fundraising and general support expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. The impact of this new standard will be reflected in the financial statements for the year ending March 31, 2010.

**(j) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. The restructuring cost to transfer employees to the Local Authorities Pension Plan is based on assumptions and actuarial calculations. Actual results could differ from estimates.

**Note 3 Cash, cash equivalents and investments**

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash and cash equivalents	\$ 220,468	\$ 220,442	\$ 23,482	\$ 23,482
Bonds	6,302	6,392	6,400	6,290
Equities	2,684	3,773	4,194	4,312
<b>Total</b>	<b>\$ 229,454</b>	<b>\$ 230,607</b>	<b>\$ 34,076</b>	<b>\$ 34,084</b>
Classified as:				
Current	\$ 129,925		\$ 16,144	
Non-current	99,529		17,932	
<b>Total cash, cash equivalents and investments</b>	<b>\$ 229,454</b>		<b>\$ 34,076</b>	

- (a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Fixed-income securities, such as bonds, have an effective yield of 6.05% per year, and 3.00% per annum for securities maturing between 1 and 40 years. As at March 31, 2009, the securities have the following maturity structure.

1 to 5 years	97%
6 to 10 years	1%
Over 10 years	2%

- (b) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

**Note 4 Capital Assets**

	Cost					Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Assets transferred from HBA (Note 9)	Disposals			
	Land	\$ 1,674	\$ -	\$ -	\$ -			
Land improvements	3,039	-	-	-	-	3,039	732	
Buildings and improvements	137,368	279	-	-	-	137,647	70,373	
Leasehold improvements	127	-	-	457	-	584	70	
Furniture and equipment	58,350	2,652	4,245	1,121	370	65,978	29,309	
Construction and technology projects in progress	32,899	(2,911)	14,930	-	-	44,918	32,899	
	<u>\$ 233,457</u>	<u>\$ -</u>	<u>\$ 19,175</u>	<u>\$ 1,578</u>	<u>\$ 370</u>	<u>\$ 253,840</u>	<u>\$ 135,057</u>	

  

	Accumulated Amortization				Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
	Opening Balance April 1, 2008	Current year amortization	Amortization on disposals	Assets transferred from HBA (Note 9)			
	Land	\$ -	\$ -	\$ -			
Land improvements	2,307	105	-	-	2,412	627	732
Buildings and improvements	66,995	3,732	-	-	70,727	66,920	70,373
Leasehold improvements	57	25	-	140	222	362	70
Furniture and equipment	29,041	8,037	370	950	37,658	28,320	29,309
Construction and technology projects in progress	-	-	-	-	-	44,918	32,899
	<u>\$ 98,400</u>	<u>\$ 11,899</u>	<u>\$ 370</u>	<u>\$ 1,090</u>	<u>\$ 111,019</u>	<u>\$ 142,821</u>	<u>\$ 135,057</u>

Capital assets were funded from the following sources:

	2009	2008
Externally funded (unamortized external capital contributions)	\$ 131,410	\$ 123,005
Internally funded (invested in capital assets)	11,411	12,052
	<u>\$ 142,821</u>	<u>\$ 135,057</u>

**Note 5 Other Assets**

Other assets include the accrued pension benefit relating to the Supplementary Retirement Plan which is fully funded.

**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
<b>Current</b>		
Alberta Health and Wellness:		
EMS Transition	\$ 33,312	\$ -
Alberta Health Services Transition (Note 19)	13,804	-
Acute Care Pressure Relief	7,200	-
Mental Health Grants	6,285	2,340
Syphilis Prevention Response	2,000	-
Life Skills Training	898	-
Hip&Knee Replacement Continuum	616	213
Clinical Telehealth	602	-
Continuing Care - Case Management	459	303
Healthy Weights	429	363
Cardiac Access Collaborative	354	324
Pandemic Influenza Supplies	331	579
Health Care Aide Training	329	-
Continuing Care - Clinical Specialists	319	-
Privacy & Security 2005	242	242
Primary Pediatric Model	203	143
Specialists on call program	78	683
Immunization Strategy	58	217
Rural on call program	27	18
Continuing Care - Implement Standards	-	33
Various projects <\$200,000 each	458	886
Other contributors:		
Primary Care Initiatives	1,369	1,349
Stroke Strategy	622	998
ACB Screening	37	300
Various projects <\$200,000 each	478	121
	<u>70,510</u>	<u>9,112</u>
<b>Non-Current</b>		
Alberta Department of Seniors and Community Supports:		
Healthy aging partnership initiatives (HAPI)	230	220
<b>Total</b>	<u>\$ 70,740</u>	<u>\$ 9,332</u>

**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Equipment replacement	\$ 277	\$ 4,879
Information technology projects	715	267
Building systems upgrade initiative	1,418	1,342
Infrastructure maintenance program	6,591	2,307
Hand hygiene strategy	741	480
Reducing & avoiding injury initiative	1,077	1,100
New construction	88,480	7,337
	<u>\$ 99,299</u>	<u>\$ 17,712</u>

**Note 8 Long-Term Employee Benefits**

(a) Supplementary Retirement Plan

The Region has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan is fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

**Note 8 Long-Term Employee Benefits (continued)**

	2009	2008
<b>Accrued Benefit Obligation</b>		
Accrued obligation, beginning of year	\$ 1,389	\$ 1,142
Accrued obligation, HBA Services Nov 1, 2008	491	-
Current service cost	164	71
Interest cost	79	63
Benefits paid	(553)	-
Actuarial (gain) loss	(184)	113
Accrued obligation, end of year	<u>\$ 1,386</u>	<u>\$ 1,389</u>
<b>Reconciliation of funded status of accrued benefit asset</b>		
Funded status of plan (deficit)	\$ 264	\$ (104)
Unamortized actuarial (gain) loss	(116)	291
Unrecognized initial obligation	248	638
Accrued benefit asset	<u>\$ 396</u>	<u>\$ 825</u>
Current service cost	\$ 164	\$ 71
Interest cost	79	63
Actual return on assets	(5)	(18)
Amortization of initial obligations	390	93
Amortization of actuarial (gain) loss in year	(184)	114
Difference between expected and actual return on assets	(34)	(13)
Difference between recognized and actual actuarial loss (gain) in year	294	(90)
Net Benefit Cost	<u>\$ 704</u>	<u>\$ 220</u>
<b>Significant actuarial assumptions are as follows</b>		
Discount rate	6.20%	5.20%
Expected return on plan assets	3.10%	2.60%
Expected average remaining service life of employees	8 years	7 years
Salary scale increases per year	4.00%	4.00%

The above information is based on the annual actuarial valuation performed as of March 31 for each fiscal year.

Plan assets (held by trustee)

Employer contributions		
Fair value of assets - March 31	\$ 807	\$ 655

Plan assets (held by Canada Revenue Agency)

Employer contributions paid as refundable taxes	843	630
Total plan assets	<u>\$ 1,650</u>	<u>\$ 1,285</u>

Funded status of plan - Surplus (deficit)	<u>\$ 264</u>	<u>\$ (104)</u>
---	---------------	-----------------

**Note 8 Long-Term Employee Benefits (continued)**

(b) Pension Expense

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$6,456 for the year ended March 31, 2009 (2008 \$5,379).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2008 – deficiency of \$1,183,334).

**Note 9 Transfer of Provincial Health Authorities of Alberta operating as Health Boards of Alberta (HBA Services)**

The Provincial Health Authority of Alberta (PHAA) operating as Health Boards of Alberta (HBA Services) was transferred to the Region on November 1, 2008. All assets and liabilities including all rights, obligations, commitments and contingencies were transferred to the Region at the carrying values.

As a result of the transfer net assets increased as follows:

	Assets	Liabilities	Accumulated surplus/ (deficit)	Investment in capital assets	Total net assets
HBA Services November 1, 2008	\$ 4,572	\$ 1,456	\$ 2,628	\$ 488	\$ 3,116

**Note 10 Commitments and Contingencies**

(a) Commitments

- (i) The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 16(f)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.
- (ii) In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of \$54.40 per MWh. Based on 2009 consumption, the annual costs for the year ending March 31, 2010 are expected to be \$1,425.

**Note 10 Commitments and Contingencies (continued)**

- (iii) The Region is committed to operating lease payments in future years as follows:

2010	\$ 882
2011	530
2012	253
2013	79
2014 and after	68
	<u>\$ 1,812</u>

The leases expire at various dates from 2009 to 2015.

- (iv) Alberta Health Services will take over the delivery of Emergency Medical Services (EMS) for the entire province on April, 1, 2009. While some services will be merged into operations, Alberta Health Services is contracting for delivery of EMS in many communities in the province and has signed contracts with total commitments over the next two years:

2010	\$ 208,327
2011	98,660

- (v) The Region is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Lloydminster Continuing Care Project	\$ 1,751
Vermilion Long Term Care Project	201
Viking Acute Care Expansion Project	674
Central Sterilization Renovation Projects	358
Ambulance Bay - Provost	166
	<u>\$ 3,150</u>

**Note 10 Commitments and Contingencies (continued)**

**(b) Contingencies**

The Region has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Region has a contingent liability in respect of claims relating to the failure of St. Joseph's Hospital to provide adequate infection control and safety measures to prevent contamination of medical equipment. The total amount of these claims is in excess of \$40 million. The outcome of the claims is not determinable, and no liability is recorded at this time.

In the ordinary course of operations, various other claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

**Note 11 Budget**

The budget was approved by Senior Management and submitted to the Minister of Health and Wellness in early fiscal 2008-2009.

Over the course of the fiscal year, the Minister provided additional funding of \$10,000. The Board has allocated these additional resources to address funding expectations.

**Note 12 Alberta Health and Wellness Contributions**

	2009	2008
Unrestricted contributions	\$ 235,552	\$ 208,973
Other one time grants	-	1,500
Transfer from deferred contributions - transition grant (Note 19)	66,196	-
Transfer from deferred contributions - other	13,029	8,992
Transfer from deferred capital contributions	8,191	3,042
	<u>\$ 322,968</u>	<u>\$ 222,507</u>

**Note 13 Other Government Contributions**

	2009	2008
Alberta Government:		
Fair value adjustments	\$ 1,473	\$ 1,367
Transfers from deferred contributions	1,608	686
	<u>\$ 3,081</u>	<u>\$ 2,053</u>

**Note 14 Ancillary Operations**

	2009				2008	
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue Over Expenses	Revenue	Excess of Revenue Over Expenses
Non-patient food services	\$ 565	\$ 559	\$ 6	\$ -	\$ 673	\$ (2)
Rental operations	29	16	-	13	39	26
Other	50	47	-	3	59	27
	<u>644</u>	<u>622</u>	<u>6</u>	<u>16</u>	<u>771</u>	<u>51</u>
Amortized external capital contributions	1	-	-	1	1	1
Total	<u>\$ 645</u>	<u>\$ 622</u>	<u>\$ 6</u>	<u>\$ 17</u>	<u>\$ 772</u>	<u>\$ 52</u>

Ancillary expenses are reported in support services in the Statement of Operations.

**Note 15 Investment and Other Income**

	2009	2008
Investment income	\$ 197	\$ 262
Unrealized loss on investments	(1,146)	(8)
Workers Compensation rebates	323	680
Primary Care Networks	347	178
Other revenue	3,058	2,685
	<u>\$ 2,779</u>	<u>\$ 3,797</u>

Investment income comprises interest, dividends, amortization of discount (premiums) and realized gains or losses on investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.



**Note 16 Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Region had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Health Quality Council of Alberta	2	3	-	-	-	6	-	-
Other Regional Health Authorities and Provincial Health Boards	498	55,911	56	52,665	708	1,518	431	152
<b>Total</b>	<b>\$ 500</b>	<b>\$ 55,914</b>	<b>\$ 56</b>	<b>\$ 52,665</b>	<b>\$ 708</b>	<b>\$ 1,524</b>	<b>\$ 431</b>	<b>\$ 152</b>

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions (Chinook Regional Health Authority, Palliser Health Region, David Thompson Regional Health Authority, East Central Health, Aspen Regional Health Authority, Peace Country Health and Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2009	2008
Alberta Health and Wellness Funding	\$ 624	\$ 1,676
Region contribution	541	959
	<b>\$ 1,165</b>	<b>\$ 2,635</b>
Expensed	\$ 593	\$ 1,435
Capitalized	\$ 572	\$ 1,200

**Note 16 Related Parties (continued)**

**(c) Primary Care Networks**

The Authority's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Region's 50% share	
	2009	2008
Camrose Local Primary Care Initiative		
Opening balance	\$ 1,300	\$ 1,095
Contributions from Alberta Health and Wellness	244	321
Amounts recognized as revenue	(230)	(116)
Amounts deferred	<b>\$ 1,314</b>	<b>\$ 1,300</b>
Provost - Consort Primary Care Network		
	Region's 25% share	
	2009	2008
Opening balance	\$ 49	\$ 66
Contributions from Alberta Health and Wellness	86	45
Amounts recognized as revenue	(80)	(62)
Amounts deferred	<b>\$ 55</b>	<b>\$ 49</b>

**Note 16 Related Parties (continued)**

**(d) Foundations**

The following controlled foundations are not consolidated in these financial statements:

**(1) Viking Health Foundation**

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of the Viking community.

	2008	2007
Assets	\$ 2,209	\$ 2,205
Liabilities	(49)	(63)
Net assets	<u>\$ 2,160</u>	<u>\$ 2,142</u>
Revenue	\$ 223	\$ 598
Expenses	(193)	(178)
Excess of revenue over expenses	<u>\$ 30</u>	<u>\$ 420</u>

**(2) Tofield and Area Health Services Foundation**

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2008	2007
Assets	\$ 17	\$ 31
Liabilities	-	-
Net assets	<u>\$ 17</u>	<u>\$ 31</u>
Revenue	\$ 28	\$ 15
Expenses	(44)	(9)
Excess (deficiency) of revenue over expenses	<u>\$ (16)</u>	<u>\$ 6</u>

The resources of the foundation amounting to \$17 (2007 - \$31) have been restricted by donors for the exclusive use of the Tofield community.

**Note 16 Related Parties (continued)**

	Contributions received by Health Region		Resources held by the Foundation	
	Year ended March 31,	Year ended March 31,	at March 31, 2008	
	2009	2008	Externally Restricted	Unrestricted
Viking Health Foundation	\$ 31	\$ 56	\$ -	\$ 2,160
Tofield and Area Health Services Foundation	-	42	17	-
Net assets	<u>\$ 31</u>	<u>\$ 98</u>	<u>\$ 17</u>	<u>\$ 2,160</u>

**(e) Other Foundations**

The Region has an economic interest in the Daysland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Region is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of each community.

**(f) Contracts with Health Service Providers**

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2009			2008		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	\$ 97,243	\$ 14,255	\$ 111,498	\$ 86,658	\$ 12,056	\$ 98,714
Fees and charges	10,275	1,022	11,297	9,493	929	10,422
Full cost adjustments	828	-	828	828	-	828
Total	<u>\$ 108,346</u>	<u>\$ 15,277</u>	<u>\$ 123,623</u>	<u>\$ 96,979</u>	<u>\$ 12,985</u>	<u>\$ 109,964</u>

**Note 17 Trust Funds**

The Region is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project, Camrose Local Primary Care Initiative and the Provost – Consort Primary Care Network. These amounts are not reported in the statements.

During the year the Region received \$1,977 and disbursed \$4,737. The balance of funds held by the Region is \$1,370.

**Note 18 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness issued Ministerial Order #50/2008 to restructure the governance model of health services delivery in Alberta.

Accordingly, effective April 1, 2009, Aspen Regional Health Authority, Calgary Health Region, Capital Health, Chinook Regional Health Authority, David Thompson Regional Health Authority, Northern Lights Health Region, Palliser Health Region, and Peace Country Health will be disestablished along with the Alberta Cancer Board, Alberta Mental Health Board, and Alberta Alcohol and Drug Abuse Commission.

The boundary of East Central Health was expanded to cover the entire the province of Alberta, with the name being changed to the "Alberta Health Region", which will operate as Alberta Health Services. All assets and liabilities including obligations, commitments and contingencies of the disestablished regions and the other entities referred to above, will be transferred to the Alberta Health Region on April 1, 2009.

The assets, liabilities and net assets that will be transferred to Alberta Health Services on April 1, 2009 are reported on Schedule 4.

**Note 19 Transition and Restructuring Expenses**

The Region received \$80 million in funding from Alberta Health and Wellness for the costs of transitioning to AHS. These costs consist of severance costs and termination benefits, professional services, consulting costs, transferring employees to LAPP, unfunded supplemental executive retirement plan obligations and payments and other applicable transition expenses.

The costs incurred by the other entities are recorded in their financial statements with offsetting revenue and receivables from the Region. As the recipient of the grant, the Region has recognized contributions from Alberta Health and Wellness (Note 12) and transition costs in the Statement of Operations. In the Schedule of Expense by Object (Schedule 1), the Region's transition and restructuring costs are included in salaries and benefits and are not included in transition expenses. The Region has recorded a payable to the other entities for the transition costs incurred by them as described below:

	<u>Severance</u>	<u>Other Costs</u>	<u>Amount Expensed</u>	<u>Unfunded SERP</u>	<u>Capitalized</u>	<u>Total</u>
Alberta Cancer Board	\$ 2,194	\$ -	\$ 2,194	\$ -	\$ -	\$ 2,194
Alberta Mental Health Board	988	301	1,289	341	-	1,630
Alberta Alcohol and Drug Abuse Commission	-	181	181	-	-	181
Aspen Regional Health Authority	-	55	55	-	-	55
Calgary Health Region	6,619	1,067	7,686	12,929	4,258	24,873
Capital Health	5,606	554	6,160	6,844	-	13,004
Chinook Regional Health Authority	523	164	687	957	-	1,644
David Thompson Health Region	2,707	-	2,707	-	-	2,707
Northern Lights Health Region	573	35	608	-	-	608
Palliser Health Region	1,056	-	1,056	-	-	1,056
Peace Country Health	683	84	767	306	-	1,073
	20,949	2,441	23,390	21,377	4,258	49,025
East Central Health	1,639	15,532	17,171	-	-	17,171
	<u>\$ 22,588</u>	<u>\$ 17,973</u>	<u>\$ 40,561</u>	<u>\$ 21,377</u>	<u>\$ 4,258</u>	<u>66,196</u>
Balance included deferred contributions (Note 6)						13,804
Total grant received						<u>\$ 80,000</u>

**Note 19 Transition and Restructuring Expenses (continued)**

As at March 31, 2009, the Region's transition and restructuring expenses related to the transition to AHS as described above are as follows:

	Severance- Related Charges	Other Charges	Total
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts Expensed	1,639	15,532	17,171
Payments made during the year	(316)	(8,532)	(8,848)
Liability as at March 31, 2009	\$ 1,323	7,000	\$ 8,323

The Region has recorded an expense of \$1.3 million for Alberta Alcohol and Drug Abuse Commission and \$5.7 million for Alberta Cancer Board related to the transfer of employees from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. This expense is included in other charges above. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.

**Note 20 Accumulated Deficit**

The Region has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, Alberta Health Services must provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all regions within three years of it being incurred.

**Note 21 Comparative Figures**

Certain 2008 figures have been reclassified to match their 2009 presentation.

**Note 22 Approval of financial statements**

These financial statements have been approved by the Alberta Health Services Board.

Schedule 1

**EAST CENTRAL HEALTH**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
**(in thousands)**

	Budget	2009	2008
Salaries and benefits (Schedule 2)	\$ 109,835	\$ 125,554	\$ 99,314
Contracts with health service providers (Note 16(f))	113,937	123,623	109,964
Drugs and gases	1,658	1,768	1,675
Medical and surgical supplies	1,528	2,066	1,964
Other contracted services	8,008	19,488	8,120
Other <sup>(1)</sup>	35,047	36,223	28,354
Amortization:			
Capital equipment - internally funded	2,963	3,287	2,916
Capital equipment - externally funded	4,118	4,751	4,119
Facilities and improvements - internally funded	-	57	47
Facilities and improvements -externally funded	3,846	3,804	3,846
Loss (Gain) on sale of equipment	-	(5)	18
Transition expenses incurred by other Health Regions and Provincial Health Boards (Note 19)	-	49,025	-
	<u>\$ 280,940</u>	<u>\$ 369,641</u>	<u>\$ 260,337</u>
<sup>(1)</sup> Other:			
Utilities	\$ 3,440	\$ 3,195	\$ 2,950
Buildings and ground maintenance	8,796	4,585	2,796
Staff travel costs	2,948	3,125	2,728
Patient transportation	2,137	1,927	1,916
Food supplies	1,923	2,119	1,824
Minor equipment	1,761	1,255	1,743
Insurance	595	542	544
Other	13,447	19,475	13,853
Total	<u>\$ 35,047</u>	<u>\$ 36,223</u>	<u>\$ 28,354</u>

**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**MARCH 31, 2009**  
(in thousands)

	2009						2008			
	Number of FTEs <sup>(1)</sup>	Base Salary <sup>(2)</sup>	Other Cash Benefits <sup>(3)</sup>	Other Non-Cash Benefits <sup>(4)</sup>	Sub-total	Severance <sup>(5)</sup>		Total	Number of FTEs <sup>(1)</sup>	Total
						Number of Individuals	Amount			
<b>Board Chair</b> <sup>(a)</sup>										
K. Hughes - AHS	0.88	\$ -	\$ 77	\$ -	\$ 77	-	\$ -	\$ 77	-	\$ -
E. Andersen	-	-	-	-	-	-	-	-	0.13	13
<b>Board Members</b> <sup>(a)</sup>										
J. Ady - AHS	0.88	-	49	-	49	-	-	49	-	-
L. Andreachuk - AHS	0.33	-	20	-	20	-	-	20	-	-
G. Bontje - AHS	0.33	-	22	-	22	-	-	22	-	-
T. Bougie - AHS	0.33	-	20	-	20	-	-	20	-	-
J. Clifford - AHS	0.33	-	23	-	23	-	-	23	-	-
P. Crevolin - AHS	0.21	-	10	-	10	-	-	10	-	-
S. Crowfoot - AHS	0.33	-	22	-	22	-	-	22	-	-
T. Franceschini - AHS	0.33	-	20	-	20	-	-	20	-	-
L. Hohol - AHS	0.88	-	48	-	48	-	-	48	-	-
A. Laupacis - AHS	0.33	-	20	-	20	-	-	20	-	-
J. Lehnerns - AHS	0.88	-	49	-	49	-	-	49	-	-
I. Lewis - AHS	0.88	-	49	-	49	-	-	49	-	-
C. Roozen - AHS	0.63	-	27	-	27	-	-	27	-	-
D. Sieben - AHS	0.88	-	51	-	51	-	-	51	-	-
G. Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-
M. Arnold	-	-	-	-	-	-	-	-	0.13	5
R. Crooker	-	-	-	-	-	-	-	-	0.13	4
P. Gulak	-	-	-	-	-	-	-	-	0.13	5
L. Heinemann	-	-	-	-	-	-	-	-	0.13	2
J. Hunter	-	-	-	-	-	-	-	-	0.13	3
R. Israelson	-	-	-	-	-	-	-	-	0.13	7
L. Johnson	-	-	-	-	-	-	-	-	0.13	2
C. Mastel	-	-	-	-	-	-	-	-	0.13	5
O. Olineck	-	-	-	-	-	-	-	-	0.13	8
J. Rudkowsky	-	-	-	-	-	-	-	-	0.13	6
M. Schreiber	-	-	-	-	-	-	-	-	0.13	4
<b>Total Board Compensation</b>	<b>8.76</b>	<b>-</b>	<b>507</b>	<b>-</b>	<b>507</b>	<b>-</b>	<b>-</b>	<b>507</b>	<b>1.56</b>	<b>64</b>

**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**MARCH 31, 2009**  
(thousands of dollars)

	2009					2008				
	Number of FTE's <sup>(1)</sup>	Base Salary <sup>(2)</sup>	Other Cash Benefits <sup>(3)</sup>	Other Non-Cash Benefits <sup>(4) (7)</sup>	Sub-total	Severance <sup>(5)</sup>		Total	Number of FTE's <sup>(1)</sup>	Total
						Number of Individuals	Amount			
<b>Board Direct Reports<sup>(b)</sup></b>										
President and Chief Executive Officer - AHS <sup>(c)</sup>	0.02	\$ 17	\$ 94	\$ 5	\$ 116	-	\$ -	\$ 116	-	\$ -
Interim Chief Executive Officer - Contracted Service - AHS <sup>(d)</sup>	0.88	481	-	-	481	-	-	481	-	-
Chief Executive Officer - Region <sup>(b) (h)</sup>	-	-	498	-	498	-	-	498	0.40	745
Official Administrator - Contracted Service - Region <sup>(b) (c)</sup>	0.30	119	-	-	119	-	-	119	0.60	263
<b>CEO Direct Reports<sup>(f)</sup></b>										
Executive Operating Officer, Continuum of Care - AHS	0.79	363	42	133	538	1	1,323	1,861	-	-
Interim Chief Operating Officer, Corporate Services - Contracted Service- AHS <sup>(b) (c)</sup>	0.45	178	9	-	187	-	-	187	-	-
Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Services - AHS	0.33	61	13	17	91	-	-	91	-	-
Vice President, Medical Services - Region	1.00	308	-	113	421	-	-	421	1.10	406
Vice President, Operations - Region <sup>(b)</sup>	1.00	172	-	52	224	-	-	224	1.00	210
Chief Financial Officer - Region	1.00	191	21	44	256	1	316	572	1.00	187
Chief Corporate Services Officer - Region	1.00	159	-	41	200	-	-	200	1.00	191
Director, Communications - Region	1.07	91	-	16	107	-	-	107	0.80	90
<b>Total Board and Executive</b>	<b>16.60</b>	<b>2,140</b>	<b>1,184</b>	<b>421</b>	<b>3,745</b>	<b>2</b>	<b>1,639</b>	<b>5,384</b>	<b>7.46</b>	<b>2,156</b>
Management reporting to CEO Reports	20.97	2,428	96	445	2,969	-	-	2,969	16.50	2,054
Other management	79.45	7,194	121	1,388	8,703	-	-	8,703	65.70	6,939
Restructuring costs to transfer employees to LAPP <sup>(g)</sup>	-	-	-	7,000	7,000	-	-	7,000	-	-
Regulated nurses not included above										
RN's, Reg. Psych. Nurses, Grad nurses	296.32	23,488	2,669	4,967	31,124	-	-	31,124	281.90	28,064
LPN's	133.89	7,148	764	1,388	9,300	-	-	9,300	128.20	7,640
Other health technical and professionals	239.59	16,764	990	3,226	20,980	-	-	20,980	222.70	17,990
Unregulated health service providers	410.92	11,976	1,567	2,369	15,912	-	-	15,912	370.90	12,666
Other staff	493.66	19,554	224	4,404	24,182	-	-	24,182	475.30	21,805
<b>Total</b>	<b>1,691.40</b>	<b>\$ 90,692</b>	<b>\$ 7,615</b>	<b>\$ 25,608</b>	<b>\$ 123,915</b>	<b>2</b>	<b>\$ 1,639</b>	<b>\$ 125,554</b>	<b>1,568.66</b>	<b>\$ 99,314</b>

**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,338 (2008 - 2,288). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, shift and responsibility premiums, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
  - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.
  - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Automobile provided. No dollar amount included in other non-cash benefits.
- (7) Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

**EAST CENTRAL HEALTH****SCHEDULE OF SALARIES AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- a) On May 15, 2008, the Region's board (which had already been replaced by two Official Administrators in July 2007), along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in these financial statements.
- b) Board Direct Reports for Region employees reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008. Included are the AHS Board Direct Reports whose costs are reflected in the accounts of the Region.
- c) The President and Chief Executive Officer – AHS was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of the Region.
- d) The Interim Chief Executive Officer - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Costs incurred are reported in the accounts of the Region.
- e) On July 8, 2008 the Official Administrator for the Region was transferred to AHS as Chief Operating Officer – Corporate Services.
- f) CEO Direct Reports for Region employees reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Included are AHS CEO Direct Reports whose costs are reflected in the accounts of the Region. All other AHS positions are disclosed in Schedule 3 and costs are reported in the respective Regions' records.
- g) The Region has recorded an expense of \$1.3 million for AADAC and \$5.7 million for ACB related to the transfer of employees from PSPP to LAPP effective April 1, 2009. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.
- h) The previous Chief Executive Officer left the Region in July 2007, however the SRP lump sum was not paid out until April 2008.



**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
**(thousands of dollars)**

## Supplemental Executive Retirement Plan

	2009			2008		Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	Total				
Chief Executive Officer - Region <sup>(d)</sup>	\$ -	\$ 498	\$ 498	\$ 84	\$ 579	\$ (579)	\$ -	
Executive Operating Officer - AHS <sup>(b)</sup>	90	5	95	-	-	66	66	
Vice President - Medical Services - Region	45	45	90	77	442	2	444	
Vice President - Operations - Region	10	18	28	26	164	(18)	146	
Chief Financial Officer - Region <sup>(a)</sup>	7	12	19	17	97	60	157	
Chief Corporate Services Officer - Region	6	12	18	16	107	(4)	103	
Other <sup>(c)</sup>	6	(50)	(44)	-	-	470	470	
	\$ 164	\$ 540	\$ 704	\$ 220	\$ 1,389	\$ (3)	\$ 1,386	

(a) Receiving annual pension of \$10.3 indefinitely

(b) Paid lump sum of \$66.0 subsequent to March 31, 2009

(c) Relates to former HBA Services employees who were merged with the Region on November 1, 2008

(d) Paid lump sum of \$532.2

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

2009								
	Number of FTE, <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non- Cash Benefits <sup>(d) (f)</sup>	Subtotal	Severance <sup>(e)</sup>		Total
						Number of Individuals	Amount	
<b>Board Chair <sup>(g)</sup></b>								
Ken Hughes	0.88	\$ -	\$ 77	\$ -	\$ 77	-	\$ -	\$ 77
<b>Board Members <sup>(g)</sup></b>								
Jack Ady	0.88	-	49	-	49	-	-	49
Pierre Crevolin	0.21	-	10	-	10	-	-	10
Catherine Roozen	0.63	-	27	-	27	-	-	27
Linda Hohol	0.88	-	48	-	48	-	-	48
John Lehnars	0.88	-	49	-	49	-	-	49
Irene Lewis	0.88	-	49	-	49	-	-	49
Don Sieben	0.88	-	51	-	51	-	-	51
Lori Andreachuk	0.33	-	20	-	20	-	-	20
Gord Bontje	0.33	-	22	-	22	-	-	22
Teri Lynn Bougie	0.33	-	20	-	20	-	-	20
Jim Clifford	0.33	-	23	-	23	-	-	23
Strater Crowfoot	0.33	-	22	-	22	-	-	22
Tony Franceschini	0.33	-	20	-	20	-	-	20
Andreas Laupacis	0.33	-	20	-	20	-	-	20
Gord Winkel	0.33	-	-	-	-	-	-	-
	<u>8.76</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 507</u>

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
**(thousands of dollars)**

	2009							
	Number of FTE's <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d) (f)</sup>	Subtotal	Severance <sup>(e)</sup>		Total
						Number of Individuals	Amount	
<b>Board Direct Reports</b>								
President and Chief Executive Officer <sup>(j)</sup>	0.02	\$ 17	\$ 94	\$ 5	\$ 116	-	\$ -	\$ 116
Interim Chief Executive Officer – Contracted Service <sup>(k)</sup>	0.88	481	-	-	481	-	-	481
<b>CEO Direct Reports</b>								
Executive Operating Officer, Continuum of Care <sup>(l)</sup>	0.71	363	42	133	538	1	1,323	1,861
Chief Operating Officer, Performance Improvement and Clinical Support Services <sup>(i) (m)</sup>	1.00	335	-	55	390	-	-	390
Chief Operating Officer, Urban <sup>(n) (h)</sup>	1.00	316	140	203	659	-	-	659
Chief Operating Officer, Community and Rural <sup>(o)</sup>	1.00	385	-	332	717	-	-	717
Interim Chief Operating Officer, Health Strategies, Research and Design <sup>(p)</sup>	1.00	324	-	70	394	1	351	745
Interim Chief Financial Officer <sup>(q) (h)</sup>	1.00	314	140	618	1,072	1	782	1,854
Interim Chief Operating Officer, Corporate Services - Contracted Service <sup>(i) (r)</sup>	0.45	178	9	-	187	-	-	187
Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Service <sup>(s)</sup>	0.33	61	13	17	91	-	-	91
Interim Chief Operating Officer, Change Management <sup>(h) (t)</sup>	1.00	269	63	44	376	1	602	978
Senior Physician Executive <sup>(u)</sup>	1.00	380	95	104	579	-	-	579
	9.39	3,423	596	1,581	5,600	4	3,058	8,658
Total Board and Executive	18.15	\$ 3,423	\$ 1,103	\$ 1,581	\$ 6,107	4	\$ 3,058	\$ 9,165

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

## Supplemental Executive Retirement Plan

	2009			Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	
Executive Operating Officer, Continuum of Care <sup>(v)</sup>	\$ 90	\$ 5	\$ 95	\$ 66
Chief Operating Officer, Performance Improvement and Clinical Support Services	29	2	31	49
Chief Operating Officer, Urban	101	98	199	915
Chief Operating Officer, Community and Rural	33	277	310	394
Interim Chief Operating Officer, Health Strategies, Research and Design <sup>(v)</sup>	42	11	53	210
Interim Chief Financial Officer <sup>(v)</sup>	91	520	611	-
Interim Chief Operating Officer, Change Management <sup>(v)</sup>	18	8	26	141
Senior Physician Executive	75	22	97	334

**ALBERTA HEALTH SERVICES****CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalents (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 12.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, vacation payouts and lump sum payments.
- d. Other non-cash benefits include:
- Employer's current and prior service cost of supplementary retirement plans per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- g. On May 15, 2008, the Alberta Health Services ('AHS') interim board was appointed. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Honorariums and benefits of the AHS board members are reported in the financial statements of East Central Health.
- h. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.

**ALBERTA HEALTH SERVICES****CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- i. These individuals are provided with an automobile. Dollar amounts are not included in non-cash benefits (d) above.
- j. The President and CEO was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of East Central Health.
- k. The Interim CEO was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. The incumbent's contract was terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- l. This position was appointed effective July 8, 2008 and terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- m. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Aspen Regional Health Authority.
- n. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- o. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Chinook Regional Health Authority.
- p. This position was appointed effective July 8, 2008 and terminated effective April 30, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Alberta Cancer Board.
- q. This position was appointed effective July 8, 2008, and terminated effective March 31, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- r. This position was appointed effective July 8, 2008, and terminated effective November 27, 2008. Costs incurred, and reflected from July 8, 2008 to November 27, 2008, are reported in the accounts of East Central Health.
- s. This position was appointed effective December 2, 2008. Costs incurred are reported in the accounts of East Central Health.
- t. This position was appointed effective January 22, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region. The incumbent will be departing December 31, 2009.
- u. This position was appointed effective February 9, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

- v. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 08-09 fiscal period:

Name	Pension Income (not in thousands)	Frequency	Term
Executive Operating Officer, Continuum of Care	\$ 66,010	Lump-Sum	One-Time
Interim Chief Financial Officer	1,186,758	Lump-Sum	One-Time

The Interim Chief Operating Officer, Health Strategies, Research and Design and Interim Chief Operating Officer, Change Management are eligible for SERP benefits, but have not yet elected their pension income arrangement.

**EAST CENTRAL HEALTH**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS TRANSFERRED TO ALBERTA HEALTH SERVICES**  
**MARCH 31, 2009**  
**(thousands of dollars)**

	Assets	Liabilities	Unrestricted net assets		Investment in capital assets	Endowments	Total net assets
			Accumulated surplus/ (deficit)	Accumulated net unrealized gains/ (losses) on investments			
Alberta Alcohol and Drug Abuse Commission	\$ 27,081	\$ 10,782	\$ 16,299	\$ -	\$ -	\$ -	\$ 16,299
Alberta Cancer Board	300,056	237,408	3,990	2,175	46,181	10,302	62,648
Alberta Mental Health Board	120,029	111,674	10,482	(2,716)	589	-	8,355
Aspen Regional Health Authority	254,729	245,703	(6,459)	-	15,485	-	9,026
Calgary Health Region	3,519,550	3,463,231	(218,886)	(2,736)	277,941	-	56,319
Capital Health	2,944,195	2,836,705	(102,671)	(14,460)	224,621	-	107,490
Chinook Regional Health Authority	314,922	319,481	(23,042)	-	18,333	150	(4,559)
David Thompson Health Region	589,872	581,375	(25,492)	-	33,989	-	8,497
East Central Health	392,442	392,275	(11,244)	-	11,411	-	167
Northern Lights Health Region	206,786	156,598	29,703	(1)	20,486	-	50,188
Palliser Health Region	131,737	117,425	5,942	-	8,370	-	14,312
Peace Country Health	255,883	263,464	(21,440)	-	13,859	-	(7,581)
	<u>\$ 9,057,282</u>	<u>\$ 8,736,121</u>	<u>\$ (342,818)</u>	<u>\$ (17,738)</u>	<u>\$ 671,265</u>	<u>\$ 10,452</u>	<u>\$ 321,161</u>



**CAPITAL HEALTH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**Capital Health**

---

**Consolidated Financial Statements**

**March 31, 2009**

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

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

**CAPITAL HEALTH**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**MARCH 31, 2009**

**CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

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

The region members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of 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 Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of 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]

Dr. Stephen Duckett  
President and CEO - AHS

[Original signed]

Chris Mazurkewich  
Executive Vice President & Chief Financial Officer -  
AHS

[Original signed]

Colleen Purdy  
Acting Chief Financial Officer

**Auditor's Report**

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

I have audited the consolidated statement of financial position of Capital Health (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**CAPITAL HEALTH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2009**  
(thousands of dollars)

	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and investments (Note 3)	\$ 310,122	\$ 295,868
Accounts receivable:		
Contributions receivable from Alberta Health and Wellness	10,573	66,735
Other receivables	80,104	82,488
Inventories	28,414	20,081
Prepaid expenses	19,977	105,975
	449,190	571,147
Contributions receivable	43,875	163,563
Loans - long-term care partnership projects (Note 4 (a))	41,942	43,597
Non-current cash and investments (Note 3)	674,255	679,721
Capital assets (Note 5)	1,734,933	1,450,120
<b>TOTAL ASSETS</b>	<b>\$ 2,944,195</b>	<b>\$ 2,908,148</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 325,134	\$ 256,814
Accrued vacation pay	110,632	98,777
Deferred operating contributions (Note 6)	130,555	173,436
	566,321	529,027
Deferred operating contributions (Note 6)	2,767	3,736
Deferred capital contributions (Note 7)	703,915	828,553
Deferred contributions - long-term care partnership projects (Note 4 (b))	43,462	45,136
Asset retirement obligation (Note 5 (c))	9,928	9,456
Life lease deposits (Note 8)	13,625	12,862
	773,697	899,743
Unamortized external capital contributions	1,496,687	1,262,275
Net assets:		
Unrestricted deficiency	(102,671)	(21,923)
Cumulative net unrealized (losses)/gains on investments	(14,460)	6,957
Internally restricted funds	-	57,086
Accumulated (deficit) surplus (Note 9)	(117,131)	42,120
Investment in capital assets	224,621	174,983
	107,490	217,103
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,944,195</b>	<b>\$ 2,908,148</b>
Commitments and contingencies (Note 10)		
The accompanying notes and schedules are part of these consolidated financial statements.		

**CAPITAL HEALTH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual
<b>Revenue</b>			
Alberta Health and Wellness contributions (Note 12)	\$ 2,636,076	\$ 2,784,832	\$ 2,446,151
Other government contributions (Note 13)	42,524	77,879	53,813
Fees and charges	197,800	200,207	189,052
Ancillary operations (Note 14)	44,800	51,290	49,325
Research and education	35,900	29,684	37,728
Investment and other income (Note 15)	108,100	103,843	100,188
Amortization of external capital contributions	94,000	113,113	86,753
<b>TOTAL REVENUE</b>	<b>3,159,200</b>	<b>3,360,848</b>	<b>2,963,010</b>
<b>Expense (Schedule 1)</b>			
Inpatient acute care services	882,885	958,017	824,364
Emergency and outpatient services	390,858	406,501	364,898
Facility-based continuing care services	303,942	271,330	266,956
Community-based care	149,811	161,558	110,420
Home care	106,133	120,477	94,864
Diagnostic and therapeutic services	617,049	651,581	570,757
Promotion, prevention and protection services	79,430	87,308	74,015
Research and education	133,150	104,001	100,380
Administration	80,899	91,544	77,082
Information technology	53,557	90,151	49,952
Support services	427,886	469,124	412,289
Amortization of facilities and improvements	32,000	38,355	35,535
<b>TOTAL EXPENSES</b>	<b>3,257,600</b>	<b>3,449,947</b>	<b>2,981,512</b>
Deficiency of revenue over expenses	\$ (98,400)	\$ (89,099)	\$ (18,502)

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

**CAPITAL HEALTH**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009					2008	
	Unrestricted (Deficiency)	Cumulative Net Unrealized Gains (Losses) on Investments	Internally Restricted Funds	Accumulated Surplus (Deficit)	Investment in Capital Assets	Total	Total
Balance at beginning of year	\$ (21,923)	\$ 6,957	\$ 57,086	\$ 42,120	\$ 174,983	\$ 217,103	\$ 235,392
Deficiency of revenue over expenses	(89,099)	-	-	(89,099)	-	(89,099)	-
Net transfers of internally restricted funds	57,086	-	(57,086)	-	-	-	(18,502)
Capital assets purchased with internal funds	(89,773)	-	-	(89,773)	89,773	-	-
Amortization of internally funded capital assets	40,047	-	-	40,047	(40,047)	-	-
Contribution of land	-	-	-	-	903	903	10,434
Capital asset write off	228	-	-	228	(228)	-	-
Cumulative net unrealized gains/(losses) on investments							
Unrealized loss on available for sale financial assets arising during the year	-	(19,418)	-	(19,418)	-	(19,418)	(10,349)
Reclassification adjustment for losses included in deficiency of revenue over expenses	-	(1,999)	-	(1,999)	-	(1,999)	128
Amortization of discount on life lease liability	760	-	-	760	(760)	-	-
Life lease deposits/(repayments)	3	-	-	3	(3)	-	-
Balance at end of year	<u>\$ (102,671)</u>	<u>\$ (14,460)</u>	<u>\$ -</u>	<u>\$ (117,131)</u>	<u>\$ 224,621</u>	<u>\$ 107,490</u>	<u>\$ 217,103</u>

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

CAPITAL HEALTH  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2009  
(thousands of dollars)

	2009		2008
	Budget (Note 11)	Actual	Actual
Operating activities:			
Deficiency of revenue over expenses	\$ (98,400)	\$ (89,099)	\$ (18,502)
Non-cash transactions:			
Amortization (Schedule 1)	126,000	129,431	103,496
Loss on disposal of capital assets	-	10,365	10,832
Write-off of capital assets		13,810	
Amortization of external capital contributions	(94,000)	(113,331)	(86,900)
Amortization of discount on life lease deposits	550	760	549
Amortization of long-term care partnership non-current loan (Note 4)	1,701	1,655	1,701
Amortization of long-term care partnership deferred contributions (Note 4)	(1,701)	(1,655)	(1,701)
Asset retirement obligation	450	472	449
Amortization of bond discount	280	256	757
(Gain)/loss on disposal of investments	(130)	1,999	(128)
Change in non-cash working capital accounts	(18,748)	173,505	44,104
Cash (used by) generated from operations	(83,998)	128,168	54,657
Investing activities:			
Purchase of investments	(160,000)	(125,946)	(157,486)
Purchase of capital assets:			
Internally funded - equipment	(139,100)	(66,034)	(21,739)
Internally funded - facility and improvements	(42,200)	(23,739)	(21,837)
Externally funded - equipment	(31,000)	(87,317)	(99,177)
Externally funded - facility and improvements	(238,000)	(261,329)	(167,122)
Proceeds on sale of investments	160,000	120,684	157,433
Net unrealized gain/(loss) on investments	5,130	(21,417)	6,957
Long-term care partnership projects (Note 4)	-	-	(640)
Allocations (from)/to non-current cash and investments	(31,360)	8,473	(210,762)
Cash used for investing activities	(476,530)	(456,625)	(514,373)
Financing activities:			
Deferred contributions	200	(969)	218
Capital contributions	300,000	224,480	486,187
Transfer for asset retirement obligation	-	(472)	(449)
Long-term care partnership projects (Note 4)	-	(19)	9
Change in contributions receivable	-	119,688	(9,289)
Life lease deposits received	160	3	619
Cash generated from financing activities	300,360	342,711	477,295
Net (decrease) increase in cash, cash equivalents and investments	(260,168)	14,254	17,579
Cash, cash equivalents and investments, beginning of year	295,868	295,868	278,289
Cash, cash equivalents and investments, end of year	\$ 35,700	\$ 310,122	\$ 295,868

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

CAPITAL HEALTH  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
MARCH 31, 2009

Note 1 Authority, Purpose and Operations

Capital Health was established on June 24, 1994 under the authority of the Alberta Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. On May 26, 2003 under the Ministerial Order, the Health Authority was named Capital Health. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act. Effective April 1, 2009, Capital Health will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 20).

Capital Health's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert; the communities of Devon, Stony Plain, Sherwood Park, Evansburg, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county.

Capital Health operations include the following:

- a) Acute Care Hospitals, Community Hospitals and Health Centres
  - University of Alberta Hospital
  - Stollery Children's Hospital
  - Royal Alexandra Hospital
  - Glenrose Rehabilitation Hospital
  - Grey Nuns Community Hospital (operated by Covenant Health)
  - Misericordia Community Hospital (operated by Covenant Health)
  - Sturgeon Community Hospital
  - Leduc Community Hospital
  - Devon General Hospital
  - Alberta Hospital Edmonton
  - Fort Saskatchewan Health Centre
  - Redwater Health Centre
  - Westview Health Centre
  - Evansburg Health Centre

Note 1 Authority, Purpose and Operations (continued)

- b) Innovative Primary Health Facilities
  - Northeast Community Health Centre
  - Health First Strathcona Primary Care Centre
  - Eastwood Primary Health Care Centre
- c) Continuing Care Facilities
  - Capital Care Group Inc. (wholly owned subsidiary of Capital Health):
    - Dickinsfield, Grandview, Norwood, Lynnwood, Kipness Centre for Veterans, Strathcona Care Centre, McConnell Care Centres, Laurier Houses, and Strathcona Alzheimer Care Centre
    - Aspen House
    - Edmonton General Hospital (operated by Covenant Health)
  - Private and Voluntary Continuing Care Providers:
    - 18 providers under contract operating at 34 sites
    - Supportive Living – Private and Voluntary Operators
      - 33 designated assisted living sites
      - 78 support homes
- d) Home Care - contracts with 17 agencies, 41 seniors residences/lodges and 428 self managed care contracts with individuals/guardians
- e) Public Health Clinics - 23 sites
- f) Public Health Speciality Clinics - 5 sites, 4 school health sites and 8 student health initiative partnership sites
- g) Medical Education (residents) - various facilities
- h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
- i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
- j) Provincial Laboratory at the University of Alberta Hospital site
- k) Community Rehabilitation Physiotherapy Clinics at 64 sites under contract and 4 public sites and 19 other contract rehabilitation service agreements (audiology, respiratory therapy, etc.)
- l) Ancillary Operations - non-patient food services, parking, and other commercial activities

In meeting its responsibilities under the Regional Health Authorities Act, Capital Health contracts with the Covenant Health (formerly Caritas Health Group) to provide certain acute care services as an integral part of Capital Health operations.

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

- (1) (i) These financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated. The entities consolidated are Capital Health and its wholly owned subsidiaries, Capital Care Group Inc., Capital Health Tele-Ophthalmology Inc., and Edmonton Heart Systems Inc. (Note 16).
- (ii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta.
- (iii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the following Primary Care Networks;

- Edmonton Southside Primary Care Network
- Edmonton Oliver Primary Care Network
- Westview Primary Care Network
- St. Albert and Sturgeon Primary Care Network
- Leduc Beaumont Devon Primary Care Network
- Edmonton West Primary Care Network
- Edmonton North Primary Care Network
- Sherwood Park Primary Care Network

- (2) These consolidated financial statements have been prepared using the deferral method of accounting for contributions. The key elements of our revenue recognition policies are:
  - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
  - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred. Unspent contributions are recorded as deferred contributions.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized gains or losses on the sale of investments. Unrealized gains and losses on available-for-sale investments are included directly in net assets or deferred contributions as appropriate, until the related investments are sold. Unrealized gains and losses on held-for-trading investments are included in investment income and recognized as revenue, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Revenue from sales of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Capital Disclosure

Effective April 1, 2008, Capital Health Region adopted CICA Handbook Section 1535, Capital Disclosures ("CICA 1535"). CICA 1535 requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about the entity in regards to capital and whether the entity has complied with any capital requirements and if it has not complied, the consequences of such non-compliance.

For operating purposes, Capital Health defines capital as including working capital and accumulated surplus. For capital purposes, Capital Health defines capital as including deferred capital contributions, unamortized external capital contributions and investment in capital assets.

Capital Health's objective for managing capital is:

- (i) In the short-term, to safeguard Capital Health's financial ability to continue to deliver health services; and
- (ii) In the long-term, to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of Capital Health's operating funds are from Alberta Health & Wellness, which is paid on the first of each month. As a result, significantly less working capital is required. Capital Health monitors its working capital and cash flow forecasts.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosure (continued)

Alberta Health and Wellness approves health care facilities based on long term capital plans and provides the majority of the funding through one-time capital grants. Capital Health funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

When a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 9).

(c) Full Cost

Capital Health accounts for all expenses and revenues related to services carried out for which it is responsible at fair value. Fair value transactions recorded consist of the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.
- (ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.
- (iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions and as program expenses, since contract payments from Capital Health do not include an amount for use of these facilities.
- (iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.
- (v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(e). Capital Health records these investments on a settlement date basis and transaction costs associated with investment activities are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

(e) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depends upon the classification. Financial assets and financial liabilities classified as "held-for-trading" are measured at fair value with changes in those fair values recognized in the Consolidated Statement of Operations. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Capital Health has classified its significant financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held-for-trading
Investments	Available-for-sale
Accounts receivable and contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

Capital Health does not use hedge accounting and accordingly, it is not impacted by the requirements of Section 3865, Hedges.

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

The carrying values of current cash, accounts receivable, contributions receivable and accounts payable approximate their fair values due to the short-term nature of these items. It is management's opinion that Capital Health is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to this plan for which Capital Health has insufficient information to apply defined benefit plan accounting. Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

Capital Health has a supplementary defined benefit plan for certain management staff. Capital Health benefit obligations are actuarially determined using the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. Net actuarial gains and losses of the benefit obligation are recognized as expense immediately. Past service costs are amortized over the average remaining service period of active employees – 5.8 years (2008 – 5.10 years).

Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The supplemental executive retirement benefit plan is unfunded.

(ii) Other Future Benefits

Capital Health 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. Capital Health's contribution to the extent that they do not relate to discretionary reserves, are recorded as expense.

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment are entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.



Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Employee Future Benefits (continued)

(ii) Other Future Benefits (continued)

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Other benefit plans include employee and employer funded healthcare, dental, life insurance and long and short term disability plans.

Capital Health fully accrues its obligations for employee non-pension future benefits.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

Capital Health adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

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

Buildings	2.5% - 5%
Parking lots	5% - 10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress include infrastructure and information systems projects. Capital projects in progress are not amortized until the project is substantially complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are reported as acquisitions of capital assets financed by long-term obligations.

(i) Asset Retirement Obligation

Capital Health recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. Capital Health concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

An asset retirement obligation related to the removal of hazardous material that would be required as part of a capital project is only recognized when there is approval from the Minister of Health and Wellness to proceed with the project.

(j) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Health and Wellness that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health and Wellness for specific projects. These amounts are not reflected in the financial statements.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(k) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty that affect the reported amounts of assets and liabilities, revenue and expenses at the date of the consolidated financial statements.

Significant estimates include the impact of employee future benefits, other than temporary impairment of investments, accruals for payroll, asset retirement obligations, life lease deposits, capital projects in progress and useful lives of assets. Actual results could differ from these estimates.

Note 3 Cash, Cash Equivalents and Investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
	(thousands of dollars)			
Cash	\$ 787,998	\$ 787,998	\$ 762,078	\$ 762,079
Money market securities	15,328	15,339	15,593	15,555
Bonds	131,077	131,606	137,595	134,966
Equities	49,974	63,894	60,323	56,032
Total	<u>\$ 984,377</u>	<u>\$ 998,837</u>	<u>\$ 975,589</u>	<u>\$ 968,632</u>
Classified as:				
Current	\$ 310,122		\$ 295,868	
Non-current	<u>674,255</u>		<u>679,721</u>	
	<u>\$ 984,377</u>		<u>\$ 975,589</u>	

- (a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0 % to 100 % for fixed-income instruments and 0 % to 35 % for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

- (b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from April 2009 to December 2041. Bond yields to maturity range from 1.37% to 23.73% as at March 31, 2009 (2008 – 2.74 % to 7.64 %). The weighted average term to maturity is 9.3 years (2008 – 9.6 years).

Fixed-income securities, such as bonds, have an average effective yield of 4.60 % per annum based on the market for securities maturing within a year, 3.50 % per annum for securities maturing between 1 and 3 years, 3.50 % per annum for securities maturing between 3 and 5 years, 5.60 % per annum for securities maturing between 5 and 7 years, 4.90 % per annum for securities maturing between 7 and 10 years and 4.80 % per annum for securities maturing over 10 years.

Note 3 Cash, Cash Equivalents and Investments (continued)

(b) (continued)

As at March 31, 2009 the securities have the following term structure:

	2009	2008
	%	%
Under 1 Year	11.9	-
1 to 5 years	34.8	39.4
5 to 10 years	31.8	30.7
Over 10 years	21.5	29.9
	<u>100.0</u>	<u>100.0</u>

- (c) Equities are comprised of publicly traded equities in Canadian and United States resident corporations.
- (d) Capital Health excludes from current cash funds that are subject to restrictions preventing its use for current purposes. Non current cash includes amounts restricted for commitments and other non current liabilities. Capital Health uses the matching concept where current cash is matched to current liabilities and non current cash to non current liabilities.

Non-current cash and investments held relate to the following:

	2009	2008
	(thousands of dollars)	
Funds committed for long-term care partnership projects (Note 4)	\$ 43,462	\$ 45,136
Non-current loans - long-term care partnership projects (Note 4)	(41,942)	(43,597)
Deferred operating contributions (Note 6)	2,767	3,736
Deferred capital contributions (Note 7)	703,915	828,553
Contributions receivable	(43,875)	(163,563)
Asset retirement obligation (Note 5(c))	9,928	9,456
	<u>\$ 674,255</u>	<u>\$ 679,721</u>

Note 4 Long-term Care Partnership Projects

Capital Health uses the Forgivable Mortgage Model for reporting the receipt and advancement of funds for long-term care partnership projects. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. These funds are recorded as deferred contributions – long-term care partnership projects; except for funds used by Capital Care Group Inc. to construct the Strathcona Care Centre and Kipnes Centre for Veterans, which are accounted for as deferred capital contributions. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years).

Capital Health amortizes loans - long-term care partnership projects to facility-based continuing care services and recognizes an equal amount of revenue as other government contributions through the amortization of deferred contributions long-term care partnership projects.

a) Loans – Long-term care partnership projects

	2009	2008
	(thousands of dollars)	
Balance, beginning of year	\$ 43,597	\$ 44,658
Funds advanced for construction of facilities	-	640
Amount recognized as facility-based continuing care services expense	(1,655)	(1,701)
Balance, end of year	<u>\$ 41,942</u>	<u>\$ 43,597</u>

b) Deferred contributions – long-term care partnership projects

	2009	2008
	(thousands of dollars)	
Balance, beginning of year	\$ 45,136	\$ 46,828
Net interest (paid) earned	(19)	9
Amount recognized as other government contribution revenue (Note 13)	(1,655)	(1,701)
Balance, end of year	<u>\$ 43,462</u>	<u>\$ 45,136</u>

Note 5 Capital Assets

Cost (thousands of dollars)						
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2009	
Buildings	\$ 1,256,018	\$ -	\$ 225,203	\$ -	\$ 1,481,221	
Parking lots	69,548	-	15,456	-	85,004	
Land and improvements	30,065	-	-	-	30,065	
Furniture and equipment	695,597	-	152,602	(27,038)	821,161	
Equipment under capital lease	9,532	-	-	-	9,532	
Leasehold improvements	5,022	-	1,757	(360)	6,419	
Projects in progress <sup>(1)</sup>	392,288	-	43,401	(13,810)	421,879	
Intangible asset - leases	8,552	-	-	-	8,552	
	<u>\$ 2,466,622</u>	<u>\$ -</u>	<u>\$ 438,419</u>	<u>\$ (41,208)</u>	<u>\$ 2,863,833</u>	

  

Accumulated Amortization (thousands of dollars)						
	Opening Balance April 1, 2008	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
Buildings	\$ 461,567	\$ 35,727	\$ -	\$ 497,294	\$ 983,927	\$ 791,843
Parking lots	32,641	2,849	-	35,490	49,514	36,907
Land and improvements	4,055	3	-	4,058	26,007	26,010
Furniture and equipment	497,344	88,858	(16,728)	569,474	251,687	198,253
Equipment under capital lease	9,532	-	-	9,532	-	-
Leasehold improvements	4,365	567	(305)	4,627	1,792	3,265
Projects in progress <sup>(1)</sup>	-	-	-	-	421,879	392,288
Intangible asset - leases	6,998	1,427	-	8,425	127	1,554
	<u>\$ 1,016,502</u>	<u>\$ 129,431</u>	<u>\$ (17,033)</u>	<u>\$ 1,128,900</u>	<u>\$ 1,734,933</u>	<u>\$ 1,450,120</u>

<sup>(1)</sup> Projects in progress include the Royal Alexandra Hospital redevelopment, University of Alberta Hospital operating rooms, Alberta Health Institute, other major capital upgrades and information technology projects under development.

(a) Land

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

Site	Leased From	Lease Period
McConnell Place North	City of Edmonton	Expires 2035
Northeast Community Health Centre	City of Edmonton	Expires 2048

Note 5 Capital Assets (continued)

(b) Capital assets have been funded from the following sources:

	2009 (thousands of dollars)	2008 (thousands of dollars)
Externally funded (unamortized external capital contributions)	\$ 1,496,687	\$ 1,262,275
Internally funded (investment in capital assets)	224,621	174,983
Financed through: Life lease deposits (Note 8)	<u>13,625</u>	<u>12,862</u>
	<u>\$ 1,734,933</u>	<u>\$ 1,450,120</u>

(c) Asset Retirement Obligation (amounts in thousands of dollars)

Capital Health has recorded a liability for asset retirement obligation of \$9,928 (2008 - \$9,456). The asset retirement obligation represents the legal obligation to remove asbestos from four Capital Health buildings. Amortization of facilities and improvements includes amortization of \$2,104 (2008 - \$2,104) related to asset retirement obligation. Interest of \$472 (2008 - \$449) is recorded on the asset retirement obligation. Revenue equal to the amortization expense is recorded as amortization of external capital contributions. Revenue equal to interest expense is recorded as other government contributions.

Note 6 Deferred Operating Contributions

The balance at the end of the year is restricted from the following sources:

	2009	2008
	(thousands of dollars)	
Current		
Alberta Health and Wellness	\$ 82,630	\$ 120,568
Other government contributions	383	5,469
Donations	38,879	38,736
Other contributions	8,663	8,663
	<u>130,555</u>	<u>173,436</u>
Non-current	<u>2,767</u>	<u>3,736</u>
	<u>\$ 133,322</u>	<u>\$ 177,172</u>

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Facilities and improvements	\$ 534,859	\$ 599,084
Information systems	116,016	142,351
Equipment	53,040	87,118
	<u>\$ 703,915</u>	<u>\$ 828,553</u>

Note 8 Life Lease Deposits

Funding for the Laurier House facilities, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayment deposit, for the right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the Life Lease Agreement. Capital Health has a liability for life lease deposits of \$13,625 (2008 - \$12,862) based on a discharge rate of 25% and a discount rate of 4%, representing the bank secured lending rate. The reported liability is based on estimates and assumptions with respect to events extending over a 4 year period using the best information available to management.

Note 9 Accumulated Surplus/(Deficit)

Capital Health's accumulated surplus/(deficit) comprises the following:

	2009	2008
	(thousands of dollars)	
Unrestricted deficiency	\$ (102,671)	\$ (21,923)
Cummulative net unrealized (losses)/gains on investments	(14,460)	6,957
Internally restricted net assets:		
Employee benefits rate stabilization reserve	-	14,020
Program funds	-	9,943
Equipment and informations systems	-	33,123
	<u>\$ (117,131)</u>	<u>\$ 42,120</u>

In 2009, the Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

Capital Health has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the RHA Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Note 10 Commitments and Contingencies

(a) Operating Leases

Capital Health is committed to operating lease payments in future years as follows:

	(thousands of dollars)	
For the year ending March 31		
2010	\$	14,162
2011		13,444
2012		11,162
2013		7,503
2014		2,176
and thereafter		<u>322</u>
	<u>\$</u>	<u>48,769</u>

The leases expire at various dates from 2010 to 2021.

(b) Capital Assets

Capital Health has the following outstanding contractual commitments for capital assets:

	2009 (thousands of dollars)	
Capital projects	\$	742,683
Information systems		3,668
Equipment		<u>36,563</u>
	<u>\$</u>	<u>782,914</u>

(c) Contracted Health Services

Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region. In addition Capital Health has ongoing contracts for laundry, laboratory, waste management, security and radiology services. Capital Health has contracted for services in the year ending March 31, 2009 similar to those provided by these operators in 2008.

Note 10 Commitments and Contingencies (continued)

(d) Contingencies

Capital Health has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against Capital Health. While it is not possible to estimate the ultimate liability with respect to the pending litigation, Capital Health believes there will be no material adverse effect on its financial position.

Note 11 Budget

The budget was prepared by management and accepted as information by the Capital Health Finance Committee of the Board on April 29, 2008, and submitted to the Minister of Health and Wellness. Over the course of the fiscal year, the Minister provided additional funding of \$100 million. Management has allocated these additional resources to address funding requirements.

Note 12 Alberta Health and Wellness Contributions

	2009	2008
	(thousands of dollars)	
Unrestricted funding	\$ 2,596,599	\$ 2,294,773
Transfers from deferred operating contributions	187,623	150,703
Alberta Health and Wellness payments to contract operators:		
Legacy Mortgage Assistance Program		
for nursing home upgrades	<u>610</u>	<u>675</u>
	<u>\$ 2,784,832</u>	<u>\$ 2,446,151</u>

Note 13 Other Government Contributions

	2009	2008
	(thousands of dollars)	
Alberta Infrastructure and Transportation	\$ 1,127	\$ 1,119
Alberta Mental Health Board	37,932	30,655
Transition grants from East Central Health	13,270	-
School health initiatives	7,763	6,438
Federal government projects	364	221
AADAC smoking cessation	904	794
Fair value of rent less rent charges for non-acute care facilities used by Capital Health	-	24
Fair value of use of non-owned acute care facilities	13,460	11,238
Amortization of long-term care partnership deferred contribution (Note 4)	1,655	1,701
Other	1,404	1,623
	<u>\$ 77,879</u>	<u>\$ 53,813</u>

Note 14 Ancillary Operations

	2009				2008	
	(thousands of dollars)					
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expenses	Revenue	Excess of Revenue over Expenses
Parking operations	\$ 16,569	\$ 6,648	\$ 2,939	\$ 6,982	\$ 15,006	\$ 7,308
Non-patient food services	15,867	15,417	30	420	15,420	1,225
Sale of goods and services	13,395	14,238	53	(896)	9,753	191
Other	5,459	2,234	8	3,217	9,146	2,893
	<u>\$ 51,290</u>	<u>\$ 38,537</u>	<u>\$ 3,030</u>	<u>\$ 9,723</u>	<u>49,325</u>	<u>\$ 11,617</u>

Ancillary expenses are reported in support services in the Consolidated Statement of Operations.

Note 15 Investment and Other Income

	2009	2008
	(thousands of dollars)	
Investment income	\$ 13,931	\$ 28,870
Other contributions	50,496	36,821
Sales and recoveries	39,416	34,497
	<u>\$ 103,843</u>	<u>\$ 100,188</u>

Investment income comprises interest, dividends, amortization of discount and premiums, net realized gains and losses on disposal of investments, and other than temporary impairment loss on financial assets classified as available-for-sale, which amounted to \$1,136.

Note 16 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints the members of Alberta Health Services Board. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

(b) Health Regions and Other Related Parties

Capital Health shares a common relationship with other health regions through its relationship with the Province of Alberta. Transactions between Capital Health and other health regions are reported in the consolidated financial statements.

Capital Health had the following transactions with other health regions recorded in the Consolidated Statement of Financial Position and Consolidated Statement of Operations at the amounts agreed upon by the related parties:

	Receivable from		Payable to	
	2009	2008	2009	2008
	(thousands of dollars)			
Ministry of Advanced Education	\$ -	\$ 830	\$ 6,364	\$ 6,136
Other Ministries	3,666	473	22	116
Health related boards	323	956	1,454	35
Other health regions	13,960	980	278	1,320
	<u>\$ 17,949</u>	<u>\$ 3,239</u>	<u>\$ 8,118</u>	<u>\$ 7,607</u>

	Revenue		Expenses	
	2009	2008	2009	2008
	(thousands of dollars)			
Ministry of Advanced Education	\$ 5,531	\$ 10,125	\$ 46,585	\$ 54,380
Other Ministries	5,099	5,916	768	792
Health related boards	39,607	33,668	2,116	248
Other health regions	19,580	13,433	12,636	4,330
	<u>\$ 69,817</u>	<u>\$ 63,142</u>	<u>\$ 62,105</u>	<u>\$ 59,750</u>

Note 16 Related Parties (continued)

(c) Primary Care Networks (thousands of dollars)

Capital Health's 50% interest in the Primary Care Networks are included in the consolidated financial statements using the proportionate consolidation method. Assets and liabilities of \$18,123 (2008 - \$16,130) and income and expenses of \$13,443 (2008 - \$10,317) have been included in the consolidated financial statements.

Contributions from Alberta Health and Wellness are as follows:

	2009	2008
	(thousands of dollars)	
Opening balance	\$ 15,184	\$ 11,011
Contributions from Alberta Health and Wellness	12,655	12,370
Amounts recognized as revenue	(11,038)	(8,197)
Amounts deferred	<u>\$ 16,801</u>	<u>\$ 15,184</u>

(d) Foundations

The following controlled foundations are not consolidated in these statements:

- Fort Saskatchewan Hospital Foundation
- Alberta Hospital Edmonton and Community Mental Health Foundation

Amounts held by the Foundations are not significant.



Note 16 Related Parties (continued)

(e) Foundations (continued)

Capital Health has an economic interest in the following foundations:

	Contributions Received <sup>(1)</sup>		Resources Held by Foundations		
	2009	2008	2009		
			Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
University Hospital Foundation	\$ 4,010	\$ 13,622	\$ 43,883	\$ 6,981	\$ 7,053
Royal Alexandra Hospital Foundation	1,186	2,708	24,309	797	(2,210)
Stollery Children's Hospital Foundation	1,563	2,818	6,922	15,868	-
Capital Care Foundation	587	640	1,069	180	351
Black Gold Health Foundation	-	99	288	-	45
Glenrose Foundation	468	255	1,193	1,576	538
Sturgeon Community Hospital Foundation	133	239	940	(178)	321
Council of Foundations	-	-	-	-	-
Tri Community Health & Wellness Foundation	-	-	15	4	67
Devon Hospital Foundation	30	105	23	-	303
	<u>\$ 7,977</u>	<u>\$ 20,486</u>	<u>\$ 78,642</u>	<u>\$ 25,228</u>	<u>\$ 6,468</u>

<sup>(1)</sup> Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2009	2008	2009	2008
	(thousands of dollars)			
University Hospital Foundation	\$ -	\$ -	\$ 213	\$ 370
Royal Alexandra Hospital Foundation	-	-	-	-
Stollery Children's Hospital Foundation	-	-	-	7
Capital Care Foundation	262	181	245	-
Black Gold Health Foundation	-	-	9	7
Glenrose Foundation	-	-	122	220
Sturgeon Community Hospital Foundation	-	-	129	125
Council of Foundations	-	-	-	-
Tri Community Health & Wellness Foundation (Stony Plain)	-	-	-	-
Devon Hospital Foundation	-	-	-	51
	<u>\$ 262</u>	<u>\$ 181</u>	<u>\$ 718</u>	<u>\$ 780</u>

(f) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations		
	2009	2008	2009		
			Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
The Friends of University Hospital	\$ 98	\$ 151	\$ -	\$ -	\$ -
Royal Alexandra Hospital Women's Auxiliary	-	-	-	-	-
Sturgeon Healthcare Auxiliary Volunteer Association	-	-	-	-	-
Glenrose Rehabilitation Hospital Women's Auxiliary	-	-	-	-	-
Stony Plain and District Health Centre Auxiliary	29	13	-	-	-
	<u>\$ 127</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 17 Trust Funds (thousands of dollars)

Capital Health receives funds in trust from Alberta Health and Wellness for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received \$623 (2008 - \$10,085) and disbursed \$679 (2008 - \$9,201) for capital and facility repairs for non-owned facilities. The balance of funds held by Capital Health is \$1,003 (2008 - \$1,059).

Capital Health also receives trust funds from Alberta Health and Wellness for certain special programs that are not reported in the consolidated financial statements. The balance of funds held by Capital Health at the end of 2008/09, including interest where applicable, was \$215 (2008 - \$1,715).

Note 18 Employee Future Benefits (thousands of dollars)

(i) Pension Obligation

Capital Health participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health annual contributions payable. In the current fiscal year, employer contribution rates were 8.46% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.66% for earnings above YMPE. The LAPP Board of Trustees cautions that depending on LAPP's return on investments over the next few years and other factors such as interest rates, retirement rates and other demographic cost changes, further rate increases could be necessary. At December 31, 2008 LAPP reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

Note 18 Employee Future Benefits (amounts in thousands of dollars) (continued)

(ii) Supplemental Executive Retirement Plan

Capital Health has a non-contributory defined benefit supplemental executive retirement plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan is secured by a letter of credit from a financial institution. The plan's assets are held in a refundable tax account with the Canada Revenue Agency. An actuarial valuation of the accrued benefit obligation is completed at the end of each calendar year. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

	2009	2008
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 7,121	\$ 5,719
Current service cost	414	450
Interest cost	395	343
Prior service cost	-	431
Actuarial (gain) loss	(235)	305
Benefit payments	(701)	(127)
Accrued benefit obligation, end of year	<u>\$ 6,994</u>	<u>\$ 7,121</u>
Reconciliation of funded status of accrued benefit liability		
Plan deficit	\$ (6,844)	\$ (7,017)
Unamortized prior service costs	596	789
Accrued liability	<u>\$ (6,248)</u>	<u>\$ (6,228)</u>
Current service costs	414	450
Interest cost	395	343
Amortization of prior service costs	193	193
Amortization of net actuarial loss/(gain)	(235)	305
	<u>\$ 767</u>	<u>\$ 1,291</u>
Significant actuarial assumptions are as follows		
	2009	2008
Discount rate	7.00%	5.50%
Expected average remaining service life of employees	5.8 years	5.10 years
Salary increase	5.00%	5.00%
The above information is based on an actuarial valuation performed at December 31, 2008.		
Plan assets		
Market value of plan assets (held by Canada Revenue Agency)	<u>\$ 150</u>	<u>\$ 104</u>

Note 18 Employee Future Benefits (continued)

(iii) Pension Expense

Pension plan expense comprises the following:

	2009	2008
	(thousands of dollars)	
Local Authorities Pension Plan	\$ 81,769	\$ 70,554
Supplemental Executive Retirement Plan	767	1,291
	<u>\$ 82,536</u>	<u>\$ 71,845</u>

(iv) Other Future Benefits

Basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits are fully funded with benefits carriers. Capital Health paid \$38,318 (2008 - \$33,129) and drew down its discretionary reserves by \$3,281 (2008 - \$680 increase in discretionary reserves) resulting in a total expense of \$41,599 (2008 - \$33,809). Discretionary reserves of \$10,739 (2008 - \$14,020) are held by the benefits carriers in interest bearing accounts and are included in other receivables in the Consolidated Statement of Financial Position. There is no actuarial valuation completed; however, the plan funding for expenses and required reserves is based on actual experience.

Accumulated sick leave credits are calculated based on actual entitlements of current employee staff who qualify for this benefit. A liability of \$116 (2008 - \$119) and expense of \$3 (2008 - \$25) is recorded in the consolidated financial statements.

Supplementary unemployment benefit expense is based on actual payments and an accrual for incurred by not reported claims. A liability of \$347 (2008 - \$353) and expense of \$1,515 (2008 - \$1,540) is recorded in the consolidated financial statements.

Note 19 Transition Costs

As at March 31, 2009, Capital Health recorded incremental transition and restructuring expenses, related to the transition to Alberta Health Services, consisting of severance and termination benefits (Schedule 2), retention payments, professional services and consulting costs. These expenses are included in Support Services and Administration in the Consolidated Statement of Operations. Additional incremental expenses related to the transition to Alberta Health Services are also reported and disclosed in the financial statements of East Central Health.

	Severance Related	Other	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Expenses	5,606	554	6,160
Payments made during the year	<u>(5,023)</u>	<u>(314)</u>	<u>(5,337)</u>
Liability as at March 31, 2009	<u>\$ 583</u>	<u>\$ 240</u>	<u>\$ 823</u>
Unfunded Supplemental Executive Retirement Plan	<u>\$ -</u>	<u>\$ 6,844</u>	<u>\$ 6,844</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and Capital Health has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of Capital Health's Supplemental Executive Retirement Plan. Capital Health has recorded a receivable from East Central Health for the amount of the accrued benefit obligation less plan assets at the end of the year.

Note 20 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities, including Capital Health, will be disestablished and all the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health, whose name will change to Alberta Health Services ("AHS").

Note 21 Comparative Figures

Certain 2008 figures have been reclassified to conform to 2009 presentation.

Note 22 Approval of Financial Statements

These financial statements have been approved by the Alberta Health Services Board.

**CAPITAL HEALTH**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

	2009		2008	
	Budget (Note 11)	Actual	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$ 1,564,239	\$ 1,605,142	\$	\$ 1,394,968
Contracts with health service operators	820,373	893,892	770,304	
Medical, consulting and other professional services	223,450	258,146	209,193	
Medical and surgical supplies	125,173	139,125	119,212	
Drugs and gases	91,265	89,919	86,919	
Contracts under the Health Care Protection Act	5,637	4,901	4,684	
Other <sup>(1)</sup>	301,463	305,216	281,904	
Amortization:				
Capital equipment - internally funded	32,000	29,178	17,573	
Capital equipment - externally funded	62,000	59,681	47,918	
Facilities and improvements - internally funded	-	6,484	6,081	
Facilities and improvements - externally funded	32,000	34,088	31,924	
Write-off of capital assets	-	13,810	-	
Loss on disposal of capital assets	-	10,365	10,832	
	<u>\$ 3,257,600</u>	<u>\$ 3,449,947</u>	<u>\$ 2,981,512</u>	

<sup>(1)</sup> Significant amounts under "Other" include

Office, general supplies and miscellaneous	\$ 59,716	\$ 60,088
Diagnostic and therapeutic supplies	36,697	33,723
Plant operations	33,123	29,512
Equipment maintenance, rentals, minor renovations	52,928	45,582
Food supplies	27,011	24,240
Transportation	32,875	20,696

CAPITAL HEALTH  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009  
(thousands of dollars)

	2009							2008		
	Number of FTEs <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non- Cash Benefits <sup>(d)(f)</sup>	Sub-total	Severance		Total	Number of FTEs <sup>(a)</sup>	Total
						Number of FTEs	Amount <sup>(e)</sup>			
<b>Board Compensation</b>										
<b>Board Chair <sup>(g)</sup></b>										
Hughes, Ken - AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Wilkinson, Neil	0.12	-	23	-	23	-	-	23	1	96
<b>Board Members <sup>(h)</sup></b>										
Ady, Jack - AHS	0.88	-	-	-	-	-	-	-	-	-
Crevolin, Pierre - AHS	0.21	-	-	-	-	-	-	-	-	-
Roozen, Catherine - AHS	0.63	-	-	-	-	-	-	-	-	-
Hohol, Linda - AHS	0.88	-	-	-	-	-	-	-	-	-
Lehners, John - AHS	0.88	-	-	-	-	-	-	-	-	-
Lewis, Irene - AHS	0.88	-	-	-	-	-	-	-	-	-
Sieben, Don - AHS	0.88	-	-	-	-	-	-	-	-	-
Andreachuk, Lori - AHS	0.33	-	-	-	-	-	-	-	-	-
Bontje, Gord - AHS	0.33	-	-	-	-	-	-	-	-	-
Bougie, Teri - AHS	0.33	-	-	-	-	-	-	-	-	-
Clifford, Jim - AHS	0.33	-	-	-	-	-	-	-	-	-
Crowfoot, Strater - AHS	0.33	-	-	-	-	-	-	-	-	-
Franceschini, Tony - AHS	0.33	-	-	-	-	-	-	-	-	-
Laupacis, Andreas - AHS	0.33	-	-	-	-	-	-	-	-	-
Winkel, Gord - AHS	0.33	-	-	-	-	-	-	-	-	-
Blumenthal, Leonard	0.12	-	4	-	4	-	-	4	1	27
Burch, Bill	-	-	-	-	-	-	-	-	1	1
Butti, Olivia	0.12	-	7	-	7	-	-	7	1	33
Crevolin, Pierre	0.12	-	2	-	2	-	-	2	1	13
Dennett, Jack	0.12	-	4	-	4	-	-	4	1	18
Goss, Doug	0.12	-	1	-	1	-	-	1	1	5
Hartwell, Vernon	0.12	-	-	-	-	-	-	-	1	-
Kinsella, Wendy	0.12	-	4	-	4	-	-	4	1	26
Mondor, Al	0.12	-	9	-	9	-	-	9	1	16
Normand, Robert	0.12	-	5	-	5	-	-	5	1	6
Plain, Margaret	0.12	-	5	-	5	-	-	5	1	21
Sewell, George	0.12	-	4	-	4	-	-	4	1	17
Wade, Margaret	0.12	-	6	-	6	-	-	6	1	18
<b>Total honoraria</b>	<b>10.32</b>	<b>\$ -</b>	<b>\$ 74</b>	<b>\$ -</b>	<b>\$ 74</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 74</b>	<b>14</b>	<b>\$ 297</b>

CAPITAL HEALTH  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009  
(thousands of dollars)

	2009					Severance			2008	
	Number of FTEs <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d) (e)</sup>	Sub-total	Number of FTEs	Severance (e)	Total	Number of FTEs (a)	Total
<b>Board Direct Reports <sup>(b)</sup></b>										
President & Chief Executive Officer - AHS <sup>(f)</sup>	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
Interim Chief Executive Officer - AHS <sup>(f)</sup>	0.88	-	-	-	-	-	-	-	-	-
Chief Executive Officer <sup>(f)(k)</sup>	0.27	147	318	181	646	1	1,510	2,156	1.00	915
<b>Management persons reporting to the CEO: <sup>(f)</sup></b>										
Senior Vice President Facilities Planning & Construction	-	-	-	-	-	-	-	-	1.00	285
Executive Vice President & Chief Operating Officer - Health Services	0.22	82	91	7	180	-	-	180	1.00	576
Vice President - Academic Affairs	-	-	-	-	-	-	-	-	0.25	51
Executive Vice President & Chief Financial Officer <sup>(k)</sup>	0.40	160	363	202	725	1	1,027	1,752	1.00	688
Director - Government Affairs <sup>(k)</sup>	0.51	73	100	4	177	1	254	431	1.00	211
Vice President - Human Resources <sup>(k)</sup>	0.48	126	179	63	368	1	466	834	1.00	411
Vice President - Medical Affairs <sup>(k)</sup>	0.75	264	114	20	398	1	387	785	1.00	402
Senior Vice President - Public Affairs	0.44	92	60	40	192	1	309	501	1.00	247
Executive Director	0.28	45	87	33	165	1	264	429	1.00	224

CAPITAL HEALTH  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009  
(thousands of dollars)

	2009					Severance			2008	
	Number of FTEs <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(e)</sup>	Sub-total	Number of FTEs	Amount <sup>(e)</sup>	Total	Number of FTEs <sup>(a)</sup>	Total
Other management person(s) reporting to those above (avg. 2009 \$117 , avg. 2007 \$111) (excluding severance)	1,365	\$ 126,611	\$ 8,603	\$ 23,888	\$ 159,102	25	\$ 1,980	\$ 161,082	1,264	\$ 140,890
Medical doctors not included above (avg. 2009 \$245 , avg. 2008 \$241) (excluding severance)	33	7,093	306	683	8,082	-	-	8,082	31	7,478
Regulated nurses not included above -RNs, Reg. Psych. Nurses, Grad Nurses (avg. 2009 \$99 , avg. 2008 \$94) (excluding severance)	5,813	400,323	95,867	78,272	574,462	1	20	574,482	5,484	514,021
- LPNs (avg. 2009 \$66 , avg. 2008 \$59) (excluding severance)	1,066	51,934	9,541	9,167	70,642	-	-	70,642	907	53,593
Other health technical and professionals (avg. 2009 \$95 , avg. 2008 \$87) (excluding severance)	2,969	207,983	27,137	47,475	282,595	1	30	282,625	2,834	247,319
Unregulated health service providers (avg. 2008 \$50 , avg. 2008 \$45) (excluding severance)	1,525	56,813	8,182	11,517	76,512	3	135	76,647	1,462	65,697
Other frontline staff (avg. 2009 \$59 , avg. 2008 \$54) (excluding severance)	7,191	322,481	31,356	70,100	423,937	23	503	424,440	6,718	361,663
Capital Health Total	<u>19,976.57</u>	<u>\$ 1,174,227</u>	<u>\$ 182,378</u>	<u>\$ 241,652</u>	<u>\$ 1,598,257</u>	<u>60</u>	<u>\$ 6,885</u>	<u>\$ 1,605,142</u>	<u>18,723</u>	<u>\$ 1,394,968</u>

CAPITAL HEALTH  
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009

- a. Full time equivalent (FTE) is determined at a rate of 2,022.75 hours for each full-time employee. Total actual discrete number of individuals employed during the year was 32,781 (2008 - 29,927). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments. For the CEO and management persons reporting to the CEO, amount includes vacation payouts earned in prior years that were not previously disclosed by individual.
- d. Other non-cash benefits include:
- Employer's current service and other costs of supplementary executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for the rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.



SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN  
(thousands of dollars)

	2009			2008						
	Current Service Cost	Other SERP Costs	Total Pension Plan Expense	Total Pension Plan Expense	Accrued Liability March 31, 2008	Change in Accrued Liability	Accrued Liability March 31, 2009	Unamortized Prior Service Costs <sup>(1)</sup>	Accrued Benefit Obligation March 31, 2009	
<sup>(2)</sup> President & Chief Executive Officer	\$ 83	87	170	\$ 242	\$ 1,857	\$ 82	\$ 1,939	\$ 79	\$ 2,018	
<sup>(3)</sup> Senior Vice President Facilities Planning & Construction Executive Vice President & Chief Operating Officer - Health Services	-	(11)	(11)	(62)	734	(105)	629	6	635	
<sup>(4)</sup> Executive Vice President & Chief Financial Officer	36	(33)	3	146	478	(187)	291	72	363	
<sup>(5)</sup> Director Government Affairs	46	143	189	218	779	189	968	274	1,242	
<sup>(6)</sup> Vice President - Human Resources	8	(19)	(11)	30	82	(37)	45	5	50	
<sup>(7)</sup> Senior Vice President - Public Affairs	25	25	50	90	438	50	488	89	577	
<sup>(8)</sup> Executive Director	17	10	27	-	53	24	77	-	77	
<sup>(9)</sup> Other members	6	16	22	26	150	10	160	23	183	
	193	135	328	601	1,761	40	1,801	48	1,849	
	<u>\$ 414</u>	<u>\$ 353</u>	<u>\$ 767</u>	<u>\$ 1,291</u>	<u>\$ 6,332</u>	<u>\$ 66</u>	<u>\$ 6,398</u>	<u>\$ 596</u>	<u>\$ 6,994</u>	

Note: Pension payments indicated below are not reported in thousands of dollars.

<sup>(1)</sup> Unamortized past year costs are in respect of past service improvements which have not yet been reflected on Capital Health's balance sheet but will make their way onto the balance sheet over time.

<sup>(2)</sup> President & Chief Executive Officer is receiving monthly SERP payments of \$22,072 for 10 years

<sup>(3)</sup> Senior Vice President Facilities Planning & Construction is receiving monthly SERP payments of \$7,972 for 10 years

<sup>(4)</sup> Executive Vice President & Chief Financial Officer is receiving monthly SERP payments of \$13,303 for 10 years

<sup>(5)</sup> Director Government Affairs is receiving 3 annual SERP payments of \$26,447

<sup>(6)</sup> Vice President - Human Resources is receiving monthly SERP payments of \$6,174 for 10 years

<sup>(7)</sup> Senior Vice President - Public Affairs is receiving monthly SERP payments of \$845 for 10 years

<sup>(8)</sup> Executive Director is receiving monthly SERP payments of \$2,036 for 10 years

<sup>(9)</sup> Other members eligible for SERP payments are either receiving annual or monthly payments

- g. On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. Management persons reporting to CEO reflect FTE's and costs for 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Between July 8, 2008 and December 31, 2008, management persons reporting to the CEO terminated or retired from their positions due to restructuring and as incumbents left, individuals categorized as other management assumed their responsibilities. Costs for these individuals are reported in the category of Management persons reporting to direct reports to the CEO.
- k. These individuals are provided with a vehicle or vehicle allowance. No dollar amount is included under (c) above.

ASPEN HEALTH REGION  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
MARCH 31, 2009  
FINANCIAL STATEMENTS

**ASPEN REGIONAL HEALTH AUTHORITY**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

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

The region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General to review financial matters, and recommends the financial statements to the Alberta Health services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow to him to report on the fairness of the financial statements prepared by management.

[Original signed]

---

Shelly Pusch  
CFO – Aspen Health Region

[Original signed]

---

Chris Mazurkewich  
CFO – Alberta Health Services

[Original signed]

---

Dr. Stephen Duckett  
CEO – Alberta Health Services

- Statement of Management Responsibility
- Statement of Financial Position
- Statement of Operations
- Statement of Changes in Net Assets
- Statement of Cash Flows
- Notes to the Financial Statements
- Schedule 1 – Schedule of Expenses by Object
- Schedule 2 - Schedule of Salaries and Benefits



## Auditor's Report

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

I have audited the statement of financial position of the Aspen Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 9, 2008.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## ASPEN REGIONAL HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION

March 31, 2009

(in thousands)

	<u>2009</u> Actual	<u>2008</u> Actual
		Restated (Note 3)
<b><u>ASSETS</u></b>		
Current:		
Cash, cash equivalents and investments (Note 4)	\$ 47,892	\$ 44,114
Accounts receivable	5,102	5,681
Contributions receivable from Alberta Health and Wellness	432	15,127
Inventories	1,853	1,638
Prepaid expenses	3,882	3,771
	<u>59,161</u>	<u>70,331</u>
Non current cash, cash equivalents and investments (Note 4)	18,690	30,719
Capital assets (Note 5)	174,661	177,050
Other assets (Note 6)	2,217	2,299
<b>TOTAL ASSETS</b>	<b><u>\$ 254,729</u></b>	<b><u>\$ 280,399</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current:		
Accounts payable and accrued liabilities	\$ 25,836	\$ 25,920
Accrued vacation pay	13,421	11,804
Deferred contributions (Note 7)	20,729	20,005
	<u>59,986</u>	<u>57,729</u>
Deferred contributions (Note 7)	2,217	2,299
Deferred capital contributions (Note 8)	24,324	29,262
Unamortized external capital contributions	159,176	162,154
	<u>245,703</u>	<u>251,444</u>
Net assets:		
Accumulated (deficit)/surplus (Note 10)	(6,459)	3,377
Accumulated surplus internally restricted (Note 10)	-	8,485
Investment in capital assets	15,485	14,896
Cumulative net unrealized gains on investments	-	2,197
	<u>9,026</u>	<u>28,955</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 254,729</u></b>	<b><u>\$ 280,399</u></b>

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget (Note 12)	Actual	Actual Restated (Note 3)
<b>Revenue</b>			
Alberta Health and Wellness contributions (Note 13)	\$ 251,941	\$ 246,661	\$ 238,576
Other government contributions (Note 14)	1,187	977	1,199
Fees and charges	26,842	25,727	23,554
Ancillary operations (Note 15)	1,518	1,675	1,622
Donations	300	427	392
Investment and other income (Note 16)	9,271	8,323	9,636
Amortized external capital contributions	9,594	10,548	9,134
<b>TOTAL REVENUE</b>	<b>300,653</b>	<b>294,338</b>	<b>284,113</b>
<b>Expenses (Schedule 1)</b>			
Inpatient acute nursing services	46,203	47,208	43,908
Emergency and outpatient services	25,700	26,538	24,549
Facility-based continuing care services	34,318	36,280	33,563
Community-based care	19,713	19,974	17,482
Home care	15,650	16,542	14,743
Diagnostic and therapeutic services	56,770	57,266	52,117
Promotion, prevention and protection services	13,388	13,687	12,195
Administration	12,950	11,903	12,074
Information technology	6,536	6,783	6,563
Support services	63,151	69,409	61,444
Amortization of facilities and improvements	5,932	6,480	5,426
<b>TOTAL EXPENSES</b>	<b>300,311</b>	<b>312,070</b>	<b>284,064</b>
Excess (deficiency) of revenue over expenses	\$ 342	\$ (17,732)	\$ 49

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009				2008
	Accumulated surplus/ (deficit) (Note 10)	Internally Restricted Accumulated surplus/ (deficit) (Note 10)	Investment in capital assets	Cumulative net unrealized gains/(losses) on investments Total	Total
Balance at beginning of year	\$ 3,377	8,485	\$ 14,896	\$ 2,197	\$ 28,955
Excess (deficiency) of revenue over expenses	(17,732)	-	-	-	(17,732)
Capital assets purchased with internal funds	(2,931)	-	2,931	-	-
Amortization on internally funded capital assets	2,342	-	(2,342)	-	-
Changes to internally restricted funds	8,485	(8,485)	-	-	-
Cumulative net unrealized gains/(losses) on investments					
Net unrealized losses on available for sale financial assets arising during the year	-	-	-	(3,344)	(3,344)
Reclassification adjustments for gains included in excess of revenue over expenses	-	-	-	1,147	1,147
Balance at end of year	\$ (6,459)	\$ -	\$ 15,485	\$ -	\$ 9,026
					\$ 28,955

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

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			Restated (Note 3)
Excess (deficiency) of revenue over expense	\$ 342	\$ (17,732)	\$ 49
Non-cash transactions:			
Amortization (Schedule 1)	11,677	12,880	11,229
Amortized external capital contributions	(9,630)	(10,584)	(9,170)
Amortization of advances under long term care partnerships	82	82	82
Amortized long term care partnership contributions	(82)	(82)	(82)
Gain on disposal of capital equipment:			
- internally funded	-	(2)	(23)
Gain on disposal of investments	-	(212)	(438)
Amortization on Investments	-	18	18
Loss on investments valuations	-	1,129	-
Transferred to deferred contributions	-	2,503	1,800
Changes in non-cash working capital account	-	17,205	57
Cash generated from operations	<u>2,389</u>	<u>5,205</u>	<u>3,522</u>
Investing activities:			
Purchase of investments	(50,000)	(34,935)	(53,229)
Purchase of capital assets:			
- internally funded equipment	(4,300)	(2,172)	(2,676)
- internally funded facilities & improvements	(2,825)	(759)	(1,154)
- externally funded equipment	(2,500)	(1,911)	(3,368)
- externally funded facilities & improvements	(9,256)	(5,695)	(14,398)
Proceeds on sale of investments	50,000	37,709	51,962
Proceeds on sale of capital assets	-	48	29
Allocations from (to) non-current cash	9,255	6,123	(6,787)
Cash used by investing activities	<u>(9,626)</u>	<u>(1,592)</u>	<u>(29,621)</u>
Financing activities:			
Capital contributions received	7,500	165	16,470
Cash generated from financing activities	<u>7,500</u>	<u>165</u>	<u>16,470</u>
Increase (decrease) in cash and cash equivalents	263	3,778	(9,629)
Cash, cash equivalents and investments, beginning of year	44,303	44,114	53,743
Cash, cash equivalents and investments, end of year	<u>\$ 44,566</u>	<u>\$ 47,892</u>	<u>\$ 44,114</u>

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

**ASPEN REGIONAL HEALTH AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

The Aspen Regional Health Authority (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*. The Region is a registered charity under the *Income Tax Act* and exempt from payment of income taxes. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 19).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Athabasca Healthcare Centre	Slave Lake Healthcare Centre
Barhead Healthcare Centre	Smoky Lake Continuing Care Centre
Boyle Healthcare Centre	St. Therese - St. Paul Healthcare Centre
Cold Lake Healthcare Centre	Swan Hills Healthcare Centre
Dr W.R. Keir - Barrhead Continuing Care Centre	Wabasca/Desmarais Healthcare Centre
Edson Healthcare Centre	Westlock Healthcare Centre
Elk Point Healthcare Centre	Westlock Continuing Care Centre
George McDougall - Smoky Lake Healthcare Centre	Whitecourt Healthcare Centre
Hinton Healthcare Centre	William J. Cadzow - Lac La Biche Healthcare Centre
Mayerthorpe Healthcare Centre	Aspen Community Services Sites
Radway Continuing Care Centre	Aspen Mental Health Sites
Seton - Jasper Healthcare Centre	Aspen Corporate and Administrative Offices

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 17(e).

**Note 2 Significant Accounting Policies and Reporting Practices**

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

These financial statements were prepared on a consolidated basis and include the following:

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

(a) Basis of Presentation (continued)

The Region uses the proportionate consolidated method to account for its 50% interest in each of the two Primary Care Networks: St. Paul/Aspen Primary Care Network and Bonnyville/Aspen Primary Care Network.

The Region participates in the Regional Shared Health Information Program (RSHIP), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta as disclosed in Note 17(b). The Region accounts for its 13.33% interest in RSHIP on a proportionate consolidation basis.

These financial statements use the deferral method of accounting for contributions, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

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

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Region's objectives for managing capital are:

- in the short term to safeguard the Region's financial ability to continue to deliver health services and;
- in the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which are paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of the operating funds and obtaining external funding from charitable donations and capital grants.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 10).

(c) Full cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as these payments represent part of the cost of the Region's health program costs.

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

- (iii) Fair value to use acute care facilities not owned by the Region is recorded as revenue from other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services that a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Region has insufficient information to apply defined benefit plan accounting. Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plans' deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's supplementary retirement plan is funded (Note 9(a)).

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

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

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

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash, cash equivalents, and Investments	Available for sale
Accounts receivable	Loans and receivables
Contributions Receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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



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

The carrying value of current cash, accounts receivable, contribution receivable from Alberta Health & Wellness and accounts payable approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant, interest, currency or credit risks arising from its financial instruments.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

(h) Capital Assets

Capital assets and construction in progress are recorded at cost. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Land improvements	8-20 years
Buildings	15-45 years
Building equipment	10-20 years
Equipment	3-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Construction in progress is not amortized until the project is complete.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related capital assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. Actual results could differ from these estimates.

**Note 3 Prior Period Adjustment**

During the year, Aspen Regional Health Authority made the following adjustments to the 2007-08 results:

Accounting for Primary Care Networks (PCN's) has been adjusted on a retrospective basis to proportionately consolidate all PCN's that the Region jointly controls (Note 17(d)).

Amounts held in trust for Patient/Resident funds have been removed from the financial statement presentation.

The following table summarizes the changes to the 2008 comparative figures that have been incorporated in these financial statements and notes to the financial statements:

	As previously stated	Proportionate Consolidation of PCN's	Resident Trust	As restated
<u>Statement of Financial Position</u>				
Cash and investments	\$ 43,527	\$ 776	\$ (189)	\$ 44,114
Accounts receivable	5,674	7		5,681
Prepaid expenses	3,768	3		3,771
Accounts payable and accrued liabilities	26,069	40	(189)	25,920
Deferred contributions	19,259	746		20,005
<u>Statement of Operations</u>				
Alberta Health and Wellness contributions	238,207	369		238,576
Investment and other income	9,609	27		9,636
Community-based care	17,086	396		17,482

**Note 4 Cash, Cash Equivalents and Investments**

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
	Restated (Note 3)			
Cash	\$ 51,426	\$ 51,426	\$ 52,255	\$ 52,255
Treasury bills	295	295	1,053	1,053
Money market securities	948	948	62	62
Bonds	9,499	9,919	13,162	13,024
Equities	4,414	5,160	8,301	6,260
<b>Total</b>	<b>\$ 66,582</b>	<b>\$ 67,748</b>	<b>\$ 74,833</b>	<b>\$ 72,654</b>
Classified as:				
Current	47,892		44,114	
Non current	18,690		30,719	
<b>Total cash, cash equivalents and investments</b>	<b>\$ 66,582</b>		<b>\$ 74,833</b>	

- (a) At March 31, 2009 management determined that an impairment of investments classified as available for sale was other than temporary and therefore a cumulative loss has been recognized in the Statement of Operations (Note 16).
- (b) Treasury bills mature June 25, 2009 and bear interest at an average of 0.41%.
- (c) Money market securities bear interest at 1.78% paid annually.
- (d) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.
- (e) Fixed-income securities, such as government bonds, provincial bonds and corporate bonds have an average effective yield of 5.158% per annum based on the market for securities maturing in one to five years, and 5.387% per annum for securities maturing between six and twenty-nine years. As at March 31, 2009 and 2008, the securities have the following maturity structure:
- |               | 2009 %'s | 2008 %'s |
|---------------|----------|----------|
| 1 to 5 years  | 35%      | 29%      |
| 5 to 10 years | 35%      | 57%      |
| Over 10 years | 30%      | 14%      |

- (f) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

**Non-current cash, cash equivalents and investments represent the following:**

	2009	2008
Externally restricted for capital acquisitions	\$ 18,690	\$ 9,256
Internally restricted for capital acquisitions		8,485
Unrestricted non-current investments		12,978
<b>Total</b>	<b>\$ 18,690</b>	<b>\$ 30,719</b>

**Note 5 Capital Assets**

Capital Asset	Cost					Closing Balance March 31, 2009
	Opening Balance April 1, 2008	Transfers from Construction in Progress	Additions	Transfer of Assets	Disposals	
Land	\$ 2,787	\$ -	\$ -	\$ -	\$ -	\$ 2,787
Land improvements	5,710	709	-	-	-	6,419
Buildings	244,224	14,119	-	-	-	258,343
Building equipment	12,007	-	45	-	-	12,052
Equipment	81,629	5,916	4,083	-	(3,260)	88,368
Construction in progress	20,881	(20,744)	6,409	-	-	6,546
	\$ 367,238	\$ -	\$ 10,537	\$ -	\$ (3,260)	\$ 374,515

Capital Asset	Accumulated Amortization					Net Book Value 2009	Net Book Value 2008
	Opening Balance April 1, 2008	Current Year Amortization	Transfer of Assets	Amortization on Disposals	Closing Balance March 31, 2009		
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,787	\$ 2,787
Land improvements	4,643	199	-	-	4,842	1,577	1,067
Buildings	118,387	6,106	-	-	124,493	133,850	125,837
Building equipment	10,540	212	-	-	10,752	1,300	1,467
Equipment	56,618	6,363	-	(3,214)	59,767	28,601	25,011
Construction in progress	-	-	-	-	-	6,546	20,881
	\$ 190,188	\$ 12,880	\$ -	\$ (3,214)	\$ 199,854	\$ 174,661	\$ 177,050

Capital assets were funded from the following sources:

	2009	2008
Externally funded	\$ 159,176	\$ 162,154
Internally funded	15,485	14,896
<b>Total</b>	<b>\$ 174,661</b>	<b>\$ 177,050</b>

**Note 6 Other Assets**

	2009	2008
Advances under long-term care partnership agreements	\$ 2,299	\$ 2,381
Amortized during the year	(82)	(82)
Balance, end of year	<u>\$ 2,217</u>	<u>\$ 2,299</u>

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the Region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Region and private organizations by providing a one-time, up-front capital grant to the Region. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Region provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 33 years, which is equivalent to the term of the partnership agreement. The Region does not accrue interest on the loan as the Region will forgive the balance of the loan following the expiry of the term of the agreement.

**Note 7 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Current		Restricted (Note 3)
AHW - Continuing Care	\$ 289	\$ 801
AHW - Mental Health Innovation	531	1,342
AHW - Specialist On Call	658	1,629
AHW - Immunization	203	504
AHW - Security of Systems	177	336
AHW - Telehealth	447	272
AHW - Health Promotion	360	529
AHW - Aboriginal Health Strategies	-	179
AHW - Other	-	7
AHW - Pandemic	1,342	1,631
AHW - Infrastructure Maintenance	10,801	8,214
Donations	1,262	1,122
Upgrade HCA Skills	157	-
Stroke Strategy	791	764
Mental Health Children's Wait Times	161	394
Alberta Cardiac Access Collaborative	209	200
Healthcare Aide Upgrade & Training	109	294
Wait Time Project - Hip & Knee Replacement	1,355	447
Wait Time Project - Back & Spine	120	119
Bone & Joint Project	100	-
Capacity Building - Colorectal Cancer Screening	-	300
Primary Care Network	1,041	746
Other	616	175
	<u>20,729</u>	<u>20,005</u>
Non-current		
Alberta Infrastructure - Long term care partnerships	2,217	2,299
Total	<u>\$ 22,946</u>	<u>\$ 22,304</u>

**Note 8 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Betterment of capital assets	\$ 129	\$ 4,740
New Construction	24,195	24,522
	<u>\$ 24,324</u>	<u>\$ 29,262</u>

**Note 9 Long-Term Employee Benefits**

(a) Supplementary Retirement Plan

Accrued obligation, beginning of year	\$ 43	\$ -
Current service cost	43	41
Interest cost	4	2
Actuarial gain	(11)	-
Accrued obligation, end of year	<u>\$ 79</u>	<u>\$ 43</u>

**Reconciliation of funded status of accrued benefit asset / liability**

Funded status of plan	\$ 9	\$ -
Unamortized actuarial (gain)	(9)	-
Accrued benefit asset (liability)	<u>\$ -</u>	<u>\$ -</u>
Current service cost	\$ 43	\$ 41
Interest cost	4	2
Actuarial gain in year	(11)	-
Difference between expected and actual return on assets	(2)	-
Difference between recognized and actual actuarial loss (gain) in year	11	-
Benefit cost	<u>\$ 45</u>	<u>\$ 43</u>

Supplementary Retirement Plan is fully funded.

**Significant actuarial assumptions are as follows:**

Discount rate	6.2%	5.2%
Expected average remaining service life of employees	12	13
Salary increase	4%	4%
Expected return on plan assets	3.1%	2.6%

The above information is based on the actuarial valuation performed at March 31, 2009.

Plan Assets (held by trustee)

Employer contributions - fair value of assets at March 31	-	-
---	---	---

Plan Assets (held by Canada Revenue Agency)

Employer contributions paid by refundable taxes	\$ 45	\$ 43
Total plan assets	<u>\$ 45</u>	<u>\$ 43</u>

<b>Funded status of plan</b>	<u>\$ 45</u>	<u>\$ 43</u>
------------------------------	--------------	--------------

(b) Pension Expense

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$9,461 for the year ended March 31, 2009 (2008 - \$8,213).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$ 4,413,971 (2007 - \$1,183,334).

**Note 10 Accumulated (Deficit)/Surplus**

The Region's accumulated (deficit)/surplus comprises the following:

	2009	2008
<b>Unrestricted net assets (deficiency)</b>	\$ (6,459)	\$ 3,377
<b><u>Internally restricted net assets</u></b>		
Future equipment replacement	-	8,485
	<u>\$ (6,459)</u>	<u>\$ 11,862</u>

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 11 Commitments and Contingencies**

**(a) Commitments**

The Region is committed to operating lease payments and software licensing in future years as follows:

2010	\$ 224
2011	653
2012	123
2013	85
2014	34
	<u>\$ 1,119</u>

The leases expire at various dates from 2010 to 2014.

The Region contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 17(e)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**(b) Legal**

The Region has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Region. In accordance with standard provincial requirements, the Region maintains adequate liability insurance coverage. Any costs in excess of the Region's liability insurance on settlement would be recorded as an expense of the period of settlement.

**Note 12 Budget**

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 3, 2008.

**Note 13 Alberta Health and Wellness Contributions**

	2009	2008
Unrestricted contributions	\$ 229,542	\$ 225,247
Transfers from deferred contributions	17,119	13,329
	<u>\$ 246,661</u>	<u>\$ 238,576</u>

**Note 14 Other Government Contributions**

**Alberta Government**

	2009	2008
Fair value of rent less rent charges for non-acute care facilities used by the Region	\$ 814	\$ 1,105
Transfers from deferred contribution	82	82
Transition grant from East Central Health (Note 18)	55	-
Other Alberta Government	26	12
	<u>\$ 977</u>	<u>\$ 1,199</u>

**Note 15 Ancillary Operations**

	2009				2008			
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Revenue	Excess of Revenue over Expense		
Non-patient food services	\$ 1,037	\$ 949	\$ 26	\$ 62	\$ 1,013	\$ 33		
Rental operations	420	336	10	74	386	196		
Sale of goods and services	218	212	-	6	223	-		
<b>Total</b>	<b>\$ 1,675</b>	<b>\$ 1,497</b>	<b>\$ 36</b>	<b>\$ 142</b>	<b>\$ 1,622</b>	<b>\$ 229</b>		

Ancillary expenses are reported in support services in the Statement of Operations.

**Note 16 Investment and other income**

	2009	2008
Investment Income	\$ 1,710	\$ 2,566
Other than temporary impairment of investments (Note 4)	(1,147)	(18)
Other Income	7,760	7,088
<b>Total</b>	<b>\$ 8,323</b>	<b>\$ 9,636</b>

Investment income comprises interest, dividends and net gains (losses) realized on disposal of investments.

Other income comprises recoveries from sources external to the Region for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

**Note 17 Related Parties**

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints members of the Alberta Health Service Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

The Region had the following transactions with other Health Regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

Authority	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 2,394	\$ 3,219	\$ 553	\$ 236	\$ 1,798	\$ 3,173	\$ 472	\$ 2,396

**Note 17 Related Parties (continued)**

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative. The other partners to the agreement are: Chinook Regional Health Authority, Palliser Health Region, David Thompson Health Region, East Central Health Region, Peace Country Health Region, and Northern Lights Health Region.

AHW Funding	\$ 1,216	\$ 4,906
Health Authority contribution	749	2,233
<b>Total</b>	<b>\$ 1,965</b>	<b>\$ 7,139</b>

Reported as follows:

Expenses	\$ 573	\$ 712
Capital assets	1,392	6,427
<b>Total</b>	<b>\$ 1,965</b>	<b>\$ 7,139</b>

The Region accounts for its interest in RSHIP on a proportionate consolidation basis.

(c) Foundations

The Region has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Region and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	2009			2008		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
St Paul & District Hospital Foundation	\$ 173	\$ 23	\$ 150	\$ 158	\$ 23	\$ 135
Hinton Health Care Foundation	265	-	265	243	-	243
Jasper Health Care Foundation	88	100	(12)	155	167	(12)
<b>Total</b>	<b>\$ 526</b>	<b>\$ 123</b>	<b>\$ 403</b>	<b>\$ 556</b>	<b>\$ 190</b>	<b>\$ 366</b>

**Note 17 Related Parties (continued)**

	Contributions received by Health Region		Resources held by Foundation	
	Year ended March 31,		at March 31, 2009	
	2009	2008	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	\$ 8	\$ 77	\$ -	\$ 150
Hinton Health Care Foundation	-	-	77	188
Jasper Health Care Foundation	26	-	88	-
	<b>\$ 34</b>	<b>\$ 77</b>	<b>\$ 165</b>	<b>\$ 338</b>

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

(d) Primary Care Networks

The Region's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Health region's 50% share	
	2009	2008
Opening Balance	\$ 746	\$ 682
Contributions from AHW	1,157	433
Amounts recognized as revenue	(862)	(369)
Amounts deferred	<b>\$ 1,041</b>	<b>\$ 746</b>

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2009			2008		
	Affiliated Health Service Providers	Non-Affiliated Health Service Providers	Total	Affiliated Health Service Providers	Non-Affiliated Health Service Providers	Total
Direct Region funding	\$ 30,476	\$ 2,501	\$ 32,977	\$ 27,488	\$ 2,138	\$ 29,626
Direct AHW funding	-	-	-	-	-	-
Fees and charges	5,638	-	5,638	5,066	-	5,066
Full cost adjustments	82	-	82	82	-	82
<b>Total</b>	<b>\$ 36,196</b>	<b>\$ 2,501</b>	<b>\$ 38,697</b>	<b>\$ 32,636</b>	<b>\$ 2,138</b>	<b>\$ 34,774</b>

**Note 18 Transition Costs**

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges in the Statement of Operations. In the Statement of Operations these charges are included in Administration, Support Services and Information Technology.

	Severance Related	Other	Total
Liability at March 31, 2008	\$ -	\$ -	\$ -
Expenses	-	55	55
Payments made during the year	-	(55)	(55)
Liability as at March 31, 2009	\$ -	\$ -	\$ -

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Service transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Note 19 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health service delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commissions (AADAC). Effective April 1, 2009, all of these entities including the region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 20 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 21 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**ASPEN REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

	Budget	2009	2008
			Restated (Note 3)
Salaries and Benefits (Schedule 2)	179,760	181,729	164,654
Contracts with health service operators (Note 17 (e))	37,118	38,697	34,774
Drugs and gases	4,364	4,592	4,577
Medical and surgical supplies	5,732	6,498	5,703
Other contracted services	19,069	20,989	19,568
Other *	42,591	46,687	43,582
Amortization:			
Capital equipment - internally funded	1,948	2,230	1,960
Capital equipment - externally funded	3,797	4,133	3,789
Facilities and improvements - internally funded	99	98	99
Facilities and improvements - externally funded	5,833	6,419	5,381
Net gain on disposal	-	(2)	(23)
	<u>\$ 300,311</u>	<u>\$ 312,070</u>	<u>\$ 284,064</u>
* Other			
Utilities	\$ 6,285	\$ 6,449	\$ 6,276
Patient travel	5,947	6,431	5,758
Food	3,022	3,155	2,925
Minor equipment	1,596	1,677	3,518
Equipment maintenance - external	2,221	2,545	2,344
Lab supplies	2,463	2,640	2,419
Other fees	1,542	1,560	1,377
Renovations	3,195	5,451	1,716
Staff travel	1,708	1,911	1,835
Rental/lease of equipment	1,799	1,906	1,755
Building/ground maintenance - external	1,226	1,964	2,144
Rental/lease of land/building	1,456	1,147	1,414
Miscellaneous	10,131	9,851	10,101
	<u>\$ 42,591</u>	<u>\$ 46,687</u>	<u>\$ 43,582</u>



**ASPEN REGIONAL HEALTH AUTHORITY  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

Schedule 2

	2009							2008			
	Number of FTEs (1)	Base Salary (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub-Total	Severance (5)			Number of FTEs (1)	Total	
						Number of FTEs	Amount	Total			
<b>Board Chair (6)</b>											
Ken Hughes - AHS	0.88	-	-	-	-	-	-	-	-	-	-
Robert Jackson	0.12	-	9	-	9	-	-	-	1.00	-	37
<b>Board Members (6)</b>											
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-	-
Pierre Crevelin - AHS	0.21	-	-	-	-	-	-	-	-	-	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-	-
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-	-
John Lehnert - AHS	0.88	-	-	-	-	-	-	-	-	-	-
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-	-
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-	-
Lori Andruschuk - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Gord Bonjeie - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-	-
Allan Buck	0.12	-	4	-	4	-	-	4	1.00	-	5
Bill Bulger	0.12	-	3	-	3	-	-	3	1.00	-	4
Ernie Halim	0.12	-	3	-	3	-	-	3	1.00	-	4
Ernie Isley	0.12	-	4	-	4	-	-	4	1.00	-	6
Dale Johnson	0.12	-	3	-	3	-	-	3	1.00	-	5
Judy Kidd	0.12	-	4	-	4	-	-	4	1.00	-	6
Shirley Mahon	0.12	-	4	-	4	-	-	4	1.00	-	6
Eileen McGladdery	0.12	-	3	-	3	-	-	3	1.00	-	6
Andrew Orr	0.12	-	3	-	3	-	-	3	1.00	-	10
John Pilipchuk	0.12	-	4	-	4	-	-	4	1.00	-	7
Gary Poliock	0.12	-	3	-	3	-	-	3	1.00	-	6
Gary Ruecker	0.12	-	-	-	-	-	-	-	1.00	-	3
Floyd Thompson	0.12	-	3	-	3	-	-	3	1.00	-	6
Marian Wolinski	0.12	-	4	-	4	-	-	4	1.00	-	9
<b>Total Board</b>	<b>10.56</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>15.00</b>	<b>-</b>	<b>116</b>

**ASPEN REGIONAL HEALTH AUTHORITY  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

Schedule 2 (continued)

	2009							2008			
	Number of FTEs (1)	Base Salary (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub-Total	Severance (5)			Number of FTEs (1)	Total	
						Number of FTEs	Amount	Total			
<b>Board</b>	10.56	-	-	50	-	50	-	-	50	15.00	116
<b>Board Direct Reports (7)</b>											
President & Chief Executive Officer - AHS (8)	0.02	-	-	-	-	-	-	-	-	-	-
Interim Chief Executive Officer - AHS (8)	0.88	-	-	-	-	-	-	-	-	-	-
President & Chief Executive Officer (9)(14)	1.00	335	-	55	390	-	-	390	1.00	305	305
	1.90	335	-	55	390	-	-	390	1.00	305	305
<b>CEO Direct Reports (10)</b>											
Management person(s) reporting to the President & CEO:											
Vice President Health Services (11)	1.00	162	-	28	190	-	-	190	1.00	188	188
Vice President Corporate Services (11)	1.00	176	-	29	205	-	-	205	1.00	189	189
Vice President Medical/Legal/Quality	-	-	-	-	-	-	-	-	-	0.06	180
Vice President Medical/Legal/Quality	1.00	162	-	24	186	-	-	186	0.91	153	153
Vice President Community Health (12)	1.00	146	-	24	170	-	-	170	1.00	165	165
Vice President Human Resources (13)	1.00	146	-	24	170	-	-	170	1.00	163	163
Executive Director Communications	1.00	112	-	19	131	-	-	131	0.87	116	116
	6.00	904.00	-	148.00	1,052.00	-	-	1,052.00	5.84	1,154.00	1,154.00
<b>Other Staff</b>											
Other management person(s) reporting directly to those above (14)	32.95	3,326	6	697	4,029	1.00	34	4,063	33.37	3,804	3,804
Other management (14)	30.98	2,999	28	607	3,634	1.00	7	3,641	32.68	3,745	3,745
Regulated nurses not included above											
- RNs, Psych, Nurses, Grad nurses	538.62	40,748	8,102	8,108	56,958	-	-	56,958	543.60	53,964	53,964
- LPNs	211.63	10,579	1,705	2,077	14,361	-	-	14,361	209.80	12,289	12,289
Other health technical and professionals	409.34	28,204	4,644	5,886	38,734	-	-	38,734	398.00	34,517	34,517
Unregulated health service providers	369.66	13,156	1,559	2,475	17,190	-	-	17,190	351.47	14,523	14,523
Other staff	925.13	36,098	1,935	7,257	45,290	-	-	45,290	909.58	40,523	40,523
	2,518.31	135,110	17,979	27,107	180,196	2.00	41	180,237	2,478.50	163,079	163,079
<b>Grand Total</b>	<b>2,536.77</b>	<b>\$ 136,349</b>	<b>\$ 18,029</b>	<b>\$ 27,310</b>	<b>\$ 181,688</b>	<b>2.00</b>	<b>\$ 41</b>	<b>\$ 181,729</b>	<b>2,500.34</b>	<b>\$164,654</b>	<b>\$164,654</b>

Schedule 2 (continued)

**SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**

- 1) Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4845 (2008 – 4,746). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- 2) Base salary includes pensionable base pay.
- 3) Other cash benefits include overtime, lump sum payments, shift differential, and honoraria.
- 4) Other non-cash benefits include:
  - a) Employer’s current and prior service cost of supplementary retirement plans per Note (15) below.
  - b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
- 5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- 6) On May 15, 2008, the Region’s board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- 7) Board Direct Reports reflect FTE’s and costs for the entire 08-09 fiscal year based on the titling and positioning that existed at May 15, 2008.
- 8) The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- 9) Effective July 8, 2008 the President and Chief Executive Officer of the Region transitioned to the Chief Operating Officer Performance Improvement & Clinical Support Services - AHS. Costs incurred are reported in the accounts of the Region.

Schedule 2 (continued)

- 10) CEO Direct Reports reflect FTE’s and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- 11) Effective November 20, 2008 the Vice President Corporate Services of the Region was appointed the Vice President, North Continuum Zone – AHS. Costs incurred are reported in the accounts of the Region.
- 12) Effective October 31, 2008 the Vice President Community Health of the Region was appointed the Senior Vice President, Community Care – AHS. Costs incurred are reported in the accounts of the Region.
- 13) Effective February 9, 2009 the Vice President Human Resources of the Region was appointed the North Zone Lead, Human Resource Services – AHS. Costs incurred are reported in the accounts of the Region.
- 14) The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.
- 15) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

**Schedule 2 (continued)**

	2009		2008
	Current Service Cost	Prior Service and Other Costs	Total
President & Chief Executive Officer	30	2	32
Vice President Corporate Services	7	-	7
Vice President Health Services	6	-	6
	43	2	45

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued Obligation	Change in Accrued Obligation	Accrued Obligation
	March 31, 2008	March 31, 2009	March 31, 2009
President & Chief Executive Officer	30	19	49
Vice President Corporate Services	7	7	14
Vice President Health Services	6	10	16
	43	36	79



## **Peace Country Health**

Financial Statements  
**March 31, 2009**

### **TABLE OF CONTENTS**

Management's Responsibility for Financial Reporting

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries and Benefits

**PEACE COUNTRY HEALTH**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**

**March 31, 2009**

**Auditor's Report**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which require communication of the code to employees.

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

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

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

I have audited the statement of financial position of the Peace Country Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed]

\_\_\_\_\_  
Dr. Stephen Duckett  
President and Chief Executive Officer

[Original signed]

\_\_\_\_\_  
Chris Mazurkewich  
Chief Financial Officer

[Original signed]

\_\_\_\_\_  
Mark De Croos  
Executive Director, Finance

Edmonton, Alberta  
June 11, 2009

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

**Peace Country Health**  
**Statement of Financial Position**  
**March 31, 2009**

(in thousands of dollars)

	2009 Actual	2008 Actual (restated - Note 3)
<b>ASSETS</b>		
Current:		
Cash (Note 4)	\$ 11,058	\$ 19,361
Accounts receivable	6,706	5,781
Contributions receivable from Alberta Health and Wellness	734	2,518
Inventories	1,719	1,507
Prepaid expenses and deposits	4,604	2,524
	<u>24,821</u>	<u>31,691</u>
Non-current cash (Note 4)	19,302	11,541
Non-current receivables (Note 5)	892	4,305
Capital assets (Note 6)	210,868	214,275
	<u>235,883</u>	<u>261,812</u>
<b>TOTAL ASSETS</b>	<b>\$ 255,883</b>	<b>\$ 261,812</b>
<b>LIABILITIES AND NET ASSETS (LIABILITIES)</b>		
Current:		
Accounts payable and accrued liabilities	\$ 24,342	\$ 23,886
Accrued vacation pay	13,402	12,163
Deferred contributions (Note 7)	8,537	8,877
Current portion of long-term debt (Note 9)	346	348
	<u>46,627</u>	<u>45,274</u>
Deferred capital contributions (Note 8)	20,174	15,806
Long-term debt (Note 9)	4,740	5,103
Unamortized external capital contributions	191,231	195,534
Other liabilities (Note 6(a))	692	-
	<u>263,464</u>	<u>261,717</u>
Net Assets (liabilities)		
Accumulated deficit (Note 11)	(21,440)	(13,195)
Investment in capital assets	13,859	13,290
Operating net (liabilities) assets	<u>(7,581)</u>	<u>95</u>
Contingencies and commitments (Note 12)		
<b>TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)</b>	<b>\$ 255,883</b>	<b>\$ 261,812</b>

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

**Peace Country Health**  
**Statement of Operations**  
**March 31, 2009**

(in thousands of dollars)

	2009 Budget (Note 13)	2009 Actual	2008 Actual (restated - Note 3)
<b>Revenues</b>			
Alberta Health and Wellness contributions (Note 14)	\$ 257,900	\$ 259,148	\$ 250,203
Other government contributions (Note 15)	810	2,478	925
Fees and charges	20,090	21,257	18,600
Ancillary operations (Note 16)	850	770	736
Donations	530	603	444
Investment and other income (Note 17)	7,080	8,862	9,053
Amortized external capital contributions	12,500	16,585	12,985
	<u>299,760</u>	<u>309,703</u>	<u>292,946</u>
<b>TOTAL REVENUES</b>	<b>299,760</b>	<b>309,703</b>	<b>292,946</b>
<b>Expenses (Schedule 1)</b>			
Inpatient acute nursing services	61,820	60,793	59,393
Emergency and outpatient services	26,870	26,893	23,703
Facility-based continuing care services	28,550	26,212	24,427
Ground Ambulance Discovery Project	14,700	15,016	13,451
Community-based care	12,490	13,429	10,567
Home care	19,440	19,608	17,803
Diagnostic and therapeutic services	52,330	55,572	49,836
Promotion, prevention and protection services	15,530	13,081	13,043
Research and education	-	16	16
Administration	15,650	14,063	14,523
Information technology	6,330	6,835	6,352
Support services	51,390	55,301	49,099
Amortization of facilities and improvements	8,500	10,560	8,534
Reversal of provision	-	-	(1,200)
	<u>313,600</u>	<u>317,379</u>	<u>289,547</u>
<b>TOTAL EXPENSES</b>	<b>313,600</b>	<b>317,379</b>	<b>289,547</b>
(Deficiency) excess of revenues over expenses	<u>\$ (13,840)</u>	<u>\$ (7,676)</u>	<u>\$ 3,399</u>

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

**Peace Country Health**  
**Statement of Changes in Net Assets**  
**March 31, 2009**

(in thousands of dollars)

	2009		2008	
	Accumulated deficit (Note 11)	Investment in capital assets	Total	Total (restated - Note 3)
Balance at beginning of year	\$ (13,195)	\$ 13,290	\$ 95	\$ (3,304)
(Deficiency) excess of revenues over expenses	(7,676)	-	(7,676)	3,399
Capital assets purchased with internal funds	(1,539)	1,539	-	-
Amortization of internally funded capital assets	1,168	(1,168)	-	-
Disposal of internally funded capital assets	23	(23)	-	-
Repayment of long-term debt	(221)	221	-	-
Balance at end of year	<u>\$ (21,440)</u>	<u>\$ 13,859</u>	<u>\$ (7,581)</u>	<u>\$ 95</u>

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

**Peace Country Health**  
**Statement of Cashflows**  
**March 31, 2009**

(in thousands of dollars)

	2009		2008
	Budget (Note 13)	Actual	Actual (restated - Note 3)
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (13,840)	\$ (7,676)	\$ 3,399
Non-cash transactions:			
Amortization of internally funded equipment	1,200	962	2,027
Amortization of externally funded equipment	4,200	6,189	5,097
Amortization of internally funded facilities and improvements	200	206	234
Amortization of externally funded facilities and improvements	8,300	10,354	8,318
Loss on sale of equipment	-	14	-
Amortized external capital contributions	(12,500)	(16,585)	(13,415)
Changes in non-cash working capital account	(4,275)	(78)	8,552
Cash generated (used by) from operations	<u>(16,715)</u>	<u>(6,614)</u>	<u>14,212</u>
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(2,560)	(1,539)	(1,919)
Externally funded - equipment	(3,075)	(2,135)	(7,420)
Internally funded facilities and improvements	-	-	(91)
Externally funded - facility and improvements	(44,530)	(9,365)	(14,045)
Funded by long-term debt	-	-	(14)
Proceeds on sale of capital assets	-	51	-
Change in non-current cash	<u>11,541</u>	<u>(7,761)</u>	<u>(2,959)</u>
Cash used by investing activities	<u>(38,624)</u>	<u>(20,749)</u>	<u>(26,448)</u>
Financing activities:			
Capital contributions received	30,974	18,587	26,954
Change in non-current receivables	4,265	3,413	(1,983)
Capital contributions transferred from (to) deferred contributions	825	649	150
Capital contributions transferred to operations	-	(2,586)	(317)
Transfer to asset retirement obligation	-	(638)	-
Principal payments on long-term debt	(349)	(365)	(345)
Cash generated from financing activities	<u>35,715</u>	<u>19,060</u>	<u>24,459</u>
Increase (decrease) in cash	<u>(19,624)</u>	<u>(8,303)</u>	<u>12,223</u>
Cash, beginning of year	<u>19,361</u>	<u>19,361</u>	<u>7,138</u>
Cash, end of year	<u>\$ (263)</u>	<u>\$ 11,058</u>	<u>\$ 19,361</u>

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



**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

---

(in thousands of dollars)

**1 Authority, purpose and operations**

Peace Country Health (the "Region") was established on June 24, 1994, under the *Regional Health Authorities Act*, Chapter R-10, Revised Statutes of Alberta, 2000. The Region is a registered charity and is exempt from payment of income tax under Section 149 of the *Income Tax Act*. Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 21).

The Region is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Region include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache Community Health Complex
- Grimshaw/Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- JB Wood Continuing Care Centre
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River, Valleyview and Worsley.
- Emergency Medical Services (EMS) Stations in Beaverlodge, Fairview, Fox Creek, Grande Cache, Grande Prairie, High Prairie, Manning, Smoky River, Peace River, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

---

(in thousands of dollars)

**2 Significant accounting policies and reporting practices**

- a) Basis of Presentation
- i) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below.
  - ii) The Region participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Region accounts for its 14.2% interest in RSHIP on a proportionate consolidation basis.
  - iii) The Region uses the proportionate consolidation method to account for its 50% interest in each of the three Primary Care Networks:
    - Sexsmith Primary Care Network
    - West Peace Primary Care Network
    - Peace River Primary Care Network

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

*(in thousands of dollars)*

**2 Significant accounting policies and reporting practices (continued)**

- iv) These financial statements use the deferral method of accounting for contributions, the key elements of which are:
- i) Unrestricted contributions are recognized as revenue in the year receivable.
  - ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year in which related expenses are incurred.
  - iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.
  - iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.
  - v) Unrestricted investment income is recognized in the year it is earned.
  - vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.
  - vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

*(in thousands of dollars)*

**2 Significant accounting policies and reporting practices (continued)**

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

c) Full Cost

The Region records the fair value of services for which it is responsible. Such fair value transactions include the following:

- i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Region. An equivalent amount is recorded as contracted health service operator expense of the Region.
- ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Region's health programs.
- iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Region do not include an amount for the use of these facilities.
- iv) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- v) Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

*(in thousands of dollars)*

**2 Significant accounting policies and reporting practices (continued)**

d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to select senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. At March 31, 2009, there were no active members.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

*(in thousands of dollars)*

**2 Significant accounting policies and reporting practices (continued)**

e) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash	Held for trading
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable and accrued liabilities, vacation payable	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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

The carrying value of cash, accounts and contributions receivable, non-current receivables, accounts payable and accrued liabilities, and accrued vacation payable approximate their fair value because of the short term nature of these items. It is management's opinion that the region is not exposed to significant interest, current or credit risks arising from its financial instruments.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**2 Significant accounting policies and reporting practices (continued)**

f) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost as calculated on a moving average, and net realizable value.

g) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 – 25 years
Buildings	20 – 40 years
Information systems	10 years
Major equipment	5 – 15 years

Capital assets with unit costs less than five thousand dollars are expensed. Capital projects in progress (work-in-progress) are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of ownership of capital assets are accounted for as acquisitions of capital assets financed by long-term obligations.

The Region is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation. As a result of the longevity of the Region's facilities, due in part to The Region's maintenance procedures, and the fact that the Region does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Region's facilities is indeterminable as at March 31, 2009. As a result the Region is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**3 Correction of Error**

a) Prepaid Health Benefits

The Region established a self insured benefit plan for dental, extended health, and vision care for its employee group in 2006. The plan has accumulated a surplus which is a result of premiums paid being greater than claims submitted. Prior year comparative figures have been adjusted with retroactive effect to include the accumulated surplus less a reserve for unclaimed expenses of the benefit plan.

b) Information Systems Amortization

In 2006, the Region implemented a new integrated healthcare information system. The information system was recorded as a Capital Asset, however no amortization was recorded for 2006-07 and 2007-08. Prior year comparative figures have been adjusted with retroactive effect to include the impact of amortization of the information system.

Summary of the changes are as follows:

	2008	Benefit plan surplus	Meditech amortization	2008 (restated)	2007 (restated)
Assets	\$ 262,845	\$ 911	\$ (1,944)	\$ 261,812	\$ 246,076
Liabilities	262,626	-	(909)	261,717	249,380
Net Assets	219	911	(1,035)	95	(3,304)
Total Liabilities and Net Assets	\$ 262,845	\$ 911	\$ (1,944)	\$ 261,812	\$ 246,076
Revenues	\$ 292,467	\$ -	\$ 479	\$ 292,946	\$ 256,205
Expenses	288,112	365	1,070	289,547	268,217
Excess (Deficiency) of Revenues over Expenses	\$ 4,355	\$ (365)	\$ (591)	\$ 3,399	\$ (12,012)

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**4 Cash**

	2009	2008
Cash	\$ 30,360	\$ 30,902
Classified as		
Current	\$ 11,058	\$ 19,361
Non-current	19,302	11,541
	<u>\$ 30,360</u>	<u>\$ 30,902</u>

Current cash represents amounts held for working capital purposes. Non-current cash represents amounts externally restricted for capital acquisitions.

**5 Non-current receivables**

	2009	2008
Other Health Regions	\$ 691	\$ 275
Natural Resources Canada	181	174
Non-current portion of receivable from physicians	20	40
Alberta Health and Wellness	-	2,912
Foundations	-	904
	<u>\$ 892</u>	<u>\$ 4,305</u>

The amounts due from Other Health Regions and Natural Resources Canada are for capital acquisitions. The amount due from a physician is related to a loan to a physician for recruitment purposes.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**6 Capital assets**

	Cost				Closing Balance March 31, 2009
	Opening Balance April 1, 2008	Transfers	Additions	Disposals	
	\$ 2,072	\$ -	\$ -	\$ -	
Land	9,754	443	27	-	10,224
Land Improvements	280,091	1,041	690	-	281,822
Buildings	89,266	891	2,441	(114)	92,484
Major Equipment	9,719	-	161	-	9,880
Information Systems	12,999	(2,375)	11,050	-	21,674
Work-in-progress	<u>\$ 403,901</u>	<u>\$ -</u>	<u>\$ 14,369</u>	<u>\$ (114)</u>	<u>\$ 418,156</u>

	Accumulated Amortization			
	Opening Balance April 1, 2008	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2009
	\$ -	\$ -	\$ -	\$ -
Land	8,159	226	-	8,385
Land Improvements	116,062	10,334	-	126,396
Buildings	63,461	6,131	(49)	69,543
Major Equipment	1,944	1,020	-	2,964
Information Systems	-	-	-	-
Work-in-progress	<u>\$ 189,626</u>	<u>\$ 17,711</u>	<u>\$ (49)</u>	<u>\$ 207,288</u>

	Net Book Value	
	2009	2008
	\$ 2,072	\$ 2,072
Land	1,839	1,595
Land Improvements	156,656	164,029
Buildings	22,941	25,805
Major Equipment	6,916	7,775
Information Systems	20,444	12,999
Work-in-progress	<u>\$ 210,868</u>	<u>\$ 214,275</u>

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**6 Capital assets (continued)**

(a) Asset Retirement Obligation

The Region has recorded a liability for an asset retirement obligation of \$692 (2008 – nil). The asset retirement obligation represents the legal obligation associated with the removal of asbestos for renovations currently occurring at the Fairview Health Complex. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(b) Funding

Capital assets have been funded from the following sources:

	2009	2008
Externally funded - unamortized external capital contributions	\$ 191,231	\$ 195,534
Internally funded - investment in capital assets	13,859	13,290
Financed by debt	5,086	5,451
Asset retirement obligation	692	-
	<u>\$ 210,868</u>	<u>\$ 214,275</u>

**7 Deferred contributions**

	2009	2008
Alberta Stroke Foundation	\$ 570	\$ 637
Continuing care grants	960	720
Donations to support delivery of health services	1,126	1,031
Health promotion coordination for health weights	548	483
Hip and Knee	808	-
Immunization Grants	427	407
Mental Health Innovation Fund	786	2,481
Pandemic supplies	1,213	1,213
Primary Care Networks	294	262
Telehealth clinical funding	911	637
Various Other	894	1,006
Total	<u>\$ 8,537</u>	<u>\$ 8,877</u>

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**8 Deferred capital contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Improvement of capital assets	\$ 10,130	\$ 4,283
New construction	7,910	9,273
Equipment replacement	2,134	2,250
	<u>\$ 20,174</u>	<u>\$ 15,806</u>

**9 Long-term debt**

	2009	2008
Debenture	\$ 3,062	\$ 3,250
Mortgages payable	2,022	2,166
Obligations under capital leases	2	35
	5,086	5,451
Less: current portion	346	348
Non-current portion	<u>\$ 4,740</u>	<u>\$ 5,103</u>

Future payments for the year ended March 31:

	Debenture	Mortgages payable	Obligations under capital lease	Total
2010	\$ 196	\$ 149	\$ 1	\$ 346
2011	205	154	-	359
2012	215	159	-	374
2013	225	164	-	389
2014	235	169	-	404
2015 and thereafter	1,986	1,228	-	3,214
	<u>\$ 3,062</u>	<u>\$ 2,023</u>	<u>\$ 1</u>	<u>\$ 5,086</u>

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**9 Long-term debt (continued)**

The debenture matures in 2021, has an annual rate of 4.6% and is repayable in blended semi-annual payments of \$167.

The terms of the mortgages payable are as follows:

Mortgage 1 is secured by a demand promissory note in the amount of \$2,164, real property with a carrying value of \$1,670, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$15.5, including interest at a rate of Prime + 0.5%, and matures March, 2020.

Mortgage 2 is secured by a demand promissory note in the amount of \$350, real property with carrying value of \$499, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$2.5, including interest at a rate of 5.90%, and matures December, 2023.

The only remaining capital lease expires in April of 2009. The implicit interest rate payable on this lease is 17.7%.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**10 Long-Term Employee Benefits**

**(a) Supplementary Retirement Plan**

The Region participated in a Supplemental Retirement Plan for a select group of employees. Benefits were based on 2.00% of the member's highest average earnings over a 60 consecutive month period less the average of the maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the last 60 consecutive month period multiplied by the member's credited service under the Supplemental Retirement Plan.

	<u>2009</u>	<u>2008</u>
<b>Accrued benefit obligation</b>		
Accrued obligation, beginning of year	\$ 581	\$ 396
Current service cost	27	60
Interest cost	15	23
Actuarial loss (gain)	(62)	102
Benefit payments	(561)	-
Accrued obligation, end of year	<u>\$ -</u>	<u>\$ 581</u>
<b>Reconciliation of funded status of accrued benefit asset / liability</b>		
Funded status of plan (deficit)	\$ -	\$ (581)
Unamortized actuarial loss (gain)	-	-
Unamortized prior service costs	-	-
Accrued benefit asset (liability)	<u>\$ -</u>	<u>\$ (581)</u>
Current service cost	\$ 27	\$ 60
Interest cost	15	23
Amortization of prior service costs	-	160
Amortization of net actuarial loss (gain)	(62)	88
Benefit cost	<u>\$ (20)</u>	<u>\$ 331</u>

**Actuarial Valuation**

No valuation was performed at March 31, 2009 as the Supplemental Retirement Plan had no plan members or beneficiaries.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**10 Long-Term Employee Benefits (continued)**

**b) Pension Expense**

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$11,713 for the year ended March 31, 2009 (2008 \$10,312).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficiency of \$4,413,971 (2007 \$1,183,334).

**11 Accumulated Deficit**

The Region has reported an accumulated deficit at each of March 31, 2009 and 2008. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**12 Contingencies and Commitments**

**Commitments**

a) Contracts

The Region is committed to several contracts and is required to make the following minimum payments over the next five years:

	<u>Service/ maintenance contracts</u>	<u>Specific program commitments</u>	<u>Equipment leases</u>	<u>Total</u>
2010	\$ 1,107	\$ 8,758	\$ 333	\$ 10,198
2011	867	7,738	223	8,828
2012	754	7,617	84	8,455
2013	567	7,273	9	7,849
2014 and thereafter	316	6,797	1	7,114
	<u>\$ 3,611</u>	<u>\$ 38,183</u>	<u>\$ 650</u>	<u>\$ 42,444</u>

b) Capital Projects

The Region is contractually committed to \$49,016 for capital projects.

**Contingencies**

The Region has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable and no liability is recorded at this time.

**13 Budget**

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 19, 2008. Over the course of the fiscal year, the Minister provided additional funding of \$8,834. Management has allocated these additional resources to address funding expectations.



**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**14 Alberta Health and Wellness contributions**

	2009	2008
Unrestricted contributions	\$ 242,927	\$ 237,482
Transfers from deferred contributions	12,953	12,380
Transfers from deferred capital contributions	2,586	317
Primary Care Network Consolidation	682	310
Write-off of ambulance Discovery Project receivable	-	(286)
	<u>\$ 259,148</u>	<u>\$ 250,203</u>

**15 Other government contributions**

	2009	2008
<b>Alberta Government</b>		
Fair value of rent for non-acute care used by the Region	\$ 755	\$ 864
Transition Grant from East Central Health (Note 20)	1,073	-
Provincial Cardiac Access	355	23
Provincial Trauma Emergency	103	-
Hip and Knee	101	-
Alberta Cancer Board	91	15
Alberta Alcohol and Drug Abuse Commission	-	23
	<u>\$ 2,478</u>	<u>\$ 925</u>

**16 Ancillary operations**

	2009				2008	
	Revenues	Direct Expenses	Amortization Expense	Excess of Revenues over Expenses	Revenues	Excess of Revenues over Expenses
Parking operations	\$ 363	\$ 1	\$ -	\$ 362	\$ 348	\$ 238
Rental/other operations	407	132	18	257	388	319
Total	<u>\$ 770</u>	<u>\$ 133</u>	<u>\$ 18</u>	<u>\$ 619</u>	<u>\$ 736</u>	<u>\$ 557</u>

Ancillary expenses are reported in Support Services in the Statement of Operations.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**17 Investment and other income**

	2009	2008
Investment income	\$ 294	\$ 406
Grant income	760	681
Other income	7,808	7,966
	<u>\$ 8,862</u>	<u>\$ 9,053</u>

Investment income comprises of interest on bank deposits.

Other income comprises recoveries from sources external to the Region for materials, supplies and wages.

**18 Related parties**

a) Province of Alberta

The Region is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

b) Health Regions

The Region had the following transactions with other health regions recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 2,257	\$ 150	\$ 1,762	\$ -	\$ 1,372	\$ 179	\$ 161	\$ 914

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**18 Related parties (continued)**

c) Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions (list) have entered into an agreement under the name Regional Shared Health Information Program ("RSHIP"), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record ("EHR") initiative.

	2009	2008
AHW Funding	\$ 161	\$ 241
Health region contribution	566	1,537
Total	<u>\$ 727</u>	<u>\$ 1,778</u>
<u>Reported as follows:</u>		
Expenses	\$ 566	\$ 800
Capital assets	161	978
Total	<u>\$ 727</u>	<u>\$ 1,778</u>

d) Primary Care Networks

The Region's share of the Sexsmith, West Peace and Peace River Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Health region's 50% share	
	2009	2008
Opening Balance	\$ 262	\$ -
Contributions from AHW	714	572
Amounts recognized as revenue	(682)	(310)
Amounts deferred	<u>\$ 294</u>	<u>\$ 262</u>

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**18 Related parties (continued)**

e) Foundations

The Region has an economic interest in the following Foundations. These Foundations raise funds to benefit The Region and other health related entities and are registered charities under the Income Tax Act:

Beaverlodge Hospital Foundation  
 Fairview Health Complex Foundation  
 Grande Cache Hospital Foundation  
 Grimshaw/Berwyn & District Hospital Foundation  
 Hythe Nursing Home Foundation  
 Peace Health Foundation  
 Queen Elizabeth II Hospital Foundation  
 Valleyview Health Care Foundation

f) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health services providers in the region. Funding was provided as follows:

	2009			2008		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	\$ 505	\$ 8,407	\$ 8,912	\$ 502	\$ 6,519	\$ 7,021
Fees and charges	-	1,756	1,756	-	1,447	1,447
Total	<u>\$ 505</u>	<u>\$ 10,163</u>	<u>\$ 10,668</u>	<u>\$ 502</u>	<u>\$ 7,966</u>	<u>\$ 8,468</u>

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**19 Trust funds**

The Region holds funds in the amount of \$410 (2008 - \$487) on behalf of its continuing care clients, the Queen Elizabeth II Hospital Child Care Centre, Rural Regional Health Authorities, and the Sexsmith Primary Care Network. These amounts are not reported in the statements.

	2009	2008
Cancer Care Clinics	33	117
Continuing Care Clients	287	275
QEII Child Care Centre	44	26
Rural Regional Health Authorities	8	43
Sexsmith Primary Care Network	38	26
Total	<u>\$ 410</u>	<u>\$ 487</u>

**20 Transition Costs**

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services consisting of severance costs and termination benefits (Schedule 2). These charges are included in Administration in the Consolidated Statement of Operations.

	Severance		
	Related Charges	Other	Total
Liability as at March 31, 2008	\$ 321	\$ -	\$ 321
Expenses	683	84	767
Payments made during the year	(1,004)	(84)	(1,088)
Liability as at March 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unfunded SRP	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 306</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(in thousands of dollars)

**20 Transition Costs (continued)**

Unfunded SRP – The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Retirement Plan. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum payments during the year as a part of the termination package.

**21 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Region but excluding East Central Health will be disestablished and all of the assets, liabilities, rights, and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**22 Comparative figures**

Certain 2008 figures have been reclassified and restated to conform to 2009 presentation.

**23 Approval of financial statements**

These financial statements have been approved by the Alberta Health Services Board.

**Peace Country Health**  
**Schedule of Expenses by Object**  
**March 31, 2009**

**Schedule 1**

*(in thousands of dollars)*

	2009		2008	
	Budget	Actual	Actual	
	(Note 13)		(restated - Note 3)	
Salaries and Benefits (Schedule 2)	\$ 218,300	\$ 211,625	\$ 196,188	
Contracts with health service providers (Note 18)	9,500	10,668	8,468	
Drugs and gases	5,190	4,832	4,991	
Medical and surgical supplies	6,460	6,845	6,149	
Other contracted services	19,440	23,066	19,508	
Interest on long-term debt	250	256	288	
Other *	40,560	42,362	40,353	
Amortization:				
Capital equipment - internally funded	1,200	962	1,583	
Capital equipment - externally funded	4,200	6,189	4,667	
Facilities and improvements - internally funded	200	206	234	
Facilities and improvements - externally funded	8,300	10,354	8,318	
Loss on disposal	-	14	-	
Reversal of provision	-	-	(1,200)	
	<u>\$ 313,600</u>	<u>\$ 317,379</u>	<u>\$ 289,547</u>	

	2009		2008	
	Budget	Actual	Actual	
Other: Significant amounts include				
Building and Grounds Maintenance	\$ 2,850	\$ 5,667	\$ 3,254	
Diagnostic and therapeutic supplies	3,125	3,658	3,473	
Equipment expenses	6,524	7,430	6,500	
Food supplies	2,353	2,651	2,422	
Recruitment and relocation	3,034	2,341	3,707	
Utilities	5,547	6,176	5,496	
Other	17,127	14,439	15,501	
	<u>\$ 40,560</u>	<u>\$ 42,362</u>	<u>\$ 40,353</u>	

**Peace Country Health**  
**Schedule of Honoraria, Benefits, Allowances, and Severance**  
**March 31, 2009**

Schedule 2

	2009						2008				
	Number of FTE's <sup>(1)</sup>	Base Salary <sup>(2)</sup>	Other Cash Benefits <sup>(3)</sup>	Other Cash Benefits <sup>(4)(11)</sup>	Non-Sub Total	Number of Individuals	Severance <sup>(5)</sup>	Total	Number of FTE's <sup>(1)</sup>	Total	
<b>Board Chair<sup>(6)</sup></b>											
Ken Hughes - AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	-
Marvin Moore	0.12	-	9	-	9	-	-	9	1.00	52	
<b>Board Members<sup>(6)</sup></b>											
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-	
Pierre Crevolin - AHS	0.21	-	-	-	-	-	-	-	-	-	
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-	
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-	
John Lehnert - AHS	0.88	-	-	-	-	-	-	-	-	-	
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-	
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-	
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	-	-	
Gord Bontje - AHS	0.33	-	-	-	-	-	-	-	-	-	
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-	
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-	
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-	
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-	
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-	
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-	
Claudia Buck	0.12	-	6	-	6	-	-	6	1.00	17	
Dennis Grant	0.12	-	6	-	6	-	-	6	1.00	13	
Delphine Harbourne	0.12	-	4	-	4	-	-	4	1.00	16	
Andre Harpe	0.12	-	6	-	6	-	-	6	1.00	19	
Milton Hommy	0.12	-	5	-	5	-	-	5	1.00	15	
Wayne Jacques	0.12	-	5	-	5	-	-	5	1.00	10	
Rose Kasinec	0.12	-	3	-	3	-	-	3	1.00	14	
Betty Kruse	0.12	-	5	-	5	-	-	5	1.00	20	
Lawrence Meardi	0.12	-	2	-	2	-	-	2	1.00	12	
Jean Rycroft	0.12	-	5	-	5	-	-	5	1.00	14	
Marie Saville	0.12	-	6	-	6	-	-	6	1.00	16	
Brenda Strom	0.12	-	11	-	11	-	-	11	1.00	18	
<b>Sub-total</b>	<b>10.32</b>	<b>\$ -</b>	<b>\$ 73</b>	<b>\$ -</b>	<b>\$ 73</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 73</b>	<b>13.00</b>	<b>\$ 236</b>	

**Peace Country Health**  
**Schedule of Honoraria, Benefits, Allowances, and Severance**  
**March 31, 2009**

**Schedule 2**  
**(continued)**

	2009									2008	
	Number of FTE's (1)	Base Salary (2)	Other Cash Benefits (3)	Other Cash Benefits (4)(11)	Non-Sub Total	Number of Individuals	Severance (5)	Total	Number of FTE's (1)	Total	
<b>Board Direct Reports (7)</b>											
President and Chief Executive Officer - AHS (8)	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	-
Interim Chief Executive Officer - AHS (8)	0.88	-	-	-	-	-	-	-	-	-	-
Chief Executive Officer (8)(9)	0.27	65	35	-	100	1.00	485	585	1.00	360	
Medical Officer of Health	1.00	304	-	29	333	-	-	333	1.00	321	
Senior Capital Projects Manager	0.46	91	17	33	141	1.00	104	245	1.00	380	
<b>CEO Direct Reports (10)</b>											
Vice President, Health Services (Urban)	1.00	187	18	35	240	-	-	240	1.00	223	
Vice President, Health Services (Rural)	1.00	187	18	31	236	-	-	236	1.00	223	
Vice President, Medical & Legal Services	1.00	187	18	20	225	-	-	225	1.00	226	
Vice President, Finance & Corporate Services	0.79	147	18	-	165	1.00	94	259	0.83	194	
Chief Information Officer	1.00	135	-	15	150	-	-	150	1.00	148	
Vice President, Regional Health Services	-	-	-	-	-	-	-	-	0.25	161	
Vice President, Medical Affairs	-	-	-	-	-	-	-	-	0.00	142	
Organizational Change Consultant	-	-	-	-	-	-	-	-	0.38	61	
<b>Total Board and Executive</b>	<b>7.42</b>	<b>1,303</b>	<b>124</b>	<b>163</b>	<b>1,590</b>	<b>3.00</b>	<b>683</b>	<b>2,273</b>	<b>8.46</b>	<b>2,439</b>	
	<b>17.74</b>	<b>\$ 1,303</b>	<b>\$ 197</b>	<b>\$ 163</b>	<b>\$ 1,663</b>	<b>3.00</b>	<b>\$ 683</b>	<b>\$ 2,346</b>	<b>21.46</b>	<b>\$ 2,675</b>	
Board and Executive	17.74	\$ 1,303	\$ 197	\$ 163	\$ 1,663	3.00	\$ 683	\$ 2,346	21.46	\$ 2,675	
Management reporting to CEO direct reports	8.00	1,075	26	194	1,295	-	-	1,295	7.58	1,160	
Other management	103.08	10,003	191	1,817	12,011	-	-	12,011	109.41	12,424	
<b>Regulated nurses not included above*</b>											
- RNs, Reg. Psych. nurses, Grad nurses	552.82	46,914	5,764	8,735	61,413	-	-	61,413	566.67	59,531	
- LPNs	210.81	12,417	792	2,181	15,390	-	-	15,390	219.28	14,242	
Other health technical & professionals	531.88	36,039	5,377	7,603	49,019	-	-	49,019	504.35	42,812	
Unregulated health service providers	333.97	14,681	367	2,352	17,400	-	-	17,400	328.84	15,390	
Other staff	910.03	44,014	1,315	8,090	53,419	-	-	53,419	900.45	48,791	
<b>Grand Total (12)</b>	<b>2668.32</b>	<b>\$ 166,446</b>	<b>\$ 14,029</b>	<b>\$ 31,135</b>	<b>\$ 211,610</b>	<b>3.00</b>	<b>\$ 683</b>	<b>\$ 212,293</b>	<b>2658.04</b>	<b>\$ 197,025</b>	

**Peace Country Health**  
**Schedule of Honoraria, Benefits, Allowances, and Severance... Continued**  
**For the year ended March 31, 2009**

Schedule 2

(in thousands of dollars)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,891 (2008 – 4,127). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a) Employer’s current and prior service cost of supplementary retirement plans per note (12) below.
  - b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, Employment Insurance, and Worker’s Compensation Board premiums
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) On May 15, 2008, the Region’s board, along with the other regional health authority boards, was replaced by the Alberta Health Services (‘AHS’) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (7) Board Direct Reports reflect FTE’s and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (8) On July 8, 2008 the Region’s CEO was terminated. The Interim CEO – AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- (9) The Chief Executive Officer is provided with an automobile allowance. The amount of the allowance is included in other cash benefits.
- (10) CEO Direct Reports reflect FTE’s and costs for the 08-09 fiscal year based on the titling and positioning that existed at July 8, 2009.

**Peace Country Health**  
**Schedule of Honoraria, Benefits, Allowances, and Severance... Continued**  
**For the year ended March 31, 2009**

Schedule 2

(in thousands of dollars)

(11) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

	2009			2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
Expensed to Operations				
Chief Executive Officer	\$ 10	\$ (49)	\$ (39)	\$ 53
Retired Members				
Vice President, Medical Affairs	-	(5)	(5)	142
	10	(54)	(44)	195
Included in Capital Assets				
Senior Capital Projects Manager	17	7	24	136
	\$ 27	\$ (47)	\$ (20)	\$ 331

The accrued obligation for each executive under the SERP is outlined in the following table:

	Accrued obligation March 31, 2008	Change in accrued obligation	Benefit Payments	Accrued obligation March 31, 2009
Chief Executive Officer	\$ 73	\$ (39)	\$ (34)	\$ -
Senior Capital Projects Manager	248	24	(272)	-
Retired Members				
Vice President, Medical Affairs	260	(5)	(255)	-
	\$ 581	\$ (20)	\$ (561)	\$ -

# Peace Country Health

## Schedule 2

### Schedule of Honoraria, Benefits, Allowances, and Severance... *Continued*

For the year ended March 31, 2009

(in thousands of dollars)

Based on future SERP compensation benefits described above, the following schedule outlines pension income received by individuals within the 2008-09 fiscal period:

Name	Pension Income	Frequency	Term
Chief Executive Officer	34	Lump Sum	One Time
Senior Capital Projects Manager	272	Lump Sum	One Time
Retired Members			
Vice President, Medical Affairs	255	Lump Sum	One Time

#### (12) Schedule 2 Grand Total Salaries and Benefits

Total on Schedule 2 Salaries & Benefits includes salary and benefits expense to operating and capital. Breakdown by Schedule 2 category as follows:

	2009	2008
Expensed to Operations	\$ 211,625	\$ 196,188
Expensed to Capital	668	837
Total as per Schedule 2	<u>\$ 212,293</u>	<u>\$ 197,025</u>



**NORTHERN LIGHTS HEALTH REGION**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**NORTHERN LIGHTS HEALTH REGION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

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

The Auditor General of Alberta provides an independent audit of the 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 financial statements prepared by management.

[Original signed]	[Original signed]	[Original signed]
Dr. Stephen Duckett"	Chris Mazurkewich"	Gill Danby"
<hr style="width: 80%; margin: 0 auto;"/>	<hr style="width: 80%; margin: 0 auto;"/>	<hr style="width: 80%; margin: 0 auto;"/>
<i>Chief Executive Officer</i>	<i>AHS – Chief Financial Officer</i>	<i>Chief Financial Officer</i>



## Auditor's Report

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

I have audited the statement of financial position of the Northern Lights Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## NORTHERN LIGHTS HEALTH REGION STATEMENT OF FINANCIAL POSITION

March 31, 2009  
(in thousands)

	2009	2008
	<u>Actual</u>	<u>Actual</u>
<b>ASSETS</b>		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 54,315	\$ 34,550
Accounts receivable	6,626	8,226
Contributions receivable from Alberta Health and Wellness	212	1,747
Inventories	1,148	997
Prepaid expenses	487	634
	<u>62,788</u>	<u>46,154</u>
Non-current cash, cash equivalents and investments (Note 3)	37,726	39,160
Capital assets (Note 4)	106,272	85,900
Other assets	-	68
	<u>-</u>	<u>68</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 206,786</u></b>	<b><u>\$ 171,282</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current:		
Accounts payable and accrued liabilities	\$ 22,409	\$ 14,617
Accrued vacation pay	3,911	3,554
Deferred contributions (Note 5)	6,766	6,851
	<u>33,086</u>	<u>25,022</u>
Deferred contributions (Note 5)	4	4
Deferred capital contributions (Note 6)	37,722	39,224
Unamortized external capital contributions	85,786	78,240
	<u>156,598</u>	<u>142,490</u>
Net assets		
Accumulated surplus	29,703	21,129
Investment in capital assets	20,486	7,660
Cumulative net unrealized (losses)/gains on investments	(1)	3
Operating net assets	<u>50,188</u>	<u>28,792</u>
Commitments and contingencies (Note 8)	-	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 206,786</u></b>	<b><u>\$ 171,282</u></b>

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

**NORTHERN LIGHTS HEALTH REGION**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget (Note 9)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 10)	\$ 151,866	\$ 153,301	\$ 143,111
Other government contributions (Note 11)	2,252	3,300	2,521
Fees and charges	11,457	12,247	9,495
Ancillary operations (Note 12)	1,290	1,689	1,219
Donations	1,533	952	802
Investment and other income (Note 13)	2,915	2,585	2,666
Amortized external capital contributions	8,155	6,744	6,468
<b>TOTAL REVENUE</b>	<b>179,468</b>	<b>180,818</b>	<b>166,282</b>
Expenses (Schedule 1)			
Inpatient acute nursing services	40,323	36,704	31,076
Emergency and outpatient services	19,485	16,124	11,330
Facility-based continuing care services	8,961	8,388	5,801
Community-based care	5,467	4,906	4,820
Home care	5,476	4,224	3,555
Diagnostic and therapeutic services	27,829	25,370	21,648
Promotion, prevention and protection services	12,162	10,480	8,723
Administration	17,005	15,404	13,077
Information technology	6,438	6,355	6,049
Support services	30,639	29,690	25,064
Amortization of facilities and improvements	5,632	4,197	4,001
<b>TOTAL EXPENSES</b>	<b>179,417</b>	<b>161,842</b>	<b>135,144</b>
Excess of revenue over expense	\$ 51	\$ 18,976	\$ 31,138

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

**NORTHERN LIGHTS HEALTH REGION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009			2008	
	Accumulated surplus	Investment in capital assets	Cumulative net unrealized gains/(losses) on investments	Total	Total
Balance at beginning of year	\$ 21,129	\$ 7,660	\$ 3	\$ 28,792	\$ (2,349)
Excess of revenue over expense	18,976	-	-	18,976	31,138
Capital assets purchased with internal funds	(11,560)	11,560	-	-	-
Externally-funded land purchase transfer		2,424		2,424	
Amortization of internally funded capital assets	1,092	(1,092)	-	-	-
Loss on disposal of internally funded capital assets	66	(66)	-	-	-
Cumulative net unrealized (losses)/gains on investments					
Unrealized gains and losses on available for sale financial assets arising during the year	-	-	(4)	(4)	-
Reclassification adjustments for gains and losses included in excess of revenue over expense	-	-	-	-	3
Balance at end of year	<u>\$ 29,703</u>	<u>\$ 20,486</u>	<u>\$ (1)</u>	<u>\$ 50,188</u>	<u>\$ 28,792</u>

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

**NORTHERN LIGHTS HEALTH REGION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess of revenue over expenses	\$ 51	\$ 18,976	\$ 31,138
No-cash transactions:			
Unrealized loss on investments	-	(4)	
Amortization (Schedule 1)	10,204	7,373	7,322
Amortized external capital contributions	(8,155)	(6,744)	(6,468)
Loss on Disposal of Capital Assets - Internal	-	66	-
- External	-	463	-
Changes in non-cash working capital account	(1,087)	11,195	2,022
Cash generated from operations	1,013	31,325	34,014
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(500)	(4,443)	(1,192)
Internally funded - facility and improvements	(15,790)	(7,117)	(2,474)
Externally funded - equipment	(2,000)	(3,333)	(5,787)
Externally funded - facility and improvements	(38,348)	(13,381)	(2,683)
Allocations to (from) non-current cash, cash equivalents and investments	17,586	1,434	(34,373)
Allocations to (from) long term receivable	(2,432)	68	3,307
Increase (decrease) in long term portion of deferred non-capital contributions	(4)	-	3
Cash used by investing activities	(41,488)	(26,772)	(43,199)
Financing activities:			
Capital contributions received	25,198	15,212	39,535
Principal payments on bank loan	-	-	(120)
Cash generated from financing activities	25,198	15,212	39,415
Increase (decrease) in current cash, cash equivalents and investments	(15,277)	19,765	30,230
Current cash, cash equivalents and investments, beginning of year	32,784	34,550	4,320
Current cash, cash equivalents and investments, end of year	\$ 17,507	\$ 54,315	\$ 34,550

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

**NORTHERN LIGHTS HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

Northern Lights Health Region ("the Region") was established June 24, 1994 under the Alberta Regional Health Authorities Act, is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services. (Note 16).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

- Northern Lights Regional Health Centre
- Northern Lights Public Health (Ft. McMurray)
- Northwest Health Centre
- St. Theresa General Hospital
- Rainbow Lake Health Centre
- La Crete Health Centre
- Paddle Prairie Health Centre
- Ft. Vermillion Health Centre
- Zama City Nursing Station
- La Crete Continuing Care Centre

The financial statements do not include the assets, liabilities and operations of private facilities providing health services in the region, except as disclosed in Note 14.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(2) These financial statements were prepared on a consolidated basis and include the following:

- Wood Buffalo Primary Care Network
- Northwest Primary Care Network

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

The Region uses the proportionate consolidation method to account for its 50 % interest in each of the listed Primary Care Networks.

(3) These financial statements use the deferral method, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and

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

- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

**(c) Full cost**

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value to use acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

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

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. The Region's policy is for the plan to be fully funded based on the annual plan valuation. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. As at March 31, 2009 the plan is fully funded.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using trade-date accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

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

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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

The carrying values of current cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as weighted average cost) and net realizable value.

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

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Useful life of capital equipment, salary and vacation pay liabilities and the accrued benefit asset of the Supplementary Retirement Pension are subject to measurement uncertainty. Actual results could differ from estimates.

**Note 3 Cash, cash equivalents and investments (continued)**

- a) Guaranteed Investment Certificates maturing on September 3<sup>rd</sup>, 2009 are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 4.14% paid annually. The effective yield for GIC's is 4.14%.
- b) To optimize returns at an acceptable risk level, management has established a policy asset mix of 100% for fixed-income instruments and 0% for equities. Risk is reduced through diversification.
- c) Fixed-income instruments are invested as follows:

	<u>Weighting</u>	<u>Effective Yield</u>	<u>Maturity</u>
Banker's Acceptance Note	98.8%	0.43%	April 13, 2009
GIC's	1.2%	4.14%	September 3, 2009

**Non-current cash and investments represent the following:**

	<u>2009</u>	<u>2008</u>
Externally restricted for capital acquisition	\$ 37,722	\$39,224
Less: Capital contributions receivable	-	(68)
Externally restricted for specialized training	<u>4</u>	<u>4</u>
	<u>\$ 37,726</u>	<u>\$ 39,160</u>

**Note 4 Capital Assets**

Capital Asset	<u>Cost</u>			
	Opening Balance April 1, 2008	Additions	Disposals	Closing Balance March 31, 2009
Land	\$ 1,100	\$ 2,424	\$ -	\$ 3,524
Site Improvements	5,116	1,128	14	6,230
Buildings	97,046	15,002	13	112,035
Building Service Equipment	21,002	1,603	99	22,506
Equipment	39,703	7,776	3,000	44,479
Construction in Progress	4,122	341	-	4,463
	<u>\$ 168,089</u>	<u>\$ 28,274</u>	<u>\$ 3,126</u>	<u>\$ 193,237</u>

**Note 3 Cash, cash equivalents and investments**

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 55,730	\$ 55,730	\$ 57,915	\$ 57,915
Guaranteed Investment Certificates	453	453	152	152
Bankers Acceptance	35,858	35,859	15,643	15,640
<b>Total</b>	<u>\$ 92,041</u>	<u>\$ 92,042</u>	<u>\$ 73,710</u>	<u>\$ 73,707</u>
Classified as:				
Current	\$ 54,315	54,316	\$ 34,550	\$ 34,547
Non-Current	37,726	37,726	39,160	39,160
<b>Total cash and investments</b>	<u>\$ 92,041</u>	<u>\$ 92,042</u>	<u>\$ 73,710</u>	<u>\$ 73,707</u>



**Note 4 Capital Assets (continued)**

Accumulated Amortization				Net Book Value	Net Book Value
	Opening Balance April 1, 2008	Current year amortization net of disposals	Closing Balance March 31, 2009	2009	2008
Land	\$ -	\$ -	\$ -	\$ 3,524	\$ 1,100
Site Improvements	4,239	98	4,337	1,893	877
Buildings	42,165	3,215	45,380	66,655	54,881
Building Service Equipment	12,115	782	12,897	9,609	8,887
Equipment	23,670	681	24,351	20,128	16,033
Construction in Progress	-	-	-	4,463	4,122
	\$ 82,189	\$ 4,776	\$ 86,965	\$ 106,272	\$ 85,900

**Capital assets were funded from the following sources:**

	2009	2008
Externally funded ( <i>unamortized external capital contributions</i> )	\$85,786	\$78,240
Internally funded ( <i>invested in capital assets</i> )	20,486	7,660
	<u>\$ 106,272</u>	<u>\$ 85,900</u>

**Note 5 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
<b>Current</b>		
Restricted Specialist On Call	\$ 330	\$ 774
Restricted Continuing Care Initiatives	553	560
Restricted MHIF ACT Program	155	371
Restricted Healthy Weights Initiatives	482	397
Restricted Innovation Immunization Fund	117	241
Restricted Telehealth	50	76
Restricted MHIF Mental Wellness/ Addictions Training	23	196
Restricted Ground Ambulance	44	116
Restricted Alberta Telestroke Program	134	104
Restricted Young Family Wellness	-	49
Restricted Telehome Care	61	79
Restricted EHR Client Registry Transition Support	-	6
Restricted Rainbow Lake Clinical Telehealth	26	43
Restricted Nunee Health	-	233
Pandemic Supplies	645	645
Restricted Alberta Health - Other	93	160
RSHIP	468	-
Modified Work Program	144	-
Children's Mental Health	44	61
Alberta Stroke Strategy	1,218	992
AB Telehealth Initiative	354	120
Cardiac Access - Wait Time Management	69	136
Drinking Water Systems	37	62
HCA - In Service Training	54	28
Colorectal Cancer Screening	259	259
Hip & Knee Replacement	312	105
Back & Spine Care	118	119
Woman Wellness	6	64
Wood Buffalo Primary Care Network	504	649
Northwest Primary Care Network	327	-
Restricted - Other	139	206
	<u>\$ 6,766</u>	<u>\$ 6,851</u>
<b>Non-current</b>	4	4
Total	<u>\$ 6,770</u>	<u>\$ 6,855</u>

**Note 6 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Equipment replacement	\$ -	\$ 65
Improvement of capital assets	12,060	13,180
New construction	25,662	25,979
	<u>\$ 37,722</u>	<u>\$ 39,224</u>

**Note 7 Long-Term Employee Benefits**

**(a) Supplementary Retirement Plan**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. For further discussion, see Note 2(d). The Region provides a defined benefit Supplementary Retirement Plan to senior executives (SRP). SRP is fully funded as at March 31, 2009. Information related to the SRP defined benefit plan, based on actuarial estimations as at March 31, 2009 is as follows:

	2009	2008
<b>Accrued benefit obligation</b>		
Accrued benefit obligation, beginning of year	\$ 527	\$ 399
Current service cost	44	62
Interest cost	29	24
Actuarial loss (gain)	(25)	48
Benefit payments	(19)	(6)
Accrued obligation, end of year	<u>\$ 556</u>	<u>\$ 527</u>
<b>Reconciliation of funded status of accrued benefit asset / liability</b>		
Funded status of plan (deficit)	43	(65)
Unrecognized actuarial loss	106	126
Unrecognized initial obligation	142	161
Accrued benefit asset (liability)	<u>\$ 291</u>	<u>\$ 222</u>
Current service cost	44	62
Interest cost	29	24
Actual return on assets	3	(6)
Amortization of prior service costs	18	18
Actuarial loss (gain) in year	(25)	48
Difference between expected and actual return on assets	(17)	(5)
Difference between recognized and actual actuarial loss (gain) in year	37	(42)
Benefit cost	<u>\$ 89</u>	<u>\$ 99</u>
<b>Significant actuarial assumptions are as follows:</b>		
Discount rate	6.20%	5.20%
Expected average remaining service life of employees	12 years	12 years
Salary increase	4.00%	3.50%

The above information is based on the actuarial valuation performed as at March 31, 2009.

**Plan Assets ( held by trustee )**

Employer contributions -fair value of assets at March 31	283	230
<b>Plan Assets ( held by Canada Revenue Agency )</b>		
Employer contributions paid as refundable taxes	316	232
Total plan assets	<u>\$ 599</u>	<u>\$ 462</u>
Funded status of the plan	<u>\$ 43</u>	<u>\$ (65)</u>

**Note 7 Long-Term Employee Benefits (continued)**

**(b) Pension Expense**

Pension expense in these financial statements is equal to the Region's annual contributions payable and is comprised of the following:

	2009	2008
Local Authorities Pension Plan	\$ 4,736	\$ 3,300
Defined contribution pension plans	166	134
Supplementary Retirement Plan	44	62
	<u>\$ 4,946</u>	<u>\$ 3,496</u>

At December 31, 2008 the Local Authorities Pension Plan reported a deficiency of \$4,413,971, (2007 deficiency of \$1,183,334).

**Note 8 Commitments and Contingencies**

a) Commitments

The Region is committed under contracts for service contracts, capital construction and leases until 2017 for the following payments:

Year	Amount
2010	\$ 6,359
2011	1,908
2012	1,266
2013	759
2014	360
Thereafter	419
	<u>\$ 11,071</u>

b) Legal

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

**Note 9 Budget**

The budget was approved by senior management and submitted to the Minister of Health and Wellness on June 4, 2008.

**Note 10 Alberta Health and Wellness Contributions**

	2009	2008
Unrestricted contributions	\$ 147,817	\$ 139,451
Transfers from deferred contributions	5,484	3,660
	<u>\$ 153,301</u>	<u>\$ 143,111</u>

**Note 11 Other Government Contributions**

	2009	2008
<b>Alberta Government</b>		
Transfers from deferred contributions	\$ 1,042	\$ 1,173
Transition grant from East Central Health Region (Note 17)	608	
<b>Other Government</b>	<u>1,650</u>	<u>1,348</u>
	<u>\$ 3,300</u>	<u>\$ 2,521</u>

**Note 12 Ancillary Operations**

	2009				2008	
	Revenue	Direct Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expense	Revenue	Excess (Deficiency) of Revenue over Expense
Parking operations	\$ 288	\$ -	\$ -	\$ 288	\$ 279	\$ 275
Non-patient food services	629	610	-	19	567	2
Sale of goods and services	367	280	-	87	208	(21)
Rental operations	403	276	54	73	161	(427)
Other	2	671	-	(669)	4	(460)
<b>Total</b>	<u>\$ 1,689</u>	<u>\$ 1,837</u>	<u>\$ 54</u>	<u>\$ (202)</u>	<u>\$ 1,219</u>	<u>\$ (631)</u>

Ancillary expenses are reported as support services in the Statement of Operations.

**Note 13 Investment and other income**

	2009	2008
Investment income	\$ 1,035	\$ 1,063
Transfers from deferred contributions	111	92
<b>Other income:</b>		
Immunization recoveries	114	106
Other recoveries	1,325	1,405
	<u>\$ 2,585</u>	<u>\$ 2,666</u>

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

**Note 14 Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 1,067	\$ 1,291	\$ 1,601	\$ 59	\$ 270	\$ 123	\$ 1,149	\$ 343

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions:

David Thompson Health Region	Chinook Regional Health Authority
Peace Country Health Region	East Central Health Region
Aspen Health Region	Palliser Health Region
Northern Lights Health Region	

have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

**Note 14 Related Parties (continued)**

	<u>2009</u>	<u>2008</u>
AHW Funding	\$ 462	\$ 473
Health Region contribution	432	538
Total	<u>\$ 894</u>	<u>\$ 1,011</u>
<u>Reported as follows:</u>		
Expenses	\$ 863	\$ 1,011
Capital assets	31	-
Total	<u>\$ 894</u>	<u>\$ 1,011</u>

**(c) Primary Care Networks**

The Region's share of the Wood Buffalo & Northwest Primary Care Network is included in the financial statements under the proportionate consolidation method.

	<u>Region's 50 % share</u>	
	<u>2009</u>	<u>2008</u>
Opening Balance	\$ 649	\$ 644
Contributions from AHW	1,100	900
Amounts recognized as revenue	(918)	(895)
Amounts deferred	<u>\$ 831</u>	<u>\$ 649</u>

**(d) Foundations**

The following controlled foundations are not consolidated in these statements:

Northern Lights Regional Health Foundation – The Region significantly influences the Northern Lights Regional Health Foundation through its representation on the Board of Directors.

	<u>2009</u>	<u>2008</u>
Assets	\$ 4,522	\$ 3,746
Liabilities	3,178	1,576
Net assets	<u>\$ 1,344</u>	<u>\$ 2,170</u>
Revenue	\$ 2,313	\$ 5,059
Expenses	1,382	4,569
Excess of revenue over expense	<u>\$ 931</u>	<u>\$ 490</u>

**Note 14 Related Parties (continued)**

Northwest Health Foundation – The Region significantly influences the Northwest Health Foundation through its representation on the Board of Directors.

	<u>2009</u>	<u>2008</u>
Assets	\$ 84	\$ 22
Liabilities	45	1
Net assets	<u>\$ 39</u>	<u>\$ 21</u>
Revenue	\$ 147	\$ 28
Expenses	124	25
Excess of revenue over expense	<u>\$ 23</u>	<u>\$ 3</u>

Contributions received by Health Region  
Year ended March 31

Resources held by Foundation  
At March 31, 2009

	<u>2009</u>		<u>2008</u>		<u>Externally Restricted</u>	<u>Unrestricted</u>
Northern Lights Regional Health Foundation	\$ 691	\$ 3,705	\$ 1,243	\$ 3,178		
Northwest Health Foundation	45	-	1	38		
Net assets	<u>\$ 736</u>	<u>\$ 3,705</u>	<u>\$ 1,244</u>	<u>\$ 3,216</u>		

Resources of the Northern Lights Regional Health Foundation amounting to \$1,243 have been restricted for the exclusive use within the Regional Municipality of Wood Buffalo.

**(e) Contracts with Health Service Providers**

The Region has an economic interest through its contracts with private health service providers in the region. Funding was provided as follows:

	<u>2009</u>	<u>2008</u>
Direct Region funding	\$10,132	\$7,627
Direct AHW funding	233	58
Fees and charges	-	-
Full cost adjustments	-	-
Total	<u>\$10,365</u>	<u>\$7,685</u>

**Note 19 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**Note 15 Trust Funds**

The Region receives funds in trust from Continuing Care residents for Continuing Care accommodation fees and incidental costs. These amounts are not reported in the statements. At March 31, 2009, the balance of funds held by the Region is \$144.

**Note 16 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities including the Region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities including the Region will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 17 Transition Costs**

As at March 31, 2009, the Region recorded transition costs and restructuring changes in the Statement of Operations. The charges consist of severance costs and termination benefits, professional services, consulting costs and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration, Support Services and Information Technology.

	Severance- Related Charges	Other Charges	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Restructuring charges	573	35	608
Payments made during the year	<u>( 573)</u>	<u>( 35)</u>	<u>( 608)</u>
Liability as at March 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transitioning cost incurred as described above.

**Note 18 Comparative Figures**

Certain 2009 figures have been reclassified to match their 2008 presentation.

NORTHERN LIGHTS HEALTH REGION  
 SCHEDULE OF SALARIES AND BENEFITS  
 March 31, 2009  
 (in thousands)

NORTHERN LIGHTS HEALTH REGION  
 SCHEDULE OF EXPENSES BY OBJECT  
 For the Year Ended March 31, 2009  
 (in thousands)

Schedule 1

	2009		2008
	Budget	Actual	Actual
Salaries and Benefits (Schedule 2)	\$ 106,337	\$ 94,035	\$ 82,420
Contracts with health service providers (Note 14 (e))	10,240	10,365	7,685
Drugs and gases	1,848	1,652	1,670
Medical and surgical supplies	3,364	3,358	3,095
Other contracted services	15,227	17,477	11,933
Other *	32,197	27,053	21,019
Amortization:			
Capital equipment - internally funded	871	857	707
Capital equipment - externally funded	3,286	2,366	2,614
Facilities and improvements - internally funded	887	235	147
Facilities and improvements - externally funded	5,160	3,915	3,854
Capital assets disposal - internally funded	-	66	-
Capital assets disposal - externally funded	-	463	-
	<u>\$ 179,417</u>	<u>\$ 161,842</u>	<u>\$ 135,144</u>
* Other include:			
Utilities	\$ 2,677	\$ 2,655	\$ 2,404
Equipment/Software Maintenance	2,348	3,602	1,628
Recruitment/Relocation/Retention of Staff/ Physicians	5,772	2,892	1,901
Travel	2,259	2,477	1,744
Minor Equipment	1,183	4,168	1,916
Food Supplies	1,000	1,034	970
Education	1,411	994	1,131
Maintenance - Buildings and Grounds	1,584	1,832	2,543
General Office Supplies	4,552	4,236	3,214
Other	9,411	3,163	3,568
	<u>\$ 32,197</u>	<u>\$ 27,053</u>	<u>\$ 21,019</u>

	Number of FTEs <sup>(1)</sup>	Base Salary <sup>(2)</sup>	Other Cash Benefits <sup>(3)</sup>	Other Non-Cash Benefits <sup>(4)(6)</sup>	Sub-Total	Severance <sup>(5)</sup>			Number of FTEs <sup>(1)</sup>	Total
						Number of FTEs	Amount	Total		
<b>Board Chair (7)</b>										
Ken Hughes - AHS	0.88	-	-	-	-	-	-	-	0.0	-
Fitzner, Jeff	0.12	-	13	-	13	-	-	13	1.0	68
<b>Board Members (7)</b>										
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	0.0	-
Pierre Crevelin - AHS	0.21	-	-	-	-	-	-	-	0.0	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	0.0	-
Linda Honol - AHS	0.88	-	-	-	-	-	-	-	0.0	-
John Lehnert - AHS	0.88	-	-	-	-	-	-	-	0.0	-
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	0.0	-
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	0.0	-
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Gord Bortle - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	0.0	-
Ron Amason	0.12	-	8	-	8	-	-	8	1.0	22
Eric Axford	-	-	-	-	-	-	-	-	1.0	10
Cary Chorkolay	-	-	-	-	-	-	-	-	1.0	3
Jake Elias	0.12	-	3	-	3	-	-	3	1.0	9
Sylvia Kennedy	0.12	-	6	-	6	-	-	6	1.0	18
Margaret Macdonald	-	-	-	-	-	-	-	-	1.0	3
Noreen McAteer	0.12	-	3	-	3	-	-	3	1.0	11
Paul McWilliams	0.12	-	4	-	4	-	-	4	1.0	17
Sharon Shiniman	0.12	-	3	-	3	-	-	3	1.0	11
Diane Slater	0.12	-	2	-	2	-	-	2	1.0	16
Gord Winkel	0.12	-	6	-	6	-	-	6	1.0	17
Sub-total	9.84	-	48	-	48	-	-	48	12.00	205
<b>Board Direct Reports (8)</b>										
President and Chief Executive Officer - AHS (10)	0.02	-	-	-	-	-	-	-	0.0	-
Interim Chief Executive Officer - AHS (10)	0.88	-	-	-	-	-	-	-	0.0	-
Chief Executive Officer (10) (12) (13)	0.27	81	68	40	189	1	573	762	1.0	380
Vice President Medical Services *	1.33	609	-	-	609	-	-	609	0.5	222
Medical Officer of Health *	1.00	474	-	-	474	-	-	474	0.5	241
<b>CEO Direct Reports (9)</b>										
Chief Operating Officer	1.00	250	-	45	295	-	-	295	1.0	285
VP Corporate Services & CFO (11)	1.00	199	-	46	245	-	-	245	0.9	193
VP Human Resources	1.00	178	-	35	213	-	-	213	0.8	160
Chief Integrator/Jason Officer	1.00	185	-	30	216	-	-	216	0.8	158
Director, Communications	1.00	143	-	25	168	-	-	168	1.0	146
Director, Foundation	0.68	88	5	15	108	1	75	183	1.0	178
Other management reporting directly to those above	6.55	1,018	-	150	1,168	2	152	1,320	6.7	1,603
<b>Other management</b>	79.18	7,861	219	1,219	9,299	-	-	9,299	53.6	6,698
Medical officers not included above	-	-	-	-	-	-	-	-	-	-
Regulated nurses not included above	-	-	-	-	-	-	-	-	-	-
- RNs, Reg. Psych. nurses, Grad nurses	258.07	21,166	3,018	3,699	27,883	-	-	27,883	243.4	25,511
- LPNs	73.13	4,337	359	679	5,375	-	-	5,375	66.9	4,568
Other health technical & professionals	136.95	11,524	1,044	2,262	14,830	-	-	14,830	108.1	12,154
Unregulated health service providers	109.41	2,465	196	943	6,604	-	-	6,604	118.6	6,660
Other staff	378.98	20,789	1,378	3,494	25,511	-	-	25,511	350.7	23,058
<b>Total Staff Compensation</b>	1,081.45	74,368	6,147	12,672	93,187	4	800	93,987	955.5	82,215
<b>Grand Total</b>	1,061.29	\$ 74,368	\$ 6,195	\$ 12,672	\$ 93,235	4	\$ 800	\$ 94,035	967.3	\$ 82,420

\* Both of these positions are contracted

**NORTHERN LIGHTS HEALTH REGION  
SCHEDULE OF SALARIES AND BENEFITS  
March 31, 2009**

Schedule 2 (continued)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 1458 (2008 - 1365). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Employer's current and prior service cost of supplementary retirement plans per note (6) below.
  - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and:
  - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships:
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Supplementary Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

**SUPPLEMENTARY RETIREMENT BENEFITS**

	2009			2008
	Prior		Total	Total
	Current	Service and		
	Service Cost	Other Costs		
Chief Executive Officer	\$ 10,531	\$ 28,499	\$ 39,030	\$63,969
Chief Operating Officer	10,998	3,868	14,866	6,635
Chief Integration/Liason Officer	3,156	249	3,405	1,080
VP Health Services East	277	3,310	3,587	6,404
VP Health Services West	6,156	2,054	8,210	4,711
VP Corporate Services	8,704	6,381	15,085	12,809
VP Human Resources	4,305	273	4,578	3,560
			<u>88,761</u>	

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued	Change in	Accrued
	obligation		obligation
	March 31,		March 31,
	2008	obligation	2009
Chief Executive Officer	\$ 324,113	\$ (3,681)	\$320,432
Chief Operating Officer	75,153	11,508	86,661
Chief Integration/Liason Officer	4,401	7,127	11,528
VP Health Services East	25,233	(3,413)	21,820
VP Health Services West	27,932	6,319	34,251
VP Corporate Services	66,503	3,427	69,930
VP Human Resources	3,560	7,441	11,001

- (7) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ("AHS") interim board. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (8) Board Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (9) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008.
- (10) On July 8, 2008 the Region's CEO was terminated. The Interim CEO – AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- (11) Effective February 25, 2009 the VP Corporate Services & CFO held a dual role as Chief Risk Officer for AHS. Costs incurred are reported in the accounts of the Region.

(12) Severance for CEO included \$1,673 Legal Fees and \$8,500 Outplacement Costs. In addition a SERP pension of \$682/month for life is being paid.

(13) Automobile provided. No dollar amount included in other non-cash benefits.



**ALBERTA MENTAL HEALTH BOARD**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**ALBERTA MENTAL HEALTH BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 – Schedule of Expenses by Object
Schedule 2 – Schedule of Salaries and Benefits
Schedule 3 – Schedule of Contract Service Operators

The accompanying financial statements are the responsibility of management and have been approved by Senior Management of the Alberta Mental Health Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Alberta Mental Health Board has also established a code of conduct that applies to all employees.

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

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

[Original signed]  
Dr. Stephen Duckett"

*President and  
Chief Executive Officer*

[Original signed]  
Chris Mazurkewich"

*Chief Financial Officer,  
Alberta Health Services*

[Original signed]  
Todd Schnirer"

*Chief Financial Officer,  
Alberta Mental Health Board*



## Auditor's Report

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

I have audited the statement of financial position of the Alberta Mental Health Board (the Board) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**ALBERTA MENTAL HEALTH BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2009**  
(thousands of dollars)

	2009	2008
<u>ASSETS</u>		
<b>Current:</b>		
Cash, cash equivalents and investments (Note 3)	\$ 37,235	\$ 14,259
Accounts receivable (Note 18)	1,659	3,374
Contributions receivable from Alberta Health and Wellness	48	71,010
Inventories	159	157
Prepaid expenses	917	1,013
	40,018	89,813
Non-current cash, cash equivalents and investments (Note 3)	79,324	27,089
Capital assets (Note 4)	589	878
Other assets (Note 5 and 18)	98	1,476
	\$ 120,029	\$ 119,256
<u>LIABILITIES AND NET ASSETS</u>		
<b>Current:</b>		
Accounts payable and accrued liabilities	\$ 3,589	\$ 4,194
Accrued vacation pay	261	288
Deferred contributions (Note 6)	28,240	17,061
	32,090	21,543
Deferred contributions (Note 6)	79,546	83,735
Long-term employee benefit (Note 7)	38	14
Unamortized external capital contributions	-	3
	111,674	105,295
<b>Net assets:</b>		
Unrestricted (Note 8)	10,482	2,781
Internally restricted (Note 8)	-	9,925
Cumulative net unrealized (losses) gains on investments	(2,716)	380
Accumulated surplus	7,766	13,086
Investment in capital assets	589	875
	8,355	13,961
Commitments (Note 9)		
	\$ 120,029	\$ 119,256

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

**ALBERTA MENTAL HEALTH BOARD**  
**STATEMENT OF OPERATIONS**  
**Year Ended March 31, 2009**  
(thousands of dollars)

	2009		2008
	Budget (Note 10)	Actual	Actual
<b>Revenues</b>			
Alberta Health and Wellness contributions (Note 11)	\$ 84,267	\$ 70,826	\$ 62,066
Other government contributions (Note 12)	615	2,710	211
Donations	25	30	27
Investment and other income (Note 13)	1,932	203	1,248
Amortized external capital contributions	3	3	15
<b>TOTAL REVENUES</b>	<b>86,842</b>	<b>73,772</b>	<b>63,567</b>
<b>Expenses (Schedule 1)</b>			
Inpatient acute nursing services	18,675	18,631	16,296
Emergency and outpatient services	8,111	8,113	6,883
Community-based care	13,369	6,051	5,708
Diagnostic and therapeutic services	13,578	11,705	9,506
Promotion, prevention and protection services	15,192	12,086	6,922
Research and education	2,080	1,697	1,617
Administration (Note 14)	7,757	7,543	5,802
Information technology	714	706	698
Support services (Note 15)	9,699	9,666	8,530
Amortization of facilities and improvements	84	84	64
<b>TOTAL EXPENSES</b>	<b>89,259</b>	<b>76,282</b>	<b>62,026</b>
<b>(Deficiency) excess of revenues over expenses</b>	<b>\$ (2,417)</b>	<b>\$ (2,510)</b>	<b>\$ 1,541</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

**Year Ended March 31, 2009**

(thousands of dollars)

	2009				2008	
	Unrestricted (Note 8)	Internally Restricted	Investment in capital assets	Cumulative net unrealized gains/(losses) on investments	Total	Total
Balance at April 1, 2008	\$ 2,781	\$ 9,925	\$ 875	\$ 380	\$ 13,961	\$ 12,117
(Deficiency) excess of revenues over expenses	(2,510)	-	-	-	(2,510)	1,541
Capital assets purchased with internal funds	(36)	-	36	-	-	-
Disposal of capital assets	82	-	(82)	-	-	-
Amortization of internally funded capital assets	240	-	(240)	-	-	-
Cumulative net unrealized gains/(losses) on investments						
- Unrealized gains and losses on available for sale financial assets arising during the year	-	-	-	(4,008)	(4,008)	312
- Reclassification adjustments for gains and losses included in (deficiency) excess of revenues over expenses	-	-	-	912	912	(9)
Transfer of internally restricted to unrestricted	9,925	(9,925)	-	-	-	-
Balance at end of year	<u>\$ 10,482</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ (2,716)</u>	<u>\$ 8,355</u>	<u>\$ 13,961</u>

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

**ALBERTA MENTAL HEALTH BOARD**  
**STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2009**  
(thousands of dollars)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenues over expenses	\$ (2,417)	(2,510)	\$ 1,541
Non-cash transactions:			
Amortization (Schedule 1)	243	243	238
Amortized external capital contributions	(3)	(3)	(15)
Loss on disposal of capital assets	-	70	-
Loss (gain) on disposal of non-current investments	-	912	(10)
Interest accrued on non-current investments	(580)	(1,049)	(769)
Changes in non-cash working capital account	75,178	72,140	(57,079)
Change in deferred contributions	2,695	6,990	75,846
Change in other assets	350	1,378	(1,476)
Change in long-term employee benefits	159	24	14
Cash generated from operations	<u>75,625</u>	<u>78,195</u>	<u>18,290</u>
Investing activities:			
Purchase of non-current investments	(62,520)	(37,577)	(12,998)
Purchase of capital assets:			
internally funded - equipment	(327)	(36)	(284)
Proceeds on sale of capital assets	-	12	-
Proceeds on sale of non-current investments	-	22,654	1,473
Allocations from (to) non-current cash and investments	1,485	(41,332)	(1,485)
Interest received on non-current investments	1,454	1,060	727
Cash used by investing activities	<u>(59,908)</u>	<u>(55,219)</u>	<u>(12,567)</u>
Increase in cash, cash equivalents and investments	15,717	22,976	5,723
Cash, cash equivalents and investments, beginning of year	<u>14,259</u>	<u>14,259</u>	<u>8,536</u>
Cash, cash equivalents and investments, end of year	<u>\$ 29,976</u>	<u>\$ 37,235</u>	<u>\$ 14,259</u>

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

**ALBERTA MENTAL HEALTH BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**Note 1 Alberta Mental Health Board, Purpose and Operations**

The Alberta Mental Health Board ("the Board") is a provincial health board established on April 1, 1999 by *Alberta Regulation 84/99* (AR84/99). The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act. Effective April 1, 2009, the Board will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 17).

The Board receives its mandate from and reports to the Minister of Alberta Health and Wellness. In its role of advancing mental health for Alberta, the Board is involved in numerous initiatives, including advocacy, policy advice, working with the regional health authorities ("RHAs") and stakeholders in the implementation of the Provincial Mental Health Plan, and collaborating with inter-provincial, national and international partners.

In fulfilling its mandate, the Board advances a significant portion of its budget to the Regions and other contract service operators.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health & Wellness' Financial Directive 34.

(2) These financial statements are prepared using the deferral method, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.
- (iv) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are

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

incurred. Other unrestricted investment income is recognized as revenue when earned.

- (v) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.
- (vi) Revenues from sales of goods and services are recorded in the period that goods are delivered or services are provided.

**(b) Capital Disclosure**

Effective April 1, 2008, the Board implemented new capital disclosure requirements per section 1535 of the Canadian Institute of Chartered Accountants (CICA) Handbook. The Board for operating purposes defines capital as including working capital, unrestricted net assets and internally restricted net assets; and for capital purposes defines capital as including deferred capital contributions, internally restricted net assets, unamortized external capital contributions and investments in capital assets.

The Board's objectives for managing capital are:

- (i) In the short term to safeguard the Board's financial ability to continue to deliver health services, and
- (ii) In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Board's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The board monitors its working capital and cash flow forecasts.

**(c) Full Cost**

The Board accounts for all costs for which it is responsible. Fair value transactions recorded comprise:

- (i) Fair value to use non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expense.
- (ii) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

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

**(d) Employee Future Benefits**

- (i) The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting. Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.
- (ii) The Board provides a defined benefit Supplementary Retirement Plan to the previous President & Chief Executive Officer. Effective April 1, 2008, the Vice-Presidents were added to the Plan. The cost of this benefit is actuarially determined on an annual basis as at March 31<sup>st</sup> using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Supplementary Retirement Plan is unfunded.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2 (f).

Current investments include marketable securities with original maturities of less than one year. Non-current investments include bonds and equities. All investments are classified as available-for-sale and measured as disclosed in note 2(f). The fair value of an investment on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using the valuation techniques which refer to observable market data using the specific identification method. The fair value of investments is disclosed in Note 3.

Discounts or premiums arising on purchase of bonds are amortized using the effective interest rate method. On disposal of an investment, the cumulative gain or loss recorded in net assets is recognized in the excess (deficiency) of revenues over expenses.

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

(f) Financial Instruments

Initial measurement of financial instruments is at fair value and is subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics.

The Board classified its financial instruments as follows:

<b>Instrument</b>	<b>Designation</b>
Cash, Cash Equivalents and Investments	Available-for-sale
Accounts Receivable	Loans and Receivables
Contributions Receivable	Loans and Receivables
Accounts Payable and Accrued Liabilities	Other Liabilities
Accrued Vacation Pay	Other Liabilities

Financial assets classified as “available-for-sale” are remeasured at fair value each period. Changes in fair value are reported as a component of net assets until the financial asset is disposed of or becomes impaired, at which time the cumulative gain or loss is recognized in the excess (deficiency) of revenues over expenses.

Financial assets and financial liabilities classified as “loans and receivables” and “other liabilities” are subsequently measured at amortized cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. All transactions costs are expensed as incurred.

The trade date is the date that an entity commits to purchase or sell an asset. The settlement date is the date that an asset is delivered to or by an entity. Where the trade date and settlement date differ for a financial asset, settlement-date accounting is applied. Any change in the fair value of the asset between the trade date and settlement date is accounted for in the same way as the acquired asset.

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

The carrying values of current cash, cash equivalents, account receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values due to the short-term nature of these items. Unless otherwise note, it is management’s opinion that the Board is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

The carrying values of the Board’s investments in money markets and bonds exceed their fair values. The cumulative amount that the Board’s investments in equities at fair value that have been below their carrying values, are not in management’s opinion an other than

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

temporary impairment of its financial instruments. Management’s analysis of the expected use of funds within these instruments does not indicate that the funds would be required in the current period. This analysis indicates that a significant portion is not expected to be required within the next two years and can be carried over the next three to four years. It is thereby management’s opinion that these investments are likely to recover prior to the use of these funds and therefore considered to be temporarily impaired.

The Board does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. The Board as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts as these would be limited or none.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the “CICA”) issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Board adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

(h) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed on acquisition. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Furniture, equipment and vehicle (collectively “Equipment”)	5-15 years
Information technology	5 years
Leasehold improvements	3 - 5 years

Work in progress is not amortized until the project is complete.

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

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. In particular, the following estimates are subject to material measurement uncertainty:

- (i) The classification of cash, cash equivalents and investments as current and non-current is based on estimates of the cash and investments for which the benefit is expected to be realized in the next fiscal year.
- (ii) The classification of unused funding to Regions for the forensic psychiatry program as a prepaid expense and other asset is based on estimates of the portion of the unused funding that will be expensed in the next fiscal year.
- (iii) The classification of deferred contributions as current and non-current is based on estimates of the revenue to be recognized in the next fiscal year for externally restricted non-capital contributions.

Actual results could differ from these estimates.

**Note 3 Cash, Cash Equivalents, and Investments**

	2009		2008	
	(thousands of dollars)			
	Fair Value	Cost <sup>(1)</sup>	Fair Value	Cost <sup>(1)</sup>
Cash and Cash Equivalents	\$ 56,529	\$ 56,529	\$ 544	\$ 544
Money Market Securities	23,524	23,517	15,199	15,196
Bonds	27,796	27,515	19,952	19,269
Equities	8,710	11,714	5,653	5,959
<b>Total</b>	<b>\$ 116,559</b>	<b>\$ 119,275</b>	<b>\$ 41,348</b>	<b>\$ 40,968</b>
Classified as:				
Current	\$ 37,235		\$ 14,259	
Non-current	79,324		27,089	
<b>Total Cash, Cash Equivalents and Investments</b>	<b>\$ 116,559</b>		<b>\$ 41,348</b>	

<sup>(1)</sup>Cost includes the accumulated amortization of discount or premium on fixed income securities.

**Note 3 Cash, Cash Equivalents, and Investments (continued)**

(a) Income and financial returns on cash, cash equivalents and investments are exposed to credit and price risks:

- (i) Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract.
- (ii) Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investment will change in value due to future fluctuations in market prices.

On March 14, 2008, the Board approved a new asset mix policy of 15% to 100% for cash and cash equivalents, 0% to 85% for fixed income instruments and 0% to 40% for equities.

Risk is further managed through asset class diversification, diversification within each asset class, and quality constraints on fixed-income and equity instruments.

(b) Money market securities include Government of Canada treasury bills maturing between three to seventy-three days and bear interest at an average effective yield of 0.53% per annum (2008 – 4.25%). Such financial instruments are limited to a rating of R-1 or A-1, or higher.

(c) Bonds are managed with the objective of providing optimal returns while maintaining maximum security of capital and meeting the liquidity requirements and obligations of the Board. Return is optimized within risk constraints on the portfolio by management of portfolio duration, issuer mix and quality. A maximum exposure of 10% of the bond portfolio has a rating of BBB and the remaining portfolio has a rating of A or higher.

The bonds have an average effective yield of 4.19 % per annum (2008 – 4.36%) and have the following maturity structure as at March 31, 2009:

1 – 5 years	38.8 %	(2008 – 44.8%)
5 – 10 years	32.8 %	(2008 – 28.3%)
Over 10 years	28.4 %	(2008 – 26.9%)

(d) Equities are comprised of units in a pooled equity portfolio that includes publicly traded securities in a major stock market. Risk is reduced by prudent security selection and sector rotation.



**Note 3 Cash, Cash Equivalents, and Investments (continued)**

	2009	2008
	(thousands of dollars)	
Non-current cash, cash equivalents and investments represent the following:		
Externally restricted for operating purposes	\$ 79,324	\$ 15,244
Internally restricted for capital purposes	-	900
Internally restricted for operating purposes	-	6,857
Unrestricted cash and investments not held for current purposes	-	4,088
	<u>\$ 79,324</u>	<u>\$ 27,089</u>

**Note 4 Capital Assets**

**Cost**  
(thousands of dollars)

Capital Asset	Opening Balance April 1-2008	Additions	Disposals	Closing Balance March-31-2009
Equipment	\$ 253	\$ 24	\$ 78	\$ 199
Information Technology	604	12	105	511
Leasehold Improvements	352	-	-	352
Work in Progress	-	-	-	-
	<u>\$ 1,209</u>	<u>\$ 36</u>	<u>\$ 183</u>	<u>\$ 1,062</u>

**Accumulated Amortization**  
(thousands of dollars)

Opening Balance April 1-2008	Current year amortization	Amortization on Disposals	Closing Balance March-31-2009	Net Book Value 2009	Net Book Value 2008
\$ 92	\$ 46	\$ 47	\$ 91	\$ 108	\$ 161
170	113	54	229	282	434
69	84	-	153	199	283
-	-	-	-	-	-
<u>\$ 331</u>	<u>\$ 243</u>	<u>\$ 101</u>	<u>\$ 473</u>	<u>\$ 589</u>	<u>\$ 878</u>

**Note 4 Capital Assets (continued)**

Capital assets were funded from the following sources:

	2009	2008
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	\$ -	\$ 3
Internally funded (invested in capital assets)	589	875
	<u>\$ 589</u>	<u>\$ 878</u>

**Note 5 Other Assets**

The Alberta Mental Health Board contracts with the Regions for the provision of forensic psychiatry services. The agreements included provisions whereby any surplus funding from the Board in a given fiscal year is subject to certain terms and conditions. Depending on the agreement, the Board may have a claim to the unused funding either immediately or one to three fiscal years following the fiscal year in which the surplus arises. Where the Board has an immediate claim to the unused funding, the Board may either offset the funding against future funding instalments to the Regions or approve the funding for incremental operating or capital expenditures benefiting the forensic psychiatry program. Where the Board has a claim to the unused funding one to three fiscal years following the fiscal year in which the surplus arises, the Regions may use the unused funding during that period for incremental operating or capital expenditures benefiting the forensic psychiatry program.

The March 31, 2008 non-current balance of \$1,476,000 was related to unused funding for forensic psychiatry services. During the 2009 fiscal year the Regions were approved by the Alberta Mental Health Board to expend these funds for incremental expenditures to benefit the forensic psychiatry programs. These funds were fully utilized in the 2009 fiscal year.

The March 31, 2009 non-current balance of \$98,000 is related to the Unfunded Supplemental Retirement Plan, see Note 18.

**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
<b>Current</b>		
Child and Youth Mental Health Plan	\$ 11,595	\$ -
Childrens Mental Health Projects	12,793	10,506
Community Treatment Orders	1,292	3,866
Mental Health Innovation Projects	74	963
Special Mental Health Initiatives	487	594
Aboriginal Youth Suicide Prevention Strategy	105	538
Alberta Centennial Mental Health Research Chairs Program	322	250
Telemental Health	244	211
Information Security Compliance	129	73
Seniors and Community Supports	983	45
Mental Health First Aid - PCN	216	15
	<u>28,240</u>	<u>17,061</u>
<b>Non-Current</b>		
Child and Youth Mental Health Plan	38,964	50,750
Childrens Mental Health Projects	18,467	12,347
Assertive Community Treatment Framework	-	9,000
Community Treatment Orders	15,606	3,881
Alberta Centennial Mental Health Research Chairs Program	3,067	3,116
Seniors and Community Supports	1,988	2,955
Special Mental Health Initiatives	1,430	1,406
Mental Health Innovation Projects	22	173
Information Security Compliance	-	107
Telemental Health	2	-
	<u>79,546</u>	<u>83,735</u>
	<u>\$ 107,786</u>	<u>\$ 100,796</u>

**Note 7 Long-Term Employee Benefits**

(a) Supplementary Retirement Plan (SRP)

	2009	2008
	(thousands of dollars)	
<b>Accrued benefit obligation</b>		
Accrued obligation, beginning of year	\$ 208	\$ -
Current service cost	64	6
Interest cost	16	2
Past service cost	186	200
Actuarial gain	(32)	-
Settlement gain	(101)	-
Benefit payments	(243)	-
Accrued obligation, end of year	<u>\$ 98</u>	<u>\$ 208</u>
<b>Reconciliation of funded status to accrued benefit liability</b>		
Funded status of plan (deficit)	(98)	(208)
Unamortized prior service costs	60	194
Accrued benefit liability	<u>\$ (38)</u>	<u>\$ (14)</u>
<b>SRP pension expense</b>		
Current service cost	64	6
Interest cost	16	2
Amortization of prior service costs	48	6
Amortization of actuarial gain	(32)	-
Settlement gain	(101)	-
Curtailement loss	272	-
Benefit cost	<u>\$ 267</u>	<u>\$ 14</u>
<b>Significant actuarial assumptions are as follows:</b>		
Discount rate	8.8%	5.5%
Expected average remaining service life of employee	5 years	5 years
Salary increase	5.0%	5.0%

The Supplementary Retirement Plan is unfunded.

(b) Local Authorities Pension Plan (LAPP)

The Board participates in the LAPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of \$394,700 for the year ended March 31, 2009 (2008 - \$321,000). At December 31, 2008, the LAPP reported a deficiency of \$4,413,971,000 (2007 deficiency - \$1,183,334,000).

(c) Pension Expense

The pension expense reported in the Statement of Operations for the SRP is \$267,350 and LAPP is \$394,700, for an aggregate pension expense of \$662,050 (2008- \$335,000).

**Note 8 Accumulated Surplus**

The Board's accumulated surplus comprises the following:

	<u>2009</u>	<u>2008</u>
	<u>(thousands of dollars)</u>	
<b>Unrestricted net assets</b>	<u>\$ 10,482</u>	<u>\$ 2,781</u>
<b>Internally restricted net assets</b>		
Research	-	3,803
Forensic Psychiatry Program	-	2,326
Board Priorities	-	2,000
Future capital expenditures	-	900
Mental Health Capacity Building for Children and Families	-	630
Provincial Mental Health Plan	-	266
	<u>-</u>	<u>9,925</u>
	<u>\$ 10,482</u>	<u>\$ 12,706</u>

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

**Note 9 Commitments****(a) Leases**

The Board is contractually committed to future operating lease payments until 2012 as follows:

For the year ended March 31	<u>(thousands of dollars)</u>
2010	\$909
2011	835
2012	359

**(b) Contract Service Operators**

The Alberta Mental Health Board contracts on an ongoing basis and for externally restricted initiatives with contract service operators to provide various services in the mandate of the Board (Schedule 3). As measured by percentage of total expenses, the Board has contracted or anticipates to contract for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**Note 10 Budget**

The budget was prepared and approved by senior management of the Alberta Mental Health Board and submitted to the Minister of Health and Wellness on May 27, 2008.

**Note 11 Alberta Health and Wellness Contributions**

	<u>2009</u>	<u>2008</u>
	<u>(thousands of dollars)</u>	
Unrestricted contributions	\$ 61,363	\$ 58,339
Transfers from deferred contributions	9,433	3,727
Other	30	-
	<u>\$ 70,826</u>	<u>\$ 62,066</u>

**Note 12 Other Government Contributions**

	<u>2009</u>	<u>2008</u>
	<u>(thousands of dollars)</u>	
Alberta Government		
Transition grant from East Central Health (Note 18)	\$ 1,630	\$ -
Transfers from deferred contributions	905	95
Other	175	116
	<u>\$ 2,710</u>	<u>\$ 211</u>

**Note 13 Investment and other income**

	<u>2009</u>	<u>2008</u>
	<u>(thousands of dollars)</u>	
Investment (loss) income	\$ (803)	\$ 418
Sales and recoveries	567	236
Registration fees and sponsorships	435	548
Other income	4	46
	<u>\$ 203</u>	<u>\$ 1,248</u>

Net investment loss is comprised of realized losses on disposal of investments, which are partially offset by interest earnings. Sales and recoveries relate to distributions of educational and promotional materials. Registration fees and sponsorships relate to conferences and courses conducted by the Board.

Sales and recoveries includes \$3,000 from Ministries of the Province (2008 - \$5,000). Registration fees and sponsorship includes \$80,000 from Ministries of the Province (2008 - \$80,000).

**Note 14 Administration**

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
General administration <sup>(1)</sup>	\$ 5,812	\$ 4,341
Administration - contract service operators (Schedule 3) <sup>(2)</sup>	1,402	1,217
Finance	263	243
Human resources	66	1
	<u>\$ 7,543</u>	<u>\$ 5,802</u>

<sup>(1)</sup>General administration includes costs relating to the following types of activities that do not meet the criteria for inclusion in other expense categories:

- Promoting and supporting implementation of the Made-in-Alberta approach outlined in the Provincial Mental Health Plan, *Advancing the Mental Health Agenda (April 2004)*;
- Bringing a provincial perspective to programming and support for regional mental health service delivery;
- Strengthening advocacy and consumer support;
- Advising on policy; and
- Collaborating with inter-provincial, national and international partners.

<sup>(2)</sup>The cost of contracted services is allocated to the appropriate expense categories as if the Alberta Mental Health Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

**Note 15 Support Services**

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Support services - contract service operators (Schedule 3) <sup>(1)</sup>	\$ 8,436	\$ 7,751
Building maintenance and operations	1,230	779
	<u>\$ 9,666</u>	<u>\$ 8,530</u>

<sup>(1)</sup>The cost of contracted services is allocated to the appropriate expense categories as if the Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

**Note 16 Related Parties**

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Transactions between the Board and Ministries of the Province are disclosed in the Statement of Operations and in Notes 11, 12 and 13 and Schedule 1 to the financial statements. As at March 31, 2009, \$8,000 is payable to other Ministries of the Province (2008 - \$3,000).

The Board had the following balances and transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

	<u>Receivable from:</u>		<u>Payable to:</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(thousands of dollars)			
Other Regional Health Authorities and Provincial Health Boards <sup>(1)</sup>	\$ 1,672	\$ 216	\$ 1,039	\$ 1,473
School Boards & Schools	-	-	3,069	1,151
University of Alberta	4	1	50	-
	<u>\$ 1,676</u>	<u>\$ 217</u>	<u>\$ 4,158</u>	<u>\$ 2,624</u>
	<u>Revenue</u>		<u>Expenses</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(thousands of dollars)			
Other Regional Health Authorities and Provincial Health Boards <sup>(1)</sup>	\$ 1,839	\$ 211	\$ 52,304	\$ 45,879
School Boards & Schools	-	-	8,061	2,293
University of Alberta	4	-	152	57
Carewest	-	-	-	32
	<u>\$ 1,843</u>	<u>\$ 211</u>	<u>\$ 60,517</u>	<u>\$ 48,261</u>

<sup>(1)</sup>The receivable includes \$1,630,000 receivable from East Central Health in respect of transition costs covered by an externally restricted grant. The payable includes \$50,400 in respect of third party costs paid on behalf of the Board for which the Region will be reimbursed. In addition to the receivable and payable balances there were \$515,400 prepaid expenses (2008 - \$535,000) in the Statement of Financial Position.

**Note 16 Related Parties (continued)**

(b) Other Contract Service Operators

The Board has an economic interest through its contracts with other service operators for mental health justice initiatives and mental health promotion and prevention services in the Province. Details are presented in Schedule 3.

**Note 17 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health service delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). On April 1, 2009 pursuant to the Health Government Transition Act & Regulation 286/94, the Alberta Mental Health Board will be disestablished and all assets and liabilities, rights and obligations of the Board will be assumed by East Central Health Region whose name will change to Alberta Health Services.

**Note 18 Transition Costs**

As at March 31, 2009, the Board recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, professional services, consulting expenses and other applicable transition expenses. In the Consolidated Statement of Operations, these charges are included in Administration, Support Services and Information Technology.

	Severance- Related Charges	Other Charges	Total
	(thousands of dollars)		
Payable as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	988	301	1,289
Amounts capitalized	-	-	-
Payments made during the year	-	-	-
Payable as at March 31, 2009	<u>\$ 988</u>	<u>\$ 301</u>	<u>\$ 1,289</u>
Unfunded Supplementary Retirement Plan	<u>\$ -</u>	<u>\$ 341</u>	<u>\$ 341</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Board has recorded a receivable of \$1,630,000 from East Central Health for the transition costs incurred as described above.

Unfunded SRP – The transition grant restrictions include payments for the unfunded status of the Board's Supplemental Retirement Plan. The Board has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year. The Board has also recorded a current receivable from East Central Health for the amount of any Supplementary Retirement Plan lump sum payments during the year as a part of a termination package.

**Note 19 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 20 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**ALBERTA MENTAL HEALTH BOARD**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**Year Ended March 31, 2009**  
 (thousands of dollars)

	2009		2008
	Budget	Actual	Actual
Salaries and Benefits (Schedule 2)	\$ 7,991	\$ 7,531	\$ 5,540
Contracts with health service providers (Schedule 3)	73,029	63,026	50,381
Other contracted services	3,484	2,033	2,377
Other expenses <sup>(1)</sup>	4,512	3,379	3,490
Amortization of capital equipment:			
- internally funded	240	240	223
- externally funded	3	3	15
Loss on disposal of capital equipment	-	70	-
	<u>\$ 89,259</u>	<u>\$ 76,282</u>	<u>\$ 62,026</u>
<sup>(1)</sup> Other expenses:			
Promotion, prevention, and educational materials	1,114	488	603
Facility rent <sup>(2)</sup>	1,076	1,223	789
Travel	857	584	742
Miscellaneous	1,465	1,084	1,356
	<u>\$ 4,512</u>	<u>\$ 3,379</u>	<u>\$ 3,490</u>

<sup>(2)</sup> The 2009 fiscal year includes office lease costs of \$82,000 paid to Alberta Infrastructure and Transportation under the terms of the lease agreement (2008 - \$91,000).

**ALBERTA MENTAL HEALTH BOARD  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

Schedule 2

	2009								2008	
	Number of FTEs <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)(f)</sup>	Sub Total	Severance <sup>(e)</sup>		Total	Number of FTEs <sup>(a)</sup>	Total
						Number of Individuals	Amount			
<b>Board Chair <sup>(g)</sup></b>										
Hughes, Ken - AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	-	\$ -
Ference, Jean (Dr.)	0.12	-	5	-	5	-	-	-	5	15
<b>Board Members <sup>(g)</sup></b>										
Ady, Jack - AHS	0.88	-	-	-	-	-	-	-	-	-
Crevoilin, Pierre - AHS	0.21	-	-	-	-	-	-	-	-	-
Roozen, Cathy - AHS	0.63	-	-	-	-	-	-	-	-	-
Hohl, Linda - AHS	0.88	-	-	-	-	-	-	-	-	-
Lehners, John - AHS	0.88	-	-	-	-	-	-	-	-	-
Lewis, Irene - AHS	0.88	-	-	-	-	-	-	-	-	-
Sieben, Don - AHS	0.88	-	-	-	-	-	-	-	-	-
Andreachuk, Lori - AHS	0.33	-	-	-	-	-	-	-	-	-
Bontje, Gord - AHS	0.33	-	-	-	-	-	-	-	-	-
Bougie, Teri Lynn - AHS	0.33	-	-	-	-	-	-	-	-	-
Clifford, Jim - AHS	0.33	-	-	-	-	-	-	-	-	-
Crowfoot, Stater - AHS	0.33	-	-	-	-	-	-	-	-	-
Franceschini, Tony - AHS	0.33	-	-	-	-	-	-	-	-	-
Laupacis, Andreas - AHS	0.33	-	-	-	-	-	-	-	-	-
Winkel, Gord - AHS	0.33	-	-	-	-	-	-	-	-	-
Fielding, Alan	0.12	-	2	-	2	-	-	-	2	7
Laforce-Fertig, Louise	0.12	-	1	-	1	-	-	-	1	8
McBain, Harold	0.12	-	2	-	2	-	-	-	2	8
Mikkelsen, David	0.12	-	-	-	-	-	-	-	1	5
Preston, Jerry	0.12	-	-	-	-	-	-	-	1	8
Steinhauer, Sharon	0.12	-	2	-	2	-	-	-	2	7
Taylor, Ruth (Dr.)	0.12	-	1	-	1	-	-	-	1	3
<b>Total Board</b>	<b>9.72</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>61</b>
<b>Board Direct Reports <sup>(h)</sup></b>										
Mental Health Patient Advocate Office	3.01	275	47	40	362	-	-	-	362	366
President & Chief Executive Officer - AHS <sup>(i)</sup>	0.02	-	-	-	-	-	-	-	-	-
Interim Chief Executive Officer - AHS <sup>(i)</sup>	0.88	-	-	-	-	-	-	-	-	-
President & Chief Executive Officer <sup>(i)</sup>	0.27	83	8	170	261	1	558	819	1.00	282
<b>CEO Direct Reports <sup>(i)</sup></b>										
Vice President, Advocacy, Innovation & Monitoring	0.84	183	64	97	344	1	430	774	1.00	235
Vice President, Programs & Research	1.00	221	65	71	357	-	-	357	1.00	237
Management reporting directly to CEO Direct Reports	14.10	1,478	33	309	1,820	-	-	1,820	12.57	1,492
Other management	4.56	382	2	81	465	-	-	465	4.54	428
Other staff	40.95	2,342	40	539	2,921	-	-	2,921	35.30	2,439
<b>Total Executive, Management and Staff</b>	<b>65.63</b>	<b>4,964</b>	<b>259</b>	<b>1,307</b>	<b>6,530</b>	<b>2</b>	<b>988</b>	<b>7,518</b>	<b>58.58</b>	<b>5,479</b>
<b>Total</b>	<b>75.35</b>	<b>\$ 4,964</b>	<b>\$ 272</b>	<b>\$ 1,307</b>	<b>\$ 6,543</b>	<b>2</b>	<b>\$ 988</b>	<b>\$ 7,531</b>	<b>66.58</b>	<b>\$ 5,540</b>

See accompanying information on the following pages.

**SCHEDULE OF SALARIES AND BENEFITS,  
FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 103 (2007 - 86). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include bonuses, lump sum payments and honoraria.
- d. Other non-cash benefits include:
- (i) Employer's current and prior service cost of supplementary retirement plans per note (f) below.
- (ii) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment insurance, long and short-term disability plans, Canada Pension Plan, and employment insurance. Professional development and membership costs may also be paid on behalf of or reimbursed to employees but such amounts are not included under benefits and allowances.
- (iii) Employer's share of the cost of additional benefits including other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Retirement Plan (SRP)

Under the terms of the Supplementary Retirement Plan executives may receive supplemental retirement payments. Effective April 1, 2008, the Vice President, Advocacy, Innovation & Monitoring and the Vice President, Programs & Research were added to the Supplementary Retirement Plan. SRP costs as detailed in the following table are not cash payments in the period but are the period expense for the rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2 (d) Employee Future Benefits and Note 7 Long-term Employee Benefit Liabilities.

The cost of these benefits is actuarially determined using the projected benefit method prorated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service costs, interest accruing on the actuarial liability and the full amount of any actuarial gains or loss in the period.

**SCHEDULE OF SALARIES AND BENEFITS,  
FOR THE YEAR ENDED MARCH 31, 2009**

	2009		
	Current Service Cost	Prior Service and Other Costs	Total
(thousands of dollars)			
President & CEO	\$ 9	\$ 152	\$ 161
VP-Advocacy, Innovation and Monitoring	24	44	68
VP- Programs & Research	31	7	38
	<u>\$ 64</u>	<u>\$ 203</u>	<u>\$ 267</u>
	Accrued obligation March 31, 2008	Change in accrued obligation	Accrued obligation March 31, 2009
(thousands of dollars)			
President & CEO	\$ 208	\$ (208)	\$ -
VP-Advocacy, Innovation and Monitoring	-	-	-
VP- Programs & Research	-	98	98
	<u>\$ 208</u>	<u>\$ (110)</u>	<u>\$ 98</u>

For the two severances during the 2008-09 period the SRP was paid out in lump sum. The President & CEO received a lump sum payment of \$175,324. The Vice-President, Advocacy, Innovation and Monitoring received a lump sum payment of \$67,796.

- g. On May 15, 2008, Alberta Mental Health Board's board, along with the other regional health authority boards and provincial boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTEs and costs for the entire 2008-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.



i. On July 8, the Board's CEO was terminated. The Interim CEO – AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.

j. CEO Direct Reports reflect FTEs and costs for the 2008-09 fiscal year based on the titling and positioning that existed as at July 8, 2008.

k. Two Executive Medical Directors were contracted by the Alberta Mental Health Board and participated in Executive Management Committee. As they are contracted their expense is charged to other contracted services and not salaries and benefits. The expense reported in the Statement of Operations for the fiscal year 2009 is: Executive Medical Director – Edmonton, \$111,300 (2008 - \$146,600) and Executive Medical Director – Calgary, \$190,700 (2008 - \$151,700).

**ALBERTA MENTAL HEALTH BOARD  
SCHEDULE OF CONTRACT SERVICE OPERATORS  
FOR THE YEAR ENDED MARCH 31, 2009  
(thousands of dollars)**

Schedule 3

	Direct Region Funding	Facility- based inpatient acute nursing services	Facility- based emergency & outpatient services	Community- based care	Diagnostic & therapeutic services	Promotion prevention & protection services	Research and education	Administra- tion	Information technology	Support services	Total Expenditures
<b>A. Health Authorities</b>											
Capital Health - Forensics	\$ 34,591	\$ 14,419	\$ 5,280	\$ 1,762	\$ 5,864	\$ -	\$ -	\$ 1,172	\$ -	\$ 6,094	\$ 34,591
Capital Health - Other	1,955	-	11	638	399	51	13	205	633	5	1,955
Calgary Health Region - Forensics	11,321	4,088	1,966	509	2,492	-	-	-	-	2,266	11,321
Calgary Health Region - Other	1,862	-	4	1,081	322	394	9	-	-	52	1,862
Chinook Health Region	718	-	-	471	201	27	4	-	-	15	718
Palliser Health Region	478	-	-	270	186	16	6	-	-	-	478
David Thomson Health Region	430	-	-	242	167	12	9	-	-	-	430
Aspen Health Region	116	-	-	59	11	33	9	-	-	4	116
Other Regional Health Authorities	113	-	-	-	-	96	17	-	-	-	113
<b>B. Other Contract Service Operators</b>											
School Boards & Schools	7,937	-	-	-	1,349	6,588	-	-	-	-	7,937
AADAC	726	-	-	430	296	-	-	-	-	-	726
Homefront	559	-	-	331	228	-	-	-	-	-	559
Aboriginal agencies & service providers	599	-	-	-	-	597	2	-	-	-	599
Centre for Suicide Prevention	393	-	-	-	-	393	-	-	-	-	393
Universities & Colleges	276	-	-	-	-	22	254	-	-	-	276
Schizophrenia Society of Alberta	244	-	-	-	-	244	-	-	-	-	244
Institute of Health Economics	187	-	-	-	-	-	187	-	-	-	187
Canadian Mental Health Association	130	-	-	-	-	127	3	-	-	-	130
Alberta Heritage Foundation for Medical Research	116	-	-	-	-	-	116	-	-	-	116
Other agencies & service providers	275	-	42	-	-	149	59	25	-	-	275
<b>Total 2008/09</b>	<b>\$ 63,026</b>	<b>\$ 18,507</b>	<b>\$ 7,303</b>	<b>\$ 5,793</b>	<b>\$ 11,515</b>	<b>\$ 8,749</b>	<b>\$ 688</b>	<b>\$ 1,402</b>	<b>\$ 633</b>	<b>\$ 8,436</b>	<b>\$ 63,026</b>
<b>Total 2007/08</b>	<b>\$ 50,381</b>	<b>\$ 16,155</b>	<b>\$ 6,103</b>	<b>\$ 5,240</b>	<b>\$ 9,316</b>	<b>\$ 3,566</b>	<b>\$ 394</b>	<b>\$ 1,217</b>	<b>\$ 639</b>	<b>\$ 7,751</b>	<b>\$ 50,381</b>

**ALBERTA CANCER BOARD**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

Statement of Management Responsibility  
Statement of Financial Position  
Statement of Operations  
Statement of Changes in Net Assets  
Statement of Cash Flows  
Notes to the Financial Statements  
Schedule 1 – Schedule of Expenses by Object  
Schedule 2 - Schedule of Salaries and Benefits

**ALBERTA CANCER BOARD**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

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

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

The Auditor General of Alberta provides an independent audit of the 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 financial statements prepared by management.

[Original signed]

\_\_\_\_\_  
Dr. Stephen Duckett  
President & Chief Executive Officer  
Date: June 11, 2009

[Original signed]

\_\_\_\_\_  
Chris Mazurkewich, CA  
Executive Vice President and CFO  
Date: June 11, 2009

[Original signed]

\_\_\_\_\_  
Darryl Diletzoy, CMA  
Director of Finance  
Date: June 11, 2009



## Auditor's Report

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

I have audited the statement of financial position of the Alberta Cancer Board (the Board) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## ALBERTA CANCER BOARD STATEMENT OF FINANCIAL POSITION

March 31, 2009

(in thousands)

	2009	2008
	Actual	Actual
<b>ASSETS</b>		
Current:		
Cash and cash equivalents (Note 3)	\$ 106,323	\$ 77,762
Accounts receivable	11,990	8,892
Contributions receivable from Alberta Health and Wellness	547	7,168
Inventories	8,142	9,609
Prepaid expenses	2,596	1,982
	<u>129,598</u>	<u>105,413</u>
Non-current cash, cash equivalents and investments (Note 3)	18,652	47,755
Capital assets (Note 4)	150,848	148,284
Other assets (Note 7 (b))	958	855
<b>TOTAL ASSETS</b>	<b><u>\$ 300,056</u></b>	<b><u>\$ 302,307</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current:		
Accounts payable and accrued liabilities	\$ 41,969	\$ 39,739
Accrued vacation pay	9,496	8,422
Deferred contributions (Note 5)	68,794	48,429
	<u>120,259</u>	<u>96,590</u>
Deferred capital contributions (Note 6)	8,350	12,395
Unamortized external capital contributions	104,667	106,630
Other liabilities	4,132	4,572
	<u>237,408</u>	<u>220,187</u>
Net Assets		
Accumulated surplus (Note 8)	3,990	2,209
Internally restricted net assets (Note 8)	-	20,618
Investment in capital assets	46,181	41,654
Cumulative net unrealized gain on investments	2,175	7,639
Operating net assets	<u>52,346</u>	<u>72,120</u>
Endowments (Note 17)	<u>10,302</u>	<u>10,000</u>
	<u>62,648</u>	<u>82,120</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 300,056</u></b>	<b><u>\$ 302,307</u></b>

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

**ALBERTA CANCER BOARD**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget (Note 10)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 11)	\$ 347,149	\$ 330,500	\$ 305,058
Other government contributions (Note 12)	3,000	7,532	2,058
Fees and charges	5,900	6,987	5,886
Ancillary operations (Note 13)	7,578	7,948	7,144
Donations	8,200	11,107	6,420
Research and education	32,000	29,006	32,001
Investment and other income (Note 14)	29,100	24,425	29,084
Amortized external capital contributions	14,600	13,329	14,504
<b>TOTAL REVENUE</b>	<b>\$ 447,527</b>	<b>\$ 430,834</b>	<b>\$ 402,155</b>

Expenses (Schedule 1)			
Inpatient acute nursing services	20,791	18,259	17,578
Emergency and outpatient services	108,893	110,409	101,710
Community-based care	41,300	44,420	38,715
Diagnostic and therapeutic services	94,996	96,690	88,659
Promotion, prevention and protection services	49,039	33,332	23,843
Research and education	70,014	61,707	58,475
Administration	12,232	13,759	11,019
Information technology	16,900	12,888	13,598
Support services	42,701	47,037	38,657
Amortization of facilities and improvements	5,700	6,643	5,463
<b>TOTAL EXPENSES</b>	<b>462,566</b>	<b>445,144</b>	<b>397,717</b>
(Deficiency) excess of revenue over expense	<b>\$ (15,039)</b>	<b>\$ (14,310)</b>	<b>\$ 4,438</b>

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

**ALBERTA CANCER BOARD**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended March 31, 2009**  
(in thousands)

	2009					2008		
	Accumulated surplus / (deficit) (Note 11)	Internally restricted net assets	Investment in capital assets	Cumulative net unrealized gain on investments	Sub-Total	Endowments	Total	Total
Balance at beginning of year	\$ 2,209	\$ 20,618	\$ 41,654	\$ 7,639	\$ 72,120	\$ 10,000	\$ 82,120	\$ 69,896
(Deficiency) excess of revenue over expense	(14,310)	-	-	-	(14,310)	-	(14,310)	4,438
Capital assets purchased with internal funds	(13,405)	-	13,405	-	-	-	-	-
Amortization of internally funded capital assets	8,745	-	(8,745)	-	-	-	-	-
Net unrealized losses on available for sale financial assets arising during the year	-	-	-	(4,632)	(4,632)	-	(4,632)	(574)
Transfer of net realized (losses) on investments to revenue	-	-	-	(832)	(832)	-	(832)	(1,640)
Net book value of internally funded capital assets disposed	133	-	(133)	-	-	-	-	-
Transfer internally restricted net assets to unrestricted	20,618	(20,618)	-	-	-	-	-	-
Endowment contributions received	-	-	-	-	-	302	302	10,000
Balance at end of year	\$ 3,990	\$ -	\$ 46,181	\$ 2,175	\$ 52,346	\$ 10,302	\$ 62,648	\$ 82,120

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

**ALBERTA CANCER BOARD**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget (Note 10)	Actual	Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (15,039)	\$ (14,310)	\$ 4,438
Non-cash transactions:			
Amortization (Schedule 1)	21,700	22,056	20,944
Amortized external capital contributions	(14,600)	(13,329)	(14,504)
Loss on disposal of capital equipment	-	103	607
Gain on disposal of investments	-	(816)	(1,640)
Changes in non-cash working capital account	(39,768)	28,045	16,698
Cash generated from (used by) operations	(47,707)	21,749	26,543
Investing activities:			
Purchase of investments	(12,000)	(16,513)	(17,573)
Purchase of capital assets:			
internally funded - equipment	(13,992)	(13,405)	(13,989)
internally funded - facility and improvements	-	-	-
externally funded - equipment	(17,333)	(11,365)	(6,648)
externally funded - facility and improvements	-	-	-
Proceeds on sale of investments	12,000	15,064	15,849
Proceeds on disposal of capital assets	-	45	6
Allocations to other assets	(35)	(103)	(47)
Transfer deferred contributions to capital	-	2,270	-
Transfer to Endowment	-	-	-
Allocations from non-current cash, cash equivalents and investments	29,605	23,941	5,136
Cash used by investing activities	(1,755)	(66)	(17,266)
Financing activities:			
Capital contributions received	5,000	7,628	7,742
Change in other liabilities	-	(440)	274
Deferred capital contributions transferred to operations	-	(310)	(263)
Cash generated from financing activities	5,000	6,878	7,753
Increase (decrease) in cash and equivalents	(44,462)	28,561	17,030
Cash and cash equivalents, beginning of year	84,954	77,762	60,732
Cash and cash equivalents, end of year	\$ 40,492	\$ 106,323	\$ 77,762

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

**ALBERTA CANCER BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

The Alberta Cancer Board (the "Board") was established in 1967 and now operates under the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000. Effective April 1, 2009, the Board will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 18).

The Board is exempt from payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The Board's operations include the following facilities and sites:

- Cross Cancer Institute – Edmonton
- Tom Baker Cancer Centre – Calgary
- Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
- Community Cancer Centers – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
- Breast screening sites – Edmonton and Calgary – plus three mobile vans
- Edmonton Radiopharmaceutical Centre – Edmonton
- Southern Alberta Cancer Research Institute – Calgary

These financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation, the Cross Cancer Institute Volunteer Association, or private facilities providing health services in the province, except as disclosed in Note 15.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements use the deferral method, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.

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

- (ii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.

- (iii) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.

- (iv) Unrestricted investment income is recognized in the year earned.

- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Board implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Board's objectives for managing capital are:

- In the short term to safeguard the board's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Board's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Board monitors its working capital and cash flow forecasts.

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

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Board funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

**(c) Full cost**

The Board accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the region's fees and charges and as contracted health service expense.

- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the region's health program costs.

- (iii) Fair value to use facilities not owned by the Board is recorded as other government contributions or donations, and as program expense, since the region's contract payments do not include amounts for use of these facilities.

- (iv) Fair value to use non-acute care facilities not owned by the Board and provided to the region at zero or nominal rent is recorded as other government contributions and as program expense.

- (v) Other assets, supplies and services the Board would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

**(d) Employee Future Benefits**

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Board has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.



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

Alberta Health Services (AHS) has approved an additional expense to transfer employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009 (Note 7).

The Board provides a defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The SERP is fully funded as the Board contributes to the Plan in quarter one of the next fiscal year an amount equal to the plan deficit, if any. At March 31, 2009, the Plan does not have a deficit.

The Board fully accrues its obligations for employee non-pension future benefits.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted of using the settlement date accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

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

The Board has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Accounts payable	Other financial liabilities

The Board does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Board as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

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

The carrying value of Accounts Receivable and Accounts Payable approximate their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the board is not exposed to significant interest, current or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Board adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (moving cost average) and net realizable value.

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

**(h) Capital Assets**

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20-40 years
Parkade	30 years
Building service equipment	20 years
Equipment and Information Systems Equipment	5-20 years
Information Systems software and licenses	5 years

Construction in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(i) Research Grants**

The Board awards grants to carry out cancer research to agencies that are successful applicants through the Board's Research Grant application process. Grants are awarded for projects ranging from one to three years in length. The Board records the full value of the grant awarded as an expense when it has been approved and when the agreement between the Board and the principal investigator has been executed.

**(j) Measurement Uncertainty**

These financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Significant management estimates include the amortization period of capital assets, the completeness of accrued liabilities, accounts receivable, allowance for doubtful accounts and economic assumptions related to the Supplemental Executive Retirement Plan. Actual results could differ from estimates.

**Note 3 Cash, Cash Equivalents and Investments**

	<u>2009</u>		<u>2008</u>	
	(thousands of dollars)		(thousands of dollars)	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 82,356	\$ 82,356	\$ 78,089	\$ 78,089
Money market securities	759	759	1,143	1,143
Fixed income securities:				
Canadian federal and provincial government bonds	7,269	6,791	7,291	6,872
Corporate bonds and debentures	13,810	14,531	14,580	14,848
Canadian equities	20,557	18,113	24,165	16,676
United States and foreign equities	224	250	249	250
Total current and non-current cash and investments	<u>124,975</u>	<u>122,800</u>	<u>125,517</u>	<u>117,878</u>
Classified as:				
Current	106,323	106,323	77,762	77,762
Non-current	18,652	16,477	47,755	40,116
Total cash, cash equivalents and investments	<u>\$ 124,975</u>	<u>\$ 122,800</u>	<u>\$ 125,517</u>	<u>\$ 117,878</u>

(i) The Consolidation Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2009 was 2.98% (March 31, 2008 - 4.81%). Included in cash, cash equivalents and investments is \$4,738 (2008 - \$327) related to capital and is considered non-current.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed income securities and 45% to 55% for equities. Risk is reduced through diversification.

(iii) Fixed income securities have an average effective yield of 5.3% (2008 - 5.03%) per annum for securities maturing between 1 and 30 years. As at March 31, 2009, the securities have the following maturity structure:

Under 1 year	4%
1 to 5 years	37%
6 to 10 years	26%
Over 10 years	33%

(iv) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

(v) Included in cumulative net unrealized gain on investments of \$2,175 are unrealized losses of \$2,936.

**Note 3 Cash, Cash Equivalents and Investments (continued)**

**Non-current cash and investments represent the following:**

	2009	2008
	(thousands of dollars)	
Externally restricted for capital acquisitions (Note 6)	\$ 8,350	\$ 12,395
Internally restricted net assets (Note 8)	-	20,618
Unrestricted non-current investments	-	4,742
Endowments (Note 17)	10,302	10,000
	<u>\$ 18,652</u>	<u>\$ 47,755</u>

**Note 4 Capital Assets**

Capital Asset	Cost				
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2009
	(thousands of dollars)				
Land	\$ 4,556	-	-	-	\$ 4,556
Art	146	-	4	-	150
Buildings	94,804	13,447	5,751	-	114,002
Building service equipment	39,087	-	-	-	39,087
Parkade	5,507	-	-	-	5,507
Equipment excluding information systems	133,537	3,280	9,341	(1,266)	144,892
Information systems equipment	27,801	-	1,900	(157)	29,544
Construction in progress	13,575	(13,575)	140	-	140
Deposits on equipment	3,721	(3,211)	7,136	-	7,646
Information systems software and licenses	12,411	59	498	-	12,968
	<u>\$ 335,145</u>	<u>\$ -</u>	<u>\$ 24,770</u>	<u>\$ (1,423)</u>	<u>\$ 358,492</u>

Capital Asset	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2008	Current year amortization	Amortization on disposals	Closing Balance March 31, 2009	2009	2008
	(thousands of dollars)				(thousands of dollars)	
Land	-	-	-	-	\$ 4,556	\$ 4,556
Art	-	-	-	-	150	146
Buildings	49,659	5,007	-	54,666	59,332	45,144
Building service equipment	29,400	1,649	-	31,049	8,038	9,687
Parkade	3,420	189	-	3,609	1,900	2,087
Equipment excluding information systems	76,354	10,724	(1,119)	85,959	58,933	57,164
Information Systems equipment	18,630	3,351	(156)	21,825	7,719	9,191
Construction in progress	-	-	-	-	140	13,575
Deposits on equipment	-	-	-	-	7,645	3,722
IS software and licenses	9,398	1,136	-	10,534	2,434	3,012
	<u>\$ 186,861</u>	<u>\$ 22,056</u>	<u>\$ (1,275)</u>	<u>\$ 207,642</u>	<u>\$ 150,848</u>	<u>\$ 148,284</u>

**Note 4 Capital Assets (continued)**

**(a) Land and buildings**

In July, 1989, the Board and the University of Alberta (the "University") jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of \$5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

**Capital assets were funded from the following sources:**

	2009	2008
	(thousands of dollars)	
Externally funded ( <i>unamortized external capital contributions</i> )	\$ 104,667	\$ 106,630
Internally funded ( <i>investment in capital assets</i> )	46,181	41,654
	<u>\$ 150,848</u>	<u>\$ 148,284</u>

**Note 5 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Research	\$ 20,616	\$ 15,496
Programs and services	35,196	7,355
Capital projects and renovations	4,270	2,939
Clinical trials	3,602	3,841
Legacy fund program initiatives	5,110	18,798
	<u>\$ 68,794</u>	<u>\$ 48,429</u>

**Note 6 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
	(thousands of dollars)	
Equipment replacement	\$ 1,128	\$ 1,670
New construction	365	1,025
Information technology equipment and software	1,208	2,080
New equipment	5,649	7,620
	<u>\$ 8,350</u>	<u>\$ 12,395</u>

**Note 7 Long-Term Employee Benefits**

**(a) Public Service Pension Plan (PSPP)**

The Board participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable \$8,644 for the year ended March 31, 2009 (2008 - \$7,799).

Alberta Health Services (AHS) has approved an additional expense to transfer employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. The additional expense is estimated at \$5.3 Million and is recorded in the financial statements of East Central Health.

At December 31, 2008, the PSPP reported an actuarial deficit of \$1,187,538 (2007 – deficit \$92,509).

**Note 7 Long-Term Employee Benefits (continued)**

**(b) Supplemental Executive Retirement Plan (SERP)**

	2009	2008
	(thousands of dollars)	
Accrued benefit obligation, beginning of year	\$ 3,498	\$ 2,586
Current service cost	328	434
Interest cost	200	157
Benefits paid	(24)	-
Actuarial (gain)/loss	(397)	321
Accrued benefit obligation, end of year	<u>3,605</u>	<u>3,498</u>
Funded status of plan surplus/(deficit)	170	(294)
Unamortized actuarial loss	455	705
Unamortized prior service costs	333	444
Accrued SERP asset	<u>958</u>	<u>855</u>
Current service cost	328	434
Interest cost	200	157
Amortization of prior service costs	111	111
Amortization of net actuarial loss	250	59
Expected return on plan assets	(96)	(73)
SERP expense	<u>\$ 793</u>	<u>\$ 688</u>
Assumptions at end of year		
Discount rate	6.2%	5.2%
Expected average remaining service life of employees	8 years	8 years
Salary scale increases	4%	4%
The above information is based on the annual actuarial valuation performed as of March 31, 2009. The Board's SERP is fully funded on an annual basis.		
Plan assets (held by trustee)	2009	2008
Employer contributions	\$ 1,778	\$ 1,539
Actual return on plan assets	302	100
Taxes paid	(27)	(33)
Market value (less than) over cost	(290)	3
Fair value of assets - March 31, 2009	<u>1,763</u>	<u>1,609</u>
Fixed income	889	721
Common stocks	873	751
Cash on hand	<u>1</u>	<u>137</u>
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	\$ 1,985	\$ 1,562
Taxes paid on plan income	27	33
Total refundable taxes	<u>2,012</u>	<u>1,595</u>
Total plan assets	3,775	3,204
Funded status of plan - (surplus)/deficit	<u>\$ (170)</u>	<u>\$ 294</u>

**Note 8 Accumulated Surplus**

The Board's accumulated surplus comprises the following:

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Unrestricted net assets	\$ 3,990	\$ 2,209
Internally restricted net assets:		
Drug Reserve	-	7,200
Committed capital equipment replacement	-	7,193
Breast Centre, Prostate Centre and Clinical Reserves	-	3,500
Edmonton Radiopharmaceutical Centre	-	2,725
	<u>-</u>	<u>20,618</u>
	<u>\$ 3,990</u>	<u>\$ 22,827</u>

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

**Note 9 Commitments and Contingencies****(a) Commitments:**

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

	(thousands of dollars)
2010	\$ 4,878
2011	4,815
2012	4,880
2013	4,957
2014	918
Thereafter	1,796
	<u>\$ 22,244</u>

The Board is also responsible for its portion of operating costs related to office and warehouse space.

**(b) Contingencies:**

The Board is a defendant in various lawsuits as of March 31, 2009. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2009.

**Note 10 Budget**

The budget was approved by the Board on May 6<sup>th</sup>, 2008 and submitted to the Minister of Health and Wellness.

**Note 11 Alberta Health and Wellness Contributions**

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Unrestricted contributions	\$ 294,186	\$ 277,533
Transfers from deferred contributions for:		
Legacy research	29,624	21,396
Renovations and repairs	3,573	834
Raditation therapy corridor project	1,412	-
Screening programs	1,181	4,462
Information systems programs	310	729
Telehealth program	214	104
	<u>\$ 330,500</u>	<u>\$ 305,058</u>

**Note 12 Other Government Contributions**

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Government of Canada	\$ 5,046	\$ 2,048
Alberta Government:		
Transition grant from East Central Health	1,878	-
EMS transition grant from East Central Health	608	-
Alberta Alcohol and Drug Abuse Commission	-	10
	<u>\$ 7,532</u>	<u>\$ 2,058</u>

**Note 13 Ancillary Operations**

	2009				2008	
	(thousands of dollars)				(thousands of dollars)	
	Revenue	Direct Expenses	Amortization Expense	Excess (deficiency) of Revenue over Expense	Revenue	Excess (deficiency) of Revenue over Expense
Parking operations	\$ 1,166	\$ 763	\$ 189	\$ 214	\$ 1,196	\$ 323
Non-patient food services	1,593	1,651	12	(70)	1,431	(85)
Edmonton Radiopharmaceutical Centre	5,189	4,828	42	319	4,517	(271)
Total	\$ 7,948	\$ 7,242	\$ 243	\$ 463	\$ 7,144	\$ (33)

Parking operations and Non-patient food services are reported in Support services on the statement of operations. Edmonton Radiopharmaceutical Center is reported in Diagnostic and therapeutic services on the statement of operations.

**Note 14 Investment and other income**

	2009	2008
	(thousands of dollars)	
Investment income	\$ 2,255	\$ 5,963
Drug rebates and other recoveries	16,562	17,513
Calgary Health Region Bone Marrow Transplant Program	5,608	5,608
	<u>\$ 24,425</u>	<u>\$ 29,084</u>

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains/losses on disposal of investments.

**Note 15 Related Parties**

**(a) Province of Alberta and Health Authorities**

The Minister of Health and Wellness appoints members of the Board. The Board is economically dependent on the Ministry of Health and Wellness (the "Ministry") since the viability of its ongoing operations depends on contributions from the Ministry.

The Board has the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2009				2008			
	(thousands of dollars)				(thousands of dollars)			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other Regional Health Authorities and Provincial Health Boards	\$ 12,516	\$ 27,785	\$ 4,479	\$ 5,859	\$ 7,166	\$ 31,419	\$ -	\$ 8,514
Health Quality Council of Alberta	-	104	-	103	-	1	-	-
Total	\$ 12,516	\$ 27,889	\$ 4,479	\$ 5,962	\$ 7,166	\$ 31,420	\$ -	\$ 8,514

**(b) Foundations**

**Alberta Cancer Foundation**

The Board controls the Alberta Cancer Foundation (the "Foundation") which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Canada Revenue Agency as a charitable foundation.

The Foundation is not consolidated in these financial statements. If the Board had consolidated the Foundation, using the modified equity method, the unrestricted operating results, and unrestricted net assets would have decreased by \$1,327 (2008 - increased \$2,824) and \$630 (2008 - \$3,209), respectively. Audited financial statements of the Foundation are available upon request.

**Note 15 Related Parties (continued)**

A financial summary of the Foundation as at March 31, 2009 and 2008 for the years then ended is as follows:

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Total assets	\$ 81,087	\$ 91,756
Total liabilities	1,951	1,066
Net Assets	<u>\$ 79,136</u>	<u>\$ 90,690</u>
Revenue	\$ 21,415	\$ 28,114
Expenses	21,367	25,073
Excess of revenue over expenses	<u>\$ 48</u>	<u>\$ 3,041</u>
Excess is comprised of:		
Restricted	\$ (1,339)	\$ 217
Unrestricted	1,387	2,824
	<u>\$ 48</u>	<u>\$ 3,041</u>

<u>Contributions received by Board</u>		<u>Resources held by Foundation</u>	
Year ended March 31,		at March 31, 2009	
<u>2009</u>	<u>2008</u>	<u>Restricted</u>	<u>Unrestricted</u>
(thousands of dollars)			
<u>\$ 15,563</u>	<u>\$ 20,371</u>	<u>\$ 78,507</u>	<u>\$ 629</u>

(i) At March 31, 2009 the Foundation owed to the Board \$787 which is included in Accounts Receivable (2008 - \$367 due to the Board).

**(c) Other Related Parties**

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association (the "Association") which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives.

**Note 15 Related Parties (continued)**

A financial summary of the Association as at March 31, 2009 and 2008 for the years then ended is as follows:

	<u>2009</u>	<u>2008</u>
	(Draft - unaudited	(unaudited)
	(thousands of dollars)	
Total assets	\$ 492	\$ 615
Total liabilities	1	194
Net assets	<u>\$ 491</u>	<u>\$ 421</u>
Revenue	\$ 570	\$ 455
Expenses	589	416
Excess/(Deficiency) of revenue over expenses	<u>\$ (19)</u>	<u>\$ 39</u>

**Note 16 Trust Funds**

The Board receives funds in trust for conferences, etc. These amounts are not reported in the financial statements. During the year the Board received \$182 and disbursed \$237. The balance of funds held by the Board at March 31, 2009 is \$235 (2008 - \$289).

**Note 17 Endowment**

The Endowment is internally restricted and is designated for use as a Research Chair for the Director of the Alberta Cancer Research Institute (ACRI). The principal amount of \$10,000 is required to be maintained and all investment proceeds are available for use. Proceeds from the fund are to be used for the salary, infrastructure and operating grant support for the ACRI Directors Research. During the year, \$302 of investment proceeds were allocated to the ACRI Director Research Chair and none was spent.

**Note 18 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Board but excluding East Central Health will be disestablished and all of the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 19 Transition and Restructuring Costs**

As at March 31, 2009, the Board recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, retention payments, professional services, consulting expenses and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration.

	Severance Related Charges	Other Charges	Total
	(thousands of dollars)		
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts expensed	2,194	-	2,194
Amounts capitalized	-	-	-
Payments made during the year	(1,843)	-	(1,843)
Liability as at March 31, 2009	<u>\$ 351</u>	<u>\$ -</u>	<u>\$ 351</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Board has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Note 20 Comparative Figures**

Certain 2008 figures have been reclassified to match their 2009 presentation.

**Note 21 Approval of Financial Statements**

These financial statements have been approved by the Board.

Schedule 1  
**ALBERTA CANCER BOARD**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For the year ended March 31, 2009**  
(in thousands)

	Budget (Note 12)	2009	2008
Salaries and benefits (Schedule 2)	\$ 168,804	\$ 159,189	\$ 137,590
Drugs and gases	104,828	98,596	100,201
Medical and surgical supplies	4,707	4,897	4,533
Other contracted services (a)	69,193	51,268	47,191
Referred out services	30,840	36,060	27,840
Supplies	26,738	16,629	25,430
Equipment and IT maintenance	6,953	9,015	6,299
Other (b)	28,803	47,434	27,689
Amortization:			
Capital equipment - internally funded	7,100	8,745	6,992
Capital equipment - externally funded	8,700	6,480	8,300
Facilities and improvements	5,900	6,831	5,652
	<u>\$ 462,566</u>	<u>\$ 445,144</u>	<u>\$ 397,717</u>
(a) Other Contracted services include the following:		2009	2008
Medical purchased services		\$ 40,750	\$ 37,529
Other purchased services		179	333
Legal Fees		117	100
Other professional fees		10,222	9,229
		<u>\$ 51,268</u>	<u>\$ 47,191</u>
(b) Other includes the following:		2009	2008
Travel and recruitment	\$ 4,393	\$ 4,313	\$ 4,313
Licence fees	1,587	672	672
Office rent	8,332	4,864	4,864
Land and building improvements	1,748	853	853
Major equipment	4,506	2,465	2,465
Grants	23,826	12,696	12,696
Other	3,042	1,826	1,826
		<u>\$ 47,434</u>	<u>\$ 27,689</u>



**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

	2009					2008				
	Number of FTEs(1)	Base Salary <sup>(2)</sup>	Other Cash Benefits <sup>(3)</sup>	Other Non-Cash Benefits <sup>(4)</sup>	Sub Total	Number of FTEs(1)	Severance <sup>(5)</sup>	Total	Number of FTEs(1)	Total
<b>Board Chair <sup>(10)</sup></b>										
Ken Hughes – AHS	0.88	\$ -	\$ -	\$ -	-	-	\$ -	-	-	\$ -
Gary Campbell	0.15	-	9	-	9	-	-	9	1.00	51
<b>Board Members <sup>(10)</sup></b>										
Jack Ady – AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevolin – AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen – AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol – AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnert – AHS	0.88	-	-	-	-	-	-	-	-	-
Irene Lewis – AHS	0.88	-	-	-	-	-	-	-	-	-
Don Sieben – AHS	0.88	-	-	-	-	-	-	-	-	-
Lori Andreachuk – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Bontje – AHS	0.33	-	-	-	-	-	-	-	-	-
Teri Lynn Bougie – AHS	0.33	-	-	-	-	-	-	-	-	-
Jim Clifford – AHS	0.33	-	-	-	-	-	-	-	-	-
Strater Crowfoot – AHS	0.33	-	-	-	-	-	-	-	-	-
Tony Franceschini – AHS	0.33	-	-	-	-	-	-	-	-	-
Andreas Laupacis – AHS	0.33	-	-	-	-	-	-	-	-	-
Gord Winkel – AHS	0.33	-	-	-	-	-	-	-	-	-
Jean Agrios	0.15	-	2	-	2	-	-	2	1.00	2
Patricia Jones (to July 31, 2007)	-	-	-	-	-	-	-	-	0.30	1
Allan Hargreaves	0.15	-	2	-	2	-	-	2	1.00	1
Ron Hierath	0.15	-	1	-	1	-	-	1	1.00	4
Richard Melchin	0.15	-	1	-	1	-	-	1	1.00	2
Irene Nicolson	0.15	-	4	-	4	-	-	4	1.00	3
Mary O'Neill	0.15	-	1	-	1	-	-	1	1.00	2
Brian Rogers	0.15	-	2	-	2	-	-	2	1.00	3
Catherine Roozen	0.15	-	2	-	2	-	-	2	1.00	4
Bronwyn Shoush	0.15	-	2	-	2	-	-	2	1.00	1
	10.26	\$ -	\$ 26	\$ -	26	-	\$ -	\$ 26	10.30	\$ 74

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

	2009					2008				
	Number of FTEs(1)	Base Salary <sup>(2)</sup>	Other Cash Benefits <sup>(3)</sup>	Other Non-Cash Benefits <sup>(4)</sup>	Sub Total	Number of FTEs(1)	Severance <sup>(5)</sup>	Total	Number of FTEs(1)	Total
<b>Board Direct Reports <sup>(6)</sup></b>										
President and Chief Executive Officer - AHS <sup>(11)</sup>	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer - AHS <sup>(11)</sup>	0.85	-	-	-	-	-	-	-	-	-
Chief Executive Officer <sup>(9)(11)(12)</sup>	0.27	140	35	45	220	1.00	1,843	2,063	1.00	712
<b>CEO Direct Reports <sup>(7)</sup></b>										
Interim Chief Operating Officer, Health Strategies Research & Design - AHS <sup>(8)(12)</sup>	1.00	324	-	70	394	1.00	351	745	1.00	366
Vice President Cross Cancer Institute	1.00	223	-	105	328	-	-	328	1.00	311
Vice President Medical Affairs & Community Oncology	1.00	305	-	134	439	-	-	439	1.00	395
Associate Vice President and CIO	0.53	215	-	69	284	-	-	284	-	-
Vice President Population, Health & Information	-	-	-	35	35	-	-	35	1.00	473
Vice President Tom Baker Cancer Clinic	1.00	429	-	93	522	-	-	522	1.00	490
Vice President Research	0.60	149	-	1	150	-	-	150	0.60	137
<b>Total Board and Executive</b>	<b>16.53</b>	<b>1,785</b>	<b>61</b>	<b>552</b>	<b>2,398</b>	<b>2.00</b>	<b>2,194</b>	<b>4,592</b>	<b>16.90</b>	<b>2,958</b>
Management reporting to CEO Direct Reports	28.93	3,641	36	504	4,181	1.00	137	4,318	36.00	4,207
Other management	388.02	29,390	411	4,622	34,423	3.00	135	34,558	337.20	27,757
Medical Doctors	22.90	6,651	23	715	7,389	2.00	219	7,608	21.90	6,543
Regulated nurses:										
- RNs, RPNs, Grad nurses	287.55	23,469	1,355	4,227	29,051	-	-	29,051	263.80	27,150
- LPNs	5.32	277	14	54	345	-	-	345	5.50	239
Other health technical & professionals	487.98	38,547	2,074	6,506	47,127	1.00	63	47,190	460.20	43,685
Unregulated health service providers	-	-	-	-	-	-	-	-	-	-
Other staff	592.74	26,501	902	4,655	32,058	2.00	7	32,065	528.70	25,547
<b>Grand Total</b>	<b>1,829.97</b>	<b>\$ 130,261</b>	<b>\$ 4,877</b>	<b>\$ 21,835</b>	<b>\$ 156,972</b>	<b>11.00</b>	<b>\$ 2,755</b>	<b>\$ 159,727</b>	<b>1,670.20</b>	<b>\$ 138,086</b>

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

Schedule 2 (continued)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each employee. Total actual discrete number of individuals employed: 2,902 (2008 – 2,251). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Employer's current and prior service cost of the Supplemental Executive Retirement Plan reported in note 13 below.
  - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and:
  - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay and travel allowances.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (7) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- (8) On July 8, 2008, the VP Operations of the Board was appointed the Interim Chief Operating Officer, Health Strategies Research & Design - Alberta Health Services. Salaries and benefits are reported in the accounts of the Board.
- (9) Automobile provided. No dollar amount included in other non-cash benefits.
- (10) On May 15, 2008, the Board's board, along with the other regional health authority boards, was replaced by the AHS interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (11) On July 8, 2008 the Board's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- (12) The Chief Executive Officer of the ACB and the Interim Chief Operating Officer, Health Strategies Research & Design – AHS have not made an election regarding their Supplemental Executive Retirement Plan pension income arrangement.

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

Schedule 2 (continued)

(13) Supplemental Executive Retirement Plan (SERP)

Under the terms of the Supplemental Executive Retirement Plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

**SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFIT**

	2009			2008
	Current	Prior Service	Total	Total
	Service Cost	and Other		
		Costs		
Chief Executive Officer	\$ 25	\$ 309	\$ 334	\$ 190
Interim Chief Operating Officer, Health Strategies Research & Design - AHS	42	11	53	46
Vice President Tom Baker Cancer Centre	66	5	71	59
Vice President Cross Cancer Institute	70	35	105	92
Associate Vice President and CIO	56	3	59	-
Vice President Medical Affairs and Community Oncology	70	64	134	118
Other	-	37	37	183
	<u>\$ 329</u>	<u>\$ 464</u>	<u>\$ 793</u>	<u>\$ 688</u>

The accrued obligation for each member under the SERP is outlined in the following table:

	Accrued		Accrued
	Obligation	Changes in	Obligation
	March 31,	Accrued	March 31,
	2008	Obligation	2009
Chief Executive Officer	\$ 1,587	\$ 87	\$ 1,674
Interim Chief Operating Officer, Health Strategies Research & Design - AHS	194	16	210
Vice President Tom Baker Cancer Centre	94	44	138
Vice President Cross Cancer Institute	391	44	435
Associate Vice President and CIO	26	41	67
Vice President Medical Affairs and Community Oncology	609	(13)	596
Other	597	(112)	485
	<u>\$ 3,498</u>	<u>\$ 107</u>	<u>\$ 3,605</u>

(14) Total Staff Compensation:

	2009	2008
	(in thousands of dollars)	
Salaries and Benefits (Schedule 1)	\$ 159,189	\$ 137,590
Legal fees related to severance	10	-
Other Contracted Services	528	496
	<u>\$ 159,727</u>	<u>\$ 138,086</u>



**HEALTH QUALITY COUNCIL OF ALBERTA**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**MARCH 31, 2009**

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

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

The Council members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Health Quality Council of Alberta Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the 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 financial statements prepared by management.

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 – Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries and Benefits

[Original signed]

\_\_\_\_\_  
Chief Executive Officer  
Dr. John Cowell  
June 15, 2009

[Original signed]

\_\_\_\_\_  
Controller  
Tim Wall  
June 15, 2009



## Auditor's Report

To the Members of the Health Quality Council of Alberta  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Health Quality Council of Alberta (the Council) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 15, 2009

## HEALTH QUALITY COUNCIL OF ALBERTA STATEMENT OF FINANCIAL POSITION

As at March 31, 2009

(in thousands)

	2009	2008
	Actual	Actual
<u>ASSETS</u>		
Current:		
Cash and cash equivalents	\$ 1,649	\$ 2,003
Accounts receivable	154	97
Inventories	-	62
Prepaid expenses	1	2
	<u>1,804</u>	<u>2,164</u>
Capital assets (Note 3)	76	27
<b>TOTAL ASSETS</b>	<b><u>\$ 1,880</u></b>	<b><u>\$ 2,191</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
Current:		
Accounts payable and accrued liabilities	\$ 428	\$ 531
Accrued vacation payable	128	91
Deferred contributions (Note 4)	808	1,026
	<u>1,364</u>	<u>1,648</u>
Net assets:		
Accumulated surplus (Note 6)	440	443
Internally restricted	-	73
Investment in capital assets	76	27
	<u>516</u>	<u>543</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,880</u></b>	<b><u>\$ 2,191</u></b>

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

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF OPERATIONS**  
**For the year ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget	Actual	Actual
	(Note 8)		
Revenue:			
Alberta Health and Wellness contributions (Note 9)	\$ 5,052	\$ 4,243	\$ 3,804
Investment and other income (Note 10)	65	185	593
<b>TOTAL REVENUE</b>	<b>5,117</b>	<b>4,428</b>	<b>4,397</b>
Expenses (Schedule 1):			
Administration	5,089	4,314	4,100
Information technology	101	141	56
<b>TOTAL EXPENSES</b>	<b>5,190</b>	<b>4,455</b>	<b>4,156</b>
(Deficiency) excess of revenue over expense	\$ (73)	\$ (27)	\$ 241

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

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF CHANGES IN NET ASSETS**

**For the year ended March 31, 2009**

(in thousands)

	2009				2008
	Unrestricted (Note 6)	Internally Restricted (Note 6)	Investment in capital assets	Total	Total
Balance at March 31, 2008	\$ 443	\$ 73	\$ 27	\$ 543	\$ 302
(Deficiency) excess of revenue over expense	(27)	-	-	(27)	241
Transfer from internally restricted	73	(73)	-	-	-
Capital assets purchased with internal funds	(142)	-	142	-	-
Amortization of internally funded capital assets	93	-	(93)	-	-
Balance at end of year	\$ 440	\$ -	\$ 76	\$ 516	\$ 543

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



**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (73)	\$ (27)	\$ 241
Non-cash transactions:			
Amortization (Note 3)	27	93	45
Changes in non-cash working capital account	(1,203)	(278)	1,305
Cash (used by) generated from operations	<u>(1,249)</u>	<u>(212)</u>	<u>1,591</u>
Investing activities:			
Purchase of capital assets: internally funded	<u>(100)</u>	<u>(142)</u>	<u>(5)</u>
Cash used by investing activities	<u>(100)</u>	<u>(142)</u>	<u>(5)</u>
(Decrease) increase in cash and cash equivalents	(1,349)	(354)	1,586
Cash and cash equivalents, beginning of year	<u>2,003</u>	<u>2,003</u>	<u>417</u>
Cash and cash equivalents, end of year	<u>\$ 654</u>	<u>\$ 1,649</u>	<u>\$ 2,003</u>

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

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

The Health Quality Council of Alberta (the "Council ") was established July 1, 2006 under the Alberta Regional Health Authorities Act, is considered a non-profit organization under the Income Tax Act and exempt from payment of income tax.

The Council is engaged in promoting and improving patient safety and health service quality across Alberta.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements use the deferral method, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
  - (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
  - (iv) Unrestricted investment income is recognized as revenue when earned.

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

**(b) Capital Disclosure**

Effective April 1, 2008, the Council implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Council's objectives for managing capital are:

- In the short term to safeguard the Council's financial ability to continue to deliver services and
- In the long term to plan to meet future needs for the Council's services.

The majority of the Council's operating funds are from Alberta Health and Wellness which are paid quarterly. As a result, significantly less working capital is required. The Council monitors its working capital and cash flow forecasts.

**(c) Full cost**

The Council accounts for all costs of services for which it is responsible. Fair value transactions comprise of:

- (i) Assets, supplies and services the Council would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined.

**(d) Employee Future Benefits**

The Council participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Council does not record its portion of the plan's deficit or surplus.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

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

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. "Loans and receivables" and financial liabilities are classified as "other financial liabilities" and are measured at amortized cost using the effective interest method.

The Council has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	held for trading
Accounts receivable	loans and receivables
Accounts payable	other financial liabilities

The Council does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Council as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

**(g) Inventories**

All inventories are valued at the lower of cost, using first in first out, or net realizable value.

**(h) Capital Assets**

Capital assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Computer Equipment	2 years
Information System	2 years
Furniture	3 years

Capital assets with unit costs less than five thousand dollars are expensed.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets are based on estimates of the useful life of the related assets. Actual results could differ from estimates.

**Note 3 Capital Assets**

**Cost**

Capital Asset	Opening Balance April 1, 2008	Additions	Disposals	Closing Balance March 31, 2009
Computer Equipment	\$ 88	\$ 10	\$ -	98
Information System	-	102	-	102
Furniture	-	30	-	30
				-
	\$ 88	\$ 142	\$ -	\$ 230

**Accumulated Amortization**

	Opening Balance April 1, 2008	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
Computer Equipment	\$ 61	\$ 32	\$ -	\$ 93	\$ 5	\$ 27
Information System	-	51	-	51	51	-
Furniture	-	10	-	10	20	-
Total	\$ 61	\$ 93	\$ -	\$ 154	\$ 76	\$ 27

**Note 4 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Current		
Long Term Care Survey	\$ 33	\$ 199
Research on Quality and Safety	250	250
Medication Management	525	577
Total	\$ 808	\$ 1,026

**Note 5 Pension Expense**

The Council participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Health Quality Council of Alberta's annual contributions payable of \$119 for the year ended March 31, 2009 (2008 \$77).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2007 deficiency \$1,183,334).

**Note 6 Accumulated Surplus**

The Council's accumulated surplus comprises the following:

	2009	2008
Unrestricted net assets	\$ 440	\$ 443
Internally restricted net assets		
Amounts appropriated for critical incident review	-	235
Amounts appropriated for University of Alberta contract	73	73
Current year use	(73)	(235)
Sub-total - internally restricted net assets	-	73
	\$ 440	\$ 516

**Note 7 Commitments and Contingencies**

The Health Quality Council of Alberta is committed to contract payments in future years as follows:

2009 / 2010	\$ 734
2010 / 2011	734
2011 / 2012	343
2012 / 2013	71
2013 / 2014	30

An "Assignment of Partial Leasehold Interest" agreement was put into place for April 01, 2007 to June 30, 2011. This commits the Health Quality Council of Alberta to annual rent in the amount of \$132 and additional rent, subject to adjustment in accordance with the lease of \$94 annually.

Health Quality Council of Alberta signed a 5 year lease for office space in Edmonton with annual rent in the amount of \$47 and additional rent, subject to adjustment in accordance with the lease of \$20 annually.

Health Quality Council of Alberta has a commitment with Dr. John W. Cowell Consulting Ltd. to receive executive oversight. The value of the commitment as at March 31, 2009 is \$36 per month and extends until September 2011.

**Note 8 Budget**

The budget was approved by the Board on June 26, 2008, and submitted to the Minister of Health and Wellness.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For the year ended March 31, 2009**  
(in thousands)

	2009		2008
	Budget	Actual	Actual
Salaries and Benefits (Schedule 2)	\$ 1,960	\$ 2,078	\$ 1,560
Other *	3,204	2,284	2,551
Amortization:			
Capital equipment - internally funded	26	93	45
	<u>\$ 5,190</u>	<u>\$ 4,455</u>	<u>\$ 4,156</u>
*Other:			
Office, general supplies, miscellaneous	\$ 569	\$ 474	\$ 560
Referred-out services	1,702	1,177	1,456
Studentships / Grants	250	214	157
Lease, Fees and Minor Equipment	332	278	322
Research	250	-	-
Information Technology	101	141	56
	<u>\$ 3,204</u>	<u>\$ 2,284</u>	<u>\$ 2,551</u>

**Note 9 Alberta Health and Wellness Contributions**

	2009	2008
Unrestricted contributions	\$ 4,026	\$ 3,230
Transfers from deferred contributions	217	574
	<u>\$ 4,243</u>	<u>\$ 3,804</u>

**Note 10 Investment and other income**

	2009	2008
Investment income	\$ 41	\$ 73
Other revenue	144	520
	<u>\$ 185</u>	<u>\$ 593</u>

Investment income comprises of bank interest.

**Note 11 Related Parties****(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of the Health Quality Council of Alberta. The Council is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Council had the following transactions with other health regions recorded in the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

Region	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Alberta Mental Health Board	\$ -	\$ 2	\$ -	\$ -	-	-	-	-
Aspen Regional Health Authority	2	-	-	-	-	-	-	-
Calgary Health Region	6	44	2	-	514	26	-	9
Capital Health	1	-	-	-	5	-	-	-
Chinook Regional Health Authority	2	-	-	-	-	-	-	-
David Thompson Regional Health Authority	4	1	-	-	-	-	-	-
East Central Health	2	2	-	-	5	-	-	-
Northern Lights Health Region	3	-	-	-	2	-	-	-
Palliser Health Region	3	-	-	-	-	-	-	-
Alberta Cancer Board	104	-	103	-	1	-	-	-
<b>Total</b>	<b>\$ 127</b>	<b>\$ 49</b>	<b>\$ 105</b>	<b>\$ -</b>	<b>\$ 527</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 9</b>

**Note 12 Comparative Figures**

Certain 2008 figures have been reclassified to match their 2009 presentation.

**Note 13 Approval of Financial Statements**

These financial statements have been approved by the Health Quality Council of Alberta Board.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**For the year ended March 31, 2009**

(in thousands)

	2009							2008		
	(1) Number of FTEs	Base Salary (2)	Honoraria and Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub Total	(1) Number of FTEs	Severance	Total	(1) Number of FTEs	Total
<b>Council Chair</b>										
L. Tyrrell	-	\$ -	\$ 15	\$ -	\$ 15	-	\$ -	\$ 15	-	\$ 13
<b>Board members</b>										
Vacant	-	-	-	-	-	-	-	-	-	-
B. Johnston	-	-	-	-	-	-	-	-	-	1
T. Klassen	-	-	1	-	1	-	-	1	-	2
B. Laing	-	-	6	-	6	-	-	6	-	14
M. Lee	-	-	6	-	6	-	-	6	-	3
P. Norton	-	-	1	-	1	-	-	1	-	1
L. Steinman	-	-	8	-	8	-	-	8	-	5
D. Tupper	-	-	5	-	5	-	-	5	-	5
P. Pelton	-	-	1	-	1	-	-	1	-	-
D. Schoppflocher	-	-	-	-	-	-	-	-	-	-
C. Skappak	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	-	-	28	-	28	-	-	28	-	31
<b>Board Direct Report</b>										
Chief Executive Officer <sup>(5)</sup>	1.0	415	24	-	439	-	-	439	1.0	424
<b>Management reporting to CEO:</b>										
Executive Director	1.0	135	8	19	162	-	-	162	1.0	147
Patient Safety Lead <sup>(6)</sup>	1.0	123	6	17	146	-	-	146	-	-
Controller <sup>(7)</sup>	1.0	115	4	16	135	-	-	135	-	-
<b>Sub-total</b>	3.0	373	18	52	443	-	-	443	1.0	147
<b>Total Board and Executive</b>	4.0	788	85	52	925	-	-	925	2.0	615
Other staff reporting directly to those above:										
Management	6.4	649	26	118	793	-	-	793	6.4	680
Staff	7.8	295	6	59	360	-	-	360	4.8	265
<b>Sub-total</b>	14.2	944	32	177	1,153	-	-	1,153	11.2	945
<b>Grand Total</b>	18.2	\$ 1,732	\$ 117	\$ 229	\$ 2,078	-	-	\$ 2,078	13.2	\$ 1,560

Schedule 2 (continued)

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**For the year ended March 31, 2009**

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee.  
Total actual discrete number of individuals employed\*: 19 (2008 - 14).  
“Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and;
  - b. Employer’s share of the cost of additional benefits including financial planning services and retirement planning services.
- (5) The Council’s Chief Executive Officer (CEO) is retained through a 5 year contract, which holds the Council harmless of any related overtime, benefits or supplementary retirement.
- (6) Position modified to report directly to CEO April 1, 2008.
- (7) Position established April 1, 2008.

## Alphabetical List of Entities' Financial Statements in Ministry 2008/2009 Annual Reports

### Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Access to the Future Fund	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance and Enterprise
Alberta Capital Finance Authority	Finance and Enterprise
Alberta Energy and Utilities Board <sup>1</sup>	Energy
Alberta Enterprise Corporation <sup>2</sup>	Advanced Education and Technology
Alberta Foundation for the Arts	Culture and Community Spirit
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance and Enterprise
Alberta Heritage Savings Trust Fund	Finance and Enterprise
Alberta Heritage Scholarship Fund	Finance and Enterprise
Alberta Heritage Science and Engineering Research Endowment Fund	Finance and Enterprise
Alberta Historical Resources Foundation	Culture and Community Spirit
Alberta Insurance Council	Finance and Enterprise
Alberta Investment Management Corporation <sup>3</sup>	Finance and Enterprise
Alberta Livestock and Meat Agency <sup>4</sup>	Agriculture and Rural Development
Alberta Local Authorities Pension Plan Corporation	Finance and Enterprise
Alberta Pensions Administration Corporation	Finance and Enterprise
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance and Enterprise
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance and Enterprise
Alberta Social Housing Corporation	Housing and Urban Affairs

<sup>1</sup> Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

<sup>2</sup> The Act was proclaimed and came into force on December 5, 2008.

<sup>3</sup> Began operations July 1, 2008.

<sup>4</sup> Incorporated on January 29, 2009

## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks and Recreation
Alberta Treasury Branches	Finance and Enterprise
Alberta Utilities Commission <sup>1</sup>	Energy
ATB Insurance Advisors Inc.	Finance and Enterprise
ATB Investment Management Inc.	Finance and Enterprise
ATB Investment Services Inc.	Finance and Enterprise
ATB Securities Inc.	Finance and Enterprise
Child and Family Services Authorities:	Children and Youth Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Métis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund <sup>5</sup>	Environment
Credit Union Deposit Guarantee Corporation	Finance and Enterprise

<sup>1</sup> Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

<sup>5</sup> Began operations July 1, 2007.



## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Rural Development	Agriculture and Rural Development
Department of Children and Youth Services	Children and Youth Services
Department of Culture and Community Spirit	Culture and Community Spirit
Department of Education	Education
Department of Energy	Energy
Department of Finance and Enterprise	Finance and Enterprise
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Housing and Urban Affairs	Housing and Urban Affairs
Department of Municipal Affairs	Municipal Affairs
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks and Recreation	Tourism, Parks and Recreation
Energy Resources Conservation Board <sup>1</sup>	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance and Enterprise

<sup>1</sup> Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Government House Foundation	Culture and Community Spirit
Historic Resources Fund	Culture and Community Spirit
Human Rights, Citizenship and Multiculturalism Education Fund	Culture and Community Spirit
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Aboriginal Relations <sup>6</sup>	Aboriginal Relations
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Rural Development	Agriculture and Rural Development
Ministry of Children and Youth Services	Children and Youth Services
Ministry of Culture and Community Spirit	Culture and Community Spirit
Ministry of Education	Education
Ministry of Employment and Immigration <sup>6</sup>	Employment and Immigration
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council <sup>6</sup>	Executive Council
Ministry of Finance and Enterprise	Finance and Enterprise
Ministry of Health and Wellness	Health and Wellness
Ministry of Housing and Urban Affairs	Housing and Urban Affairs
Ministry of Infrastructure <sup>6</sup>	Infrastructure
Ministry of International and Intergovernmental Relations <sup>6</sup>	International, and Intergovernmental Relations
Ministry of Justice <sup>6</sup>	Justice
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta <sup>6</sup>	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, and Recreation	Tourism, Parks, and Recreation
Ministry of Transportation <sup>6</sup>	Transportation
Ministry of the Treasury Board <sup>6</sup>	Treasury Board
N.A. Properties (1994) Ltd.	Finance and Enterprise
Natural Resources Conservation Board	Sustainable Resource Development

<sup>6</sup> ministry includes only the departments so separate financial statements are not necessary.

## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Persons with Developmental Disabilities Community Boards: Calgary Region Community Board Central Region Community Board Edmonton Region Community Board Northeast Region Community Board Northwest Region Community Board South Region Community Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance and Enterprise
Regional Health Authorities and Provincial Health Boards: Alberta Cancer Board Alberta Mental Health Board Aspen Regional Health Authority Calgary Health Region Capital Health Chinook Regional Health Authority David Thompson Regional Health Authority East Central Health Health Quality Council of Alberta Northern Lights Health Region Peace Country Health Palliser Health Region	Health and Wellness
Safety Codes Council	Municipal Affairs
School Boards and Charter Schools: Almadina School Society Aspen View Regional Division No. 19 Aurora School Ltd. Battle River Regional Division No. 31 Black Gold Regional Division No. 18 Boyle Street Education Centre Buffalo Trail Public Schools Regional Division No. 28	Education

## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	

## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	

## Entities Included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance and Enterprise
Technical Institutes and The Banff Centre: Northern Alberta Institute of Technology Southern Alberta Institute of Technology The Banff Centre for Continuing Education	Advanced Education and Technology
Universities: Athabasca University The University of Alberta The University of Calgary The University of Lethbridge	Advanced Education and Technology
Victims of Crime Fund	Solicitor General and Public Security
The Wild Rose Foundation	Culture and Community Spirit

## Entities Not Included in the Consolidated Government Reporting Entity

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance and Enterprise
Long-Term Disability Income Continuance Plan — Bargaining Unit	Treasury Board
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Treasury Board
Management Employees Pension Plan	Finance and Enterprise
Provincial Judges and Masters in Chambers (Registered) Pension Plan	Finance and Enterprise
Public Service Management (Closed Membership) Pension Plan	Finance and Enterprise
Public Service Pension Plan	Finance and Enterprise
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance and Enterprise
Supplementary Retirement Plan for Public Service Managers	Finance and Enterprise
Workers' Compensation Board	Employment and Immigration

## Ministry Contacts

For further information regarding the contents of this annual report  
please contact:

<i>Position</i>	<i>Name</i>	<i>Phone Number</i>
Minister of Health and Wellness	Ron Liepert	780-427-3665 Fax: 780-415-0961
Deputy Minister of Health and Wellness	Linda Miller	780-422-0747 Fax: 780-427-1016
Community and Population Health Assistant Deputy Minister	Margaret King	780-427-7142 Fax: 780-422-3671
Corporate Support Acting Assistant Deputy Minister	Martin Chamberlain	780-427-0885 Fax: 780-422-3672
Financial Accountability Acting Assistant Deputy Minister	Martin Chamberlain	780-427-0885 Fax: 780-422-3672
Health Policy and Service Standards Assistant Deputy Minister	Susan Williams	780-427-2653 Fax: 780-415-0570
Health System Performance and Information Management Acting Assistant Deputy Minister and Chief Information Officer	Mark Brisson	780-427-5280 Fax: 780-422-5176
Health Workforce Assistant Deputy Minister	Glenn Monteith	780-427-3274 Fax: 780-415-8455
Communications Director	Andy Weiler	780-427-7164 Fax: 780-427-1171
Human Resources Executive Director	Rick Brick	780-427-1060 Fax: 780-422-1700