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# **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2016**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2016 are the responsibility of management and have been reviewed and approved by senior management. The consolidated financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

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

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

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

[Original Signed By]

[Original Signed By]

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

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

June 3, 2016



## Independent Auditor's Report

To the Minister of Health

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

I have audited the accompanying consolidated financial statements of Alberta Health Services, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations, remeasurement gains and losses, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Health Services as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

June 3, 2016

Edmonton, Alberta

<b>CONSOLIDATED STATEMENT OF OPERATIONS</b>			
<b>YEAR ENDED MARCH 31</b>			
	<b>2016</b>		<b>2015</b>
	<b>Budget (Note 3)</b>	<b>Actual</b>	<b>Actual (Schedule 3)</b>
<b>Revenue:</b>			
Alberta Health transfers			
Base operating	\$ 11,330,000	\$ 11,329,851	\$ 10,851,204
Other operating	1,110,000	1,064,739	1,378,438
Capital	84,000	84,716	92,907
Other government transfers (Note 4)	416,000	416,554	420,599
Fees and charges	507,000	491,487	472,389
Ancillary operations	132,000	133,220	133,118
Donations, fundraising, and non-government contributions (Note 5)	166,000	163,221	167,290
Investment and other income (Note 6)	208,000	267,931	308,308
<b>TOTAL REVENUE</b>	<b>13,953,000</b>	<b>13,951,719</b>	<b>13,824,253</b>
<b>Expenses:</b>			
Inpatient acute nursing services	3,157,000	3,268,711	3,213,808
Emergency and other outpatient services	1,619,000	1,635,271	1,586,065
Facility-based continuing care services	1,047,000	1,035,366	1,005,796
Ambulance services	468,000	478,068	475,430
Community-based care	1,222,000	1,205,926	1,138,026
Home care	542,000	567,657	535,617
Diagnostic and therapeutic services	2,248,000	2,274,271	2,234,862
Promotion, prevention, and protection services	379,000	363,149	360,911
Research and education	240,000	224,316	235,411
Administration (Note 7)	454,000	426,264	448,030
Information technology	566,000	565,158	568,861
Support services (Note 8)	2,011,000	2,055,706	2,023,940
<b>TOTAL EXPENSES (Schedule 1)</b>	<b>13,953,000</b>	<b>14,099,863</b>	<b>13,826,757</b>
<b>ANNUAL OPERATING SURPLUS (DEFICIT)</b>	<b>-</b>	<b>(148,144)</b>	<b>(2,504)</b>
Endowment contributions and reinvested income	-	3,585	3,585
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (144,559)</b>	<b>\$ 1,081</b>
Accumulated surplus, beginning of year		1,303,682	1,302,601
<b>Accumulated surplus, end of year (Note 19)</b>		<b>\$ 1,159,123</b>	<b>\$ 1,303,682</b>

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

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31</b>		
	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Actual (Schedule 3)</b>
<b>Financial Assets:</b>		
Cash	\$ 79,867	\$ 331,847
Portfolio investments (Note 10)	2,187,506	2,173,493
Accounts receivable (Note 11)	393,493	313,972
Other assets	11,826	12,179
	2,672,692	2,831,491
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (Note 12)	1,236,312	1,273,899
Employee future benefits (Note 13)	620,687	594,603
Unexpended deferred operating revenue (Note 14)	429,515	491,254
Unexpended deferred capital revenue (Note 15)	148,319	178,078
Debt (Note 17)	326,909	321,831
	2,761,742	2,859,665
<b>NET DEBT</b>	<b>(89,050)</b>	<b>(28,174)</b>
<b>Non-Financial Assets:</b>		
Tangible capital assets (Note 18)	7,573,071	7,511,137
Inventories for consumption	94,439	96,583
Prepaid expenses	116,117	126,610
	7,783,627	7,734,330
<b>NET ASSETS BEFORE EXPENDED DEFERRED CAPITAL REVENUE</b>	<b>7,694,577</b>	<b>7,706,156</b>
Expended deferred capital revenue (Note 16)	6,530,432	6,363,699
<b>NET ASSETS</b>	<b>1,164,145</b>	<b>1,342,457</b>
Net Assets is comprised of:		
Accumulated surplus (Note 19)	1,159,123	1,303,682
Accumulated remeasurement gains and losses	5,022	38,775
	\$ 1,164,145	\$ 1,342,457

Contractual Obligations and Contingent Liabilities (Note 20)

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

Approved by the Board of Directors:

[Original Signed By]

**Linda Hughes**  
Board Chair

[Original Signed By]

**David Carpenter, FCPA, FCA**  
Audit & Risk Committee Chair

<b>CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT</b>			
<b>YEAR ENDED MARCH 31</b>			
	<b>2016</b>		<b>2015</b>
	<b>Budget (Note 3)</b>	<b>Actual</b>	<b>Actual</b>
Annual surplus (deficit)	\$ -	\$ (144,559)	\$ 1,081
Effect of changes in tangible capital assets:			
Acquisition of tangible capital assets (Note 18)	(940,000)	(650,785)	(642,235)
Amortization, disposals and write-downs of tangible capital assets (Note 18)	618,000	588,851	633,593
Effect of other changes:			
Net increase in expended deferred capital revenue	290,000	166,733	87,230
Net (increase) decrease in inventories for consumption	(1,000)	2,144	1,669
Net (increase) decrease in prepaid expense	10,000	10,493	(20,211)
Net (increase) decrease in remeasurement gains (losses)	(16,000)	(33,753)	13,929
<b>(Increase) decrease in net debt</b>	<b>(39,000)</b>	<b>(60,876)</b>	<b>75,056</b>
Net debt, beginning of year	(28,000)	(28,174)	(103,230)
<b>Net debt, end of year</b>	<b>\$ (67,000)</b>	<b>\$ (89,050)</b>	<b>\$ (28,174)</b>

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

<b>CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES</b>		
<b>YEAR ENDED MARCH 31</b>		
	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Actual</b>
Accumulated remeasurement gains, beginning of year	\$ 38,775	\$ 24,846
Unrestricted unrealized net gains (losses) on portfolio investments	(18,705)	43,724
Amounts reclassified to the Consolidated Statement of Operations related to portfolio investments	(15,048)	(29,795)
<b>Net remeasurement gains (losses) for the year</b>	<b>(33,753)</b>	<b>13,929</b>
<b>Accumulated remeasurement gains, end of year (Note 10)</b>	<b>\$ 5,022</b>	<b>\$ 38,775</b>

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

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
<b>YEAR ENDED MARCH 31</b>		
	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Actual (Schedule 3)</b>
<b>Operating transactions:</b>		
Annual surplus (deficit)	\$ (144,559)	\$ 1,081
Non-cash items:		
Amortization, disposals, and write-downs	588,851	633,593
Recognition of expensed deferred capital revenue	(394,294)	(427,506)
Decrease (increase) in:		
Accounts receivable related to operating transactions	(49,250)	72,533
Inventories for consumption	2,144	1,669
Other assets	353	(575)
Prepaid expenses	10,493	(20,211)
Increase (decrease) in:		
Accounts payable and accrued liabilities related to operating transactions	(39,564)	85,372
Employee future benefits	26,084	40,071
Deferred revenue related to operating transactions	(80,367)	(74,491)
Cash provided by (applied to) operating transactions	(80,109)	311,536
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(233,213)	(229,734)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	(6,434)	(31,797)
Cash provided by (applied to) capital transactions	(239,647)	(261,531)
<b>Investing transactions:</b>		
Purchase of portfolio investments	(4,230,911)	(4,203,953)
Proceeds on disposals of portfolio investments	4,133,948	4,291,898
Cash provided by (applied to) investing transactions	(96,963)	87,945
<b>Financing transactions:</b>		
Restricted capital revenue received	164,359	96,977
Restricted capital revenue returned	(4,698)	(14,119)
Proceeds from debt	20,300	5,000
Principal payments on debt	(15,222)	(14,535)
Cash provided by (applied to) financing transactions	164,739	73,323
<b>Net increase (decrease) in cash</b>	<b>(251,980)</b>	<b>211,273</b>
Cash, beginning of year	331,847	120,574
<b>Cash, end of year</b>	<b>\$ 79,867</b>	<b>\$ 331,847</b>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### Note 1 Authority, Purpose and Operations

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

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

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

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

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

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

AHS is exempt from the payment of income taxes under the *Income Tax Act* (Canada).

### Note 2 Significant Accounting Policies and Reporting Practices

#### (a) Basis of Presentation

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

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

#### (i) Controlled Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the following entities which are controlled by AHS:

#### **Wholly Owned Subsidiaries:**

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

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

Airdrie Health Foundation	Lacombe Hospital and Care Centre Foundation
Alberta Cancer Foundation (ACF)	Medicine Hat and District Health Foundation
Bassano and District Health Foundation	Mental Health Foundation
Bow Island and District Health Foundation	North County Health Foundation
Brooks and District Health Foundation	Oyen and District Health Care Foundation
Calgary Health Trust (CHT)	Peace River and District Health Foundation
Canmore and Area Health Care Foundation	Ponoka and District Health Foundation
Cardston and District Health Foundation	Stettler Health Services Foundation
Claresholm and District Health Foundation	Strathcona Community Hospital Foundation
Crowsnest Pass Health Foundation	Tofield and Area Health Services Foundation
David Thompson Health Trust	Two Hills Health Centre Foundation ( <i>effective December 2014</i> )
Fort Macleod and District Health Foundation	Vermillion and Region Health and Wellness Foundation ( <i>inactive</i> )
Fort Saskatchewan Community Hospital Foundation	Viking Health Foundation
Grande Cache Hospital Foundation	Vulcan County Health and Wellness Foundation
Grimshaw/Berwyn Hospital Foundation	Windy Slopes Health Foundation
Jasper Health Care Foundation	
Lac La Biche Regional Health Foundation ( <i>effective September 2015</i> )	

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

AHS consolidates its interest in the LPIP. AHS has the majority of representation on the LPIP's governance board and is therefore considered to control the LPIP. The main purpose of the LPIP is to share the risks of general and professional liability to lessen the impact on any one subscriber.

**Other:**

Queen Elizabeth II Hospital Child Care Centre

**(ii) Government Partnerships**

AHS uses the proportionate consolidation method to account for its 50% interest in the Primary Care Network (PCN) government partnerships with physician groups, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 30% interest in the HUTV Limited Partnership (HUTV) with David Chittick Management Ltd., (Note 22).

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

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

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

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

**(iii) Other**

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

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

Adjustments are made for consolidated entities whose fiscal year-end are different from AHS' fiscal year end. This only consists of LPIP with a fiscal year-end of December 31, 2015.

**(b) Revenue Recognition**

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

**(i) Government Transfers**

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

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

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

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

**Note 2 Significant Accounting Policies and Reporting Practices (continued)****(ii) Donations, Fundraising, and Non-Government Contributions**

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

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

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

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

**(iii) Transfers and Donations of or for Land**

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

**(iv) Endowments**

Endowments are included in Financial Assets and Accumulated Surplus in the Consolidated Statement of Financial Position. Endowments contributions and associated investment income are recognized in the Consolidated Statement of Operations in the period in which they are received. Donors have placed restrictions on their contribution to the endowment funds.

All unrealized gains and losses attributable to endowments are recognized as an increase or decrease in deferred revenue. Realized gains and losses on portfolio investments attributable to endowments are recognized as increases or decreases in deferred revenue when received or receivable and are subsequently recognized in the Consolidated Statement of Operations when the terms of use are met, as stipulated by the donors.

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

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

**(vi) Investment Income**

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers or donations are recognized in the Consolidated Statement of Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations. Investment income and unrealized gains and losses that are from restricted transfers or donations are allocated to the respective transfer or donation balances according to the provisions within the individual agreements.

**(c) Expenses**

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

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

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

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

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

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

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

AHS measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and, when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value. For the year ended March 31, 2016, AHS has no embedded derivatives that require separation from the host contract.

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

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported as a realized loss on the Consolidated Statement of Operations.

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

**(e) Cash**

Cash is comprised of cash on hand and demand deposits.

**(f) Inventories For Consumption**

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

**(g) Tangible Capital Assets**

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. Contributed tangible capital assets and work in progress acquired from other government organizations and other entities are recorded at their fair value on the date of donation. When AHS cannot determine the fair value, in-kind contributions are recorded at a nominal value. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress and expensed deferred capital revenue as AI incurs costs.

Works of art, historical treasures, and collections are expensed when purchased or contributed and not recognized in tangible capital assets.

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

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

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

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

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

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

**(h) Employee Future Benefits****(i) Registered Benefit Pension Plans**

AHS participates in the following registered defined benefit pension plans: the Local Authorities Pension Plan (LAPP) and the Management Employees Pension Plan (MEPP). These multi-employer public sector defined benefit plans provide pensions for participants for each year of pensionable service based on the average salary of the highest five consecutive years, up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE), over the same five consecutive year period. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The President of Alberta Treasury Board and Minister of Finance is the legal trustee and administrator of the plans. The Department of Treasury Board and Finance accounts for its share of obligations for these pension plans relating to former and current employees of all of the organizations included in the GOA consolidated reporting entity on a defined benefit basis. As a participating government organization, AHS accounts for these plans on a defined contribution basis. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that AHS is required to pay for its employees during the fiscal year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

**(ii) Other Defined Contribution Pension Plans**

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

**(iii) Supplemental Executive Retirement Plans (SERPs)**

AHS sponsors SERPs, which are funded, and has three Retirement Compensation Arrangements (RCA) for these plans. The SERPs cover certain employees and supplement the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). Each plan was closed to new entrants effective April 1, 2009. SERPs provide future pension benefits to participants based on years of service and earnings.

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

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

The net retirement benefit cost of SERPs reported in these consolidated financial statements is comprised of the retirement benefits expense and the retirement benefits interest expense. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The key components of retirement benefits expense include the current period benefit cost, cost of any plan amendments including related net actuarial gains or losses incurred in the period, gains and losses from any plan settlements or curtailments incurred in the period, and amortization of actuarial gains and losses. Retirement benefit costs are not cash payments in the period but are the period expense for rights to future compensation. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets.

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

The actuarial gains and losses that arise are accounted for in accordance with PSAS whereby AHS amortizes actuarial gains and losses from the liability or asset over the average remaining service life of the related employee group.

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

**(iv) Supplemental Pension Plan (SPP)**

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

**(v) Sick Leave Liability**

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

AHS accrues its liabilities for accumulating non-vesting sick leave benefits but does not record a liability for sick leave benefits that do not accumulate beyond the current reporting period as these are renewed annually.

The accumulating non-vesting sick leave liability is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement rates, and mortality. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service.

Any resulting net actuarial gain (loss) is deferred and amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

**(vi) Other Benefits**

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

**(i) Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

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

**(j) Measurement Uncertainty**

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

The establishment of the provision for unpaid claims relies on the judgment and opinions of many individuals; historical precedent and trends; prevailing legal, economic, and social and regulatory trends; and expectation as to future developments. The process of determining the provision necessarily involves risks that the actual results will deviate perhaps materially from the best estimates made.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)****(k) Internally Restricted Surplus for Future Purposes**

Certain amounts, as approved by the AHS Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from internally restricted surplus for future purposes are recorded to the respective reserved surplus when approved.

**(l) Changes in Accounting Policy****Adoption of the Net Debt Presentation**

The net debt model (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net debt is measured as the difference between AHS' financial assets and liabilities.

The effect of this change has resulted in a change in the presentation of the Consolidated Statement of Financial Position and the inclusion of the Consolidated Statement of Change in Net Debt. The impact of this change on the Consolidated Statement of Financial Position is presented in Schedule 3.

**Endowment Contributions and Reinvested Income**

Effective April 1, 2015, endowment contributions are recognized in the Consolidated Statement of Operations in the period in which they are received. In prior years, such transactions were recognized as direct increases to endowments on the Consolidated Statement of Financial Position in the period they were received. This change in accounting policy has been applied retroactively with restatement of comparative financial information presented in Schedule 3.

**(m) Future Accounting Changes**

During fiscal 2015-16 the Public Sector Accounting Board issued the following accounting standards:

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

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



**Note 3 Budget**

The AHS Health Plan and Business Plan 2015-18, which included the 2015-16 annual budget, was approved by the Minister of Health on January 19, 2016. Subsequently, reclassification adjustments were made to the originally approved budget in order to align with the presentation of current year results. Refer to Schedule 3.

**Note 4 Other Government Transfers**

	2016	2015
Unrestricted operating	\$ 60,272	\$ 52,760
Restricted operating	88,192	82,578
Restricted capital	268,090	285,261
	<b>\$ 416,554</b>	<b>\$ 420,599</b>

Other government transfers include \$409,882 (2015 – \$414,442) transferred from the GOA and \$6,672 (2015 – \$6,157) from the federal government, and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.

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

	2016	2015
Unrestricted operating	\$ 2,622	\$ 4,230
Restricted operating	119,111	113,722
Restricted capital	41,488	49,338
	<b>\$ 163,221</b>	<b>\$ 167,290</b>

**Note 6 Investment and Other Income**

	2016	2015
Investment income	\$ 84,900	\$ 98,841
Other income:		
External recoveries from the GOA (Note 21)	38,422	43,809
Other revenue	144,609	165,658
	<b>\$ 267,931</b>	<b>\$ 308,308</b>

Other revenue includes revenue related to administrative services provided to other organizations of \$10,906 (2015 – \$11,978) (Note 7).

**Note 7 Administration**

	2016	2015
General administration <sup>(a)</sup>	\$ 222,884	\$ 228,640
Human resources <sup>(b)</sup>	91,278	99,325
Finance <sup>(c)</sup>	61,872	65,187
Communications <sup>(d)</sup>	12,596	16,492
Direct administration expense incurred by AHS	388,630	409,644
Administration expense of full-spectrum contracted health service providers <sup>(e)</sup>	37,634	38,386
<b>Total administration expense</b>	<b>426,264</b>	<b>448,030</b>
Less revenue related to administrative services provided to other organizations (Note 6)	(10,906)	(11,978)
<b>Net administration expense</b>	<b>\$ 415,358</b>	<b>\$ 436,052</b>

Net administration expense has been presented to align with the Canadian Institute of Health Information (CIHI) definition. Activities and costs directly supporting clinical activities are not included in administration.

**Note 7 Administration (continued)**

The following are the direct administration expenses incurred by AHS:

- (a) General administration includes senior leaders' expenses, the former Official Administrator expenses, Board expenses, and other administrative functions such as planning and development, privacy, risk management, internal audit, infection control, quality assurance, insurance, patient safety, and legal.
- (b) Human resources includes personnel services, staff recruitment and selection, orientation, labour relations, employee health, and employee record keeping.
- (c) Finance includes the recording, monitoring, and reporting of the financial and statistical aspects of AHS' planned and actual activities.
- (d) Communications includes the receipt and transmission of AHS' communications including electronic communication, visitor information, and mail services. It also includes personnel dedicated to maintenance and repair of communication systems and devices.

In addition, AHS recognizes the following indirect costs as administration expense:

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

**Note 8 Support Services**

	2016	2015
Facilities operations	\$ 814,993	\$ 831,756
Patient: health records, food services, and transportation	373,682	346,648
Materials management	214,422	180,568
Housekeeping, laundry, and linen	192,341	192,280
Support services expense of full-spectrum contracted health service providers	143,701	150,623
Ancillary operations	110,389	110,889
Fundraising expenses and grants awarded	48,028	38,682
Emergency preparedness services	4,353	3,992
Other	153,797	168,502
	<b>\$ 2,055,706</b>	<b>\$ 2,023,940</b>

**Note 9 Financial Instruments**

AHS is exposed to a variety of financial risks associated with the entity's financial instruments. These financial risks include market risk, price risk, interest rate risk, foreign currency risk, credit risk, and liquidity risk.

**(a) Market Risk**

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

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

The ACF Investment Policy has established an asset mix policy of 0% to 10% for money market securities, 30% to 60% for fixed income securities, and 30% to 70% for equities.

The LPIP Investment Policy has established an asset mix policy of 80% to 87% for cash and fixed income securities, 10% to 15% for equities, and 3% to 5% for real estate.

The CHT Statement of Investment Policies and Goals has established an asset mix policy of 30% to 70% for fixed income securities and 30% to 70% for equities.

Risk is reduced under all of the investment policies through asset class diversification, diversification within each asset class, and portfolio quality constraints.

**Note 9 Financial Instruments (continued)**

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. The volatility is determined using a ten year average based on fixed income and equity market fluctuations and is applied to the total portfolio. Based on the volatility average of 2.69% (2015 – 2.55%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses would be \$45,939 (2015 – \$43,297).

**(b) Price Risk**

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. AHS is exposed to price risk associated with the underlying equity investments held in investment funds. If equity market indices (S&P/TSX, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to AHS would be approximately 2.11% of total investments (March 31, 2015 – 2.02%).

A 10% change in market value relating to equity securities would have increased or decreased fair value by approximately \$46,236 (March 31, 2015 – \$43,909).

**(c) Interest Rate Risk**

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

AHS is exposed to interest rate risk through its investments in fixed income securities with both fixed and floating interest rates. AHS has fixed interest rate loans for all debt, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates but the related future cash flows will not change.

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

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately \$65,654 (March 31, 2015 – \$68,803).

Portfolio investments include fixed income securities, such as bonds and money market securities, and have an average effective yield of 1.61% (2015 – 1.52%) per year maturing between 2016 and 2067. The securities have the following average maturity structure:

	2016	2015
0 – 5 years	76%	74%
6 – 10 years	13%	13%
Over 10 years	11%	13%

Asset Class	Effective Market Yield			Average Effective Market Yield
	< 1 year	1-5 years	> 5 years	
Interest bearing securities	0.69%	1.40%	2.74%	1.61%

**(d) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of cash and investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. AHS is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies. At March 31, 2016, there were no investment balances denominated in foreign currency. Foreign exchange fluctuations on its cash balances are partially mitigated by futures contracts and minimal ending foreign currency cash balances. During the year, the effect of these fluctuations was not significant. AHS has policies which provide management with guidance to mitigate foreign currency risk.

Foreign currency risk is managed by the fact that the investment policies limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. At March 31, 2016, investments in non-Canadian equities represented 13.40% (March 31, 2015 – 8.60%) of total portfolio investments.

At March 31, 2016, AHS held US dollar forward contracts with ATB Financial to mitigate its exposure to currency fluctuations relating to US dollar accounts payable. As at March 31, 2016, AHS held forward contracts for future settlement of \$24,000 (2015 – \$24,000). The fair value of these forward contracts as at March 31, 2016 was a loss of \$141 (2015 – gain of \$2,310) and is included in portfolio investments (Note 10).

**Note 9** Financial Instruments (continued)**(e) Credit Risk**

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

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

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

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

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

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

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2016.

Credit Rating	2016	2015
Investment Grade (AAA to BBB)	90%	95%
Unrated	10%	5%
	<b>100%</b>	<b>100%</b>

**(f) Liquidity Risk**

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

## Note 10 Portfolio Investments

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Cash held for investments	\$ 108,650	\$ 108,650	\$ 100,031	\$ 100,031
Interest bearing securities:				
Money market securities	139,986	139,986	119,474	119,474
Fixed income securities	1,476,511	1,466,168	1,514,894	1,476,687
	<b>1,616,497</b>	<b>1,606,154</b>	<b>1,634,368</b>	<b>1,596,161</b>
Equities:				
Canadian public equities	169,064	155,830	251,346	215,393
Global public equities	293,295	283,265	187,748	145,351
	<b>462,359</b>	<b>439,095</b>	<b>439,094</b>	<b>360,744</b>
<b>Total portfolio investments</b>	<b>\$ 2,187,506</b>	<b>\$ 2,153,899</b>	<b>\$ 2,173,493</b>	<b>\$ 2,056,936</b>

Included in the portfolio investments is \$147,572 (March 31, 2015 – \$149,727) that is restricted for use as per the requirements in Sections 99 and 100 of the Insurance Act of Alberta, based on the December 31, 2015 audited financial statements of LPIP. Endowment contributions included in portfolio investments amount to \$75,966 (March 31, 2015 – \$72,381).

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

	2016	2015
AHS Investment Bylaw & Policy	\$ 1,752,970	\$ 1,757,452
ACF Investment Policy	153,158	155,084
LPIP Investment Policy	176,610	160,292
CHT Statement of Investment Policies and Goals	104,768	100,665
	<b>\$ 2,187,506</b>	<b>\$ 2,173,493</b>

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

	2016	2015
Accumulated remeasurement gains	\$ 5,022	\$ 38,775
Restricted unrealized net gains attributable to endowments and portfolio investments related to unexpended deferred operating revenue (Note 14(b))	28,558	58,325
Restricted unrealized net gains attributable to and recorded in:		
Unexpended deferred capital revenue (Note 15(b))	27	10,288
Accounts payable and accrued liabilities (Note 12)	-	9,169
	<b>\$ 33,607</b>	<b>\$ 116,557</b>

## Fair Value Hierarchy

	2016		
	Level 1	Level 2	Total
Cash held for investments	\$ -	\$ 108,650	\$ 108,650
Money market securities	-	139,986	139,986
Fixed income securities	-	1,476,511	1,476,511
Equities	361,539	100,820	462,359
<b>March 31, 2016 total amount</b>	<b>\$ 361,539</b>	<b>\$ 1,825,967</b>	<b>\$ 2,187,506</b>
Percent of total	17%	83%	100%

**Note 10 Portfolio Investments (continued)**

	2015		
	Level 1	Level 2	Total
Cash held for investments	\$ -	\$ 100,031	\$ 100,031
Money market securities	-	119,474	119,474
Fixed income securities	-	1,514,894	1,514,894
Equities	358,251	80,843	439,094
<b>March 31, 2015 total amount</b>	<b>\$ 358,251</b>	<b>\$ 1,815,242</b>	<b>\$ 2,173,493</b>
Percent of total	16%	84%	100%

**Note 11 Accounts Receivable**

	2016			2015
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Patient accounts receivable	\$ 127,723	\$ 29,091	\$ 98,632	\$ 100,590
AH operating transfers receivable	72,387	-	72,387	44,426
AH capital transfers receivable	-	-	-	1,200
Other operating grants receivable	20,984	-	20,984	28,683
Other capital grants receivable	116,888	-	116,888	85,417
Other accounts receivable	84,710	108	84,602	53,656
	<b>\$ 422,692</b>	<b>\$ 29,199</b>	<b>\$ 393,493</b>	<b>\$ 313,972</b>

At March 31, 2015, the total allowance for doubtful accounts was \$28,680.

**Note 12 Accounts Payable and Accrued Liabilities**

	2016	2015
Payroll remittances payable and related accrued liabilities	\$ 651,578	\$ 680,324
Trade accounts payable and accrued liabilities <sup>(a)</sup>	371,670	385,667
Provision for unpaid claims <sup>(b)</sup>	136,378	138,525
Other liabilities	42,496	42,648
Obligation under leased tangible capital assets <sup>(c)</sup>	34,190	17,566
	<b>1,236,312</b>	<b>1,264,730</b>
Unrealized net gains on portfolio investments related to accounts payable and accrued liabilities (Note 10)	-	9,169
	<b>\$ 1,236,312</b>	<b>\$ 1,273,899</b>

**(a) Trade Accounts Payable and Accrued Liabilities**

Trade accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of \$57,445 (2015 – \$62,923).

**(b) Provision for Unpaid Claims**

Provision for unpaid claims represents the losses from identified claims likely to be paid and provisions for liabilities incurred but not yet reported.

The provision has been estimated using the discounted value of claim liabilities using a discount rate of 1.95% (2015 – 2.15%) plus a provision for adverse deviation, based on actuarial estimation.

**(c) Leased tangible capital assets**

The leased tangible capital assets include a site lease with the University of Calgary and a site lease in Peace River, as well as vehicle leases.

The University of Calgary lease expires January 2028. The implicit interest rate payable on this lease is 6.50% (2015 – 6.50%). There are no renewal options, purchase options or escalation clauses related to this leased tangible capital asset.

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

AHS entered into a lease in Peace River with a term of 20 years and options to renew for two additional terms of 5 years each. The site was occupied in March 2016. The implicit interest rate payable on this lease is 3.4% (2015 – nil).

AHS is contractually committed to future capital lease payments for vehicles until 2020. The implicit interest rate payable on these leases is 1.38% (2015 – 1.60%).

AHS is committed to making payments for leased tangible capital assets as follows:

Year ended March 31	Minimum Lease Payments
2017	\$ 5,043
2018	3,522
2019	3,061
2020	2,932
2021	2,694
Thereafter	29,963
	<b>47,215</b>
Less: interest	(13,025)
	<b>\$ 34,190</b>

**(d) Liability for Contaminated Sites**

For the fiscal year ended March 31, 2016, AHS has not identified any liability for contaminated sites (2015 – \$nil).

**Note 13 Employee Future Benefits**

	2016	2015
Accrued vacation pay	\$ 514,672	\$ 493,845
Accumulating non-vesting sick leave liability <sup>(a)</sup>	106,015	100,758
Registered defined benefit pension plans <sup>(b) (c)</sup>	-	-
	<b>\$ 620,687</b>	<b>\$ 594,603</b>

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

Sick leave benefits are paid by AHS; there are no employee contributions and no plan assets.

The AHS sick leave liability is based on an actuarial valuation as at March 31, 2015, and extrapolated for the year ended March 31, 2016.

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

## Note 13 Employee Future Benefits (continued)

	2016	2015
<b>Change in accrued benefit obligation and funded status</b>		
Accrued benefit obligation and funded status, beginning of year	\$ 114,979	\$ 97,132
Current service cost	9,939	8,884
Interest cost	3,486	3,871
Benefits paid	(9,435)	(8,243)
Actuarial loss	-	13,335
<b>Accrued benefit obligation and funded status, end of year</b>	<b>\$ 118,969</b>	<b>\$ 114,979</b>
<b>Reconciliation to accrued benefit liability</b>		
Funded status – deficit	\$ 118,969	\$ 114,979
Unamortized net actuarial loss	(12,954)	(14,221)
<b>Accrued benefit liability</b>	<b>\$ 106,015</b>	<b>\$ 100,758</b>
<b>Components of expense</b>		
Current service cost	\$ 9,939	\$ 8,884
Interest cost	3,486	3,871
Amortization of net actuarial loss	1,267	227
<b>Net expense</b>	<b>\$ 14,692</b>	<b>\$ 12,982</b>
<b>Assumptions</b>		
Discount rate – beginning of year	2.90%	3.80%
Discount rate – end of year	2.90%	2.90%
Rate of compensation increase per year	2015-2016	2014-2015
	3.21%	0.25%
	2016-2017	2015-2016
	2.43%	3.21%
	Thereafter	Thereafter
	3.25%	3.25%

## (b) Local Authorities Pension Plan (LAPP)

(i) AHS Participation in the LAPP

The majority of AHS employees participate in the LAPP. AHS is not responsible for future funding of the plan deficit other than through contribution increases. As AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

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

The contribution rates were reviewed by the LAPP Board of Trustees in 2015 and are to be reviewed at least once every three years based on a report prepared by LAPP's actuary. AHS and its employees made the following contributions:

Calendar 2015		Calendar 2014	
Employer	Employees	Employer	Employees
\$563,424	\$519,561	\$541,683	\$500,179
11.39% of pensionable earnings up to the YMPE and 15.84% of the excess	10.39% of pensionable earnings up to the YMPE and 14.84% of the excess	11.39% of pensionable earnings up to the YMPE and 15.84% of the excess	10.39% of pensionable earnings up to the YMPE and 14.84% of the excess

AHS contributed \$563,424 (2014 – \$541,683) of the LAPP's total employer contributions of \$1,282,937 from January 1, 2015 to December 31, 2015 (December 31, 2014 – \$1,227,346).



**Note 13 Employee Future Benefits (continued)**(ii) LAPP Deficit

An actuarial valuation of the LAPP was carried out as at December 31, 2014 by Mercer (Canada) Limited and these results were then extrapolated to December 31, 2015 for use in the LAPP 2015 audited financial statements. LAPP's net assets available for benefits divided by LAPP's pension obligation shows that the LAPP is 97% (2014 – 93%) funded.

	December 31, 2015	December 31, 2014
LAPP net assets available for benefits	\$ 34,419,584	\$ 30,790,364
LAPP pension obligation	35,343,000	33,245,000
<b>LAPP deficiency</b>	<b>\$ (923,416)</b>	<b>\$ (2,454,636)</b>

The 2016 and 2017 LAPP contribution rates are as follows:

Calendar 2017 (estimated) <sup>(i)</sup>		Calendar 2016	
Employer	Employees	Employer	Employees
11.39% of pensionable earnings up to the YMPE and 15.84% of the excess	10.39% of pensionable earnings up to the YMPE and 14.84% of the excess	11.39% of pensionable earnings up to the YMPE and 15.84% of the excess	10.39% of pensionable earnings up to the YMPE and 14.84% of the excess

<sup>(i)</sup> The 2017 LAPP contribution rates are estimates and subject to change.

**(c) Management Employees Pension Plan (MEPP)**

At December 31, 2015 the MEPP reported a surplus of \$299,051 (December 31, 2014 – surplus of \$75,805).

**(d) Pension Expense**

	2016	2015
Local Authorities Pension Plan	\$ 570,438	\$ 547,676
Defined contribution pension plans and group RRSPs	46,763	45,575
Supplemental Pension Plan	1,882	2,795
Supplemental Executive Retirement Plans <sup>(i)</sup>	(788)	964
Management Employees Pension Plan	668	691
	<b>\$ 618,963</b>	<b>\$ 597,701</b>

<sup>(i)</sup> AHS uses the straight line method to amortize actuarial gains and losses over the expected average remaining service life of the plan members. The SERP recovery is due to prior year unamortized net actuarial gains being recognized in 2015-16.

**Note 14 Unexpended Deferred Operating Revenue**

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

	2016				2015
	AH	Other Government <sup>(i)</sup>	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 203,727	\$ 27,377	\$ 260,150	\$ 491,254	\$ 499,231
Received or receivable during the year, net of repayments	1,012,325	45,744	152,918	1,210,987	1,519,601
Restricted investment income	205	2,167	4,207	6,579	7,340
Transferred from (to) unexpended deferred capital revenue	11,994	40,227	(3,826)	48,395	43,917
Recognized as revenue	(1,064,739)	(88,192)	(119,111)	(1,272,042)	(1,574,738)
Miscellaneous other revenue recognized	(204)	(10)	(25,677)	(25,891)	(26,693)
	<b>163,308</b>	<b>27,313</b>	<b>268,661</b>	<b>459,282</b>	<b>468,658</b>
Changes in unrealized net gain attributable to endowments and portfolio investments related to unexpended deferred operating revenue	(10,055)	(2,258)	(17,454)	(29,767)	22,596
<b>Balance, end of year</b>	<b>\$ 153,253</b>	<b>\$ 25,055</b>	<b>\$ 251,207</b>	<b>\$ 429,515</b>	<b>\$ 491,254</b>

<sup>(i)</sup> The balance at March 31, 2016 for other government includes \$549 of unexpended deferred operating revenue received from the federal government (March 31, 2015 – \$973). The remaining balance in other government all relates to the GOA, see Note 21.

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

	2016				2015
	AH	Other Government	Donors and Non-Government	Total	Total <sup>(i)</sup>
Research and education	\$ 18,383	\$ 3,889	\$ 135,876	\$ 158,148	\$ 148,504
Primary Care Networks	44,146	-	-	44,146	71,230
Physician revenue and alternate relationship plans	20,715	945	-	21,660	22,576
Addiction and mental health	19,314	16	-	19,330	20,049
Cancer prevention, screening and treatment	17,144	6	1,711	18,861	33,001
Long term care partnerships	-	15,479	-	15,479	13,230
Promotion, prevention and community	10,236	1,437	2,447	14,120	26,467
Emergency and outpatient services	6,756	77	4,200	11,033	8,843
Information technology	5,049	(154)	85	4,980	11,739
Continuing care and seniors health	2,748	-	52	2,800	10,019
Administration and support services	3,437	2,333	61,470	67,240	49,117
Others less than \$10,000	5,302	1,025	16,833	23,160	18,154
	<b>153,230</b>	<b>25,053</b>	<b>222,674</b>	<b>400,957</b>	<b>432,929</b>
Unrealized net gain attributable to endowments and portfolio investments related to unexpended deferred operating revenue (Note 10)	23	2	28,533	28,558	58,325
	<b>\$ 153,253</b>	<b>\$ 25,055</b>	<b>\$ 251,207</b>	<b>\$ 429,515</b>	<b>\$ 491,254</b>

<sup>(i)</sup> Certain 2015 amounts have been reclassified to conform to 2016 presentation.

**Note 15 Unexpended Deferred Capital Revenue**

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

	2016				2015
	AH	Other Government(i)	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 77,866	\$ 9,838	\$ 90,374	\$ 178,078	\$ 229,855
Received or receivable during the year	30,787	130,565	33,215	194,567	103,997
Transferred tangible capital assets (Note 18(a))	-	399,927	65	399,992	412,706
Restricted investment income	21	42	-	63	240
Unexpended deferred capital revenue returned	2	(2)	(4,698)	(4,698)	(14,119)
Transfer to expended deferred capital revenue	(32,697)	(489,501)	(38,829)	(561,027)	(514,736)
Transferred (to) from unexpended deferred operating revenue	(11,994)	(40,227)	3,826	(48,395)	(43,917)
	<b>63,985</b>	<b>10,642</b>	<b>83,953</b>	<b>158,580</b>	<b>174,026</b>
Changes in unrealized net gain on portfolio investments related to unexpended deferred capital revenue	(6,069)	(1,467)	(2,725)	(10,261)	4,052
<b>Balance, end of year</b>	<b>\$ 57,916</b>	<b>\$ 9,175</b>	<b>\$ 81,228</b>	<b>\$ 148,319</b>	<b>\$ 178,078</b>

<sup>(i)</sup> All balances relate to the GOA, see Note 21.

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

	2016	2015
AH		
Information systems less than \$10,000	\$ 38,741	\$ 52,587
Medical Equipment Replacement Upgrade Program	11,367	11,707
Equipment less than \$10,000	7,781	7,477
<b>Total AH</b>	<b>57,889</b>	<b>71,771</b>
Other government		
Facilities and improvements less than \$10,000	9,176	8,371
<b>Total other government</b>	<b>9,176</b>	<b>8,371</b>
Donors and non-government		
Equipment less than \$10,000	73,918	86,995
Facilities and improvements less than \$10,000	7,309	653
<b>Total donors and non-government</b>	<b>81,227</b>	<b>87,648</b>
Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 10)	27	10,288
	<b>\$ 148,319</b>	<b>\$ 178,078</b>

**Note 16 Expended Deferred Capital Revenue**

Expended deferred capital revenue represents external resources spent in the acquisition of tangible capital assets stipulated for use in the provision of services over their useful lives. Changes in the expended deferred capital revenue balance are as follows:

	2016				2015
	AH	Other Government(i)	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 349,831	\$ 5,835,000	\$ 178,868	\$ 6,363,699	\$ 6,276,469
Transferred from unexpended deferred capital revenue	32,697	489,501	38,829	561,027	514,736
Less: amounts recognized as revenue	(84,716)	(268,090)	(41,488)	(394,294)	(427,506)
<b>Balance, end of year</b>	<b>\$ 297,812</b>	<b>\$ 6,056,411</b>	<b>\$ 176,209</b>	<b>\$ 6,530,432</b>	<b>\$ 6,363,699</b>

<sup>(i)</sup> All balances relate to the GOA, see Note 21.

## Note 17 Debt

	2016	2015
Debentures payable <sup>(a)</sup> :		
Parkade loan #1	\$ 34,903	\$ 37,469
Parkade loan #2	32,505	34,639
Parkade loan #3	41,432	43,664
Parkade loan #4	154,086	160,585
Parkade loan #5	37,204	38,737
Parkade loan #6	25,300	5,000
Other	1,479	1,737
	<b>\$ 326,909</b>	<b>\$ 321,831</b>

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

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

	Maturity Date	Fixed Interest Rate
Parkade loan #1	September 2026	4.4025%
Parkade loan #2	September 2027	4.3870%
Parkade loan #3	March 2029	4.9150%
Parkade loan #4	September 2031	4.9250%
Parkade loan #5	June 2032	4.2280%
Parkade loan #6	December 2035	3.6090%

- (b) As at March 31, 2016, AHS has access to a \$220,000 (March 31, 2015 – \$220,000) revolving demand facility with a Canadian chartered bank which may be used for operating purposes. Draws on the facility bear interest at the bank's prime rate less 0.50% per annum. As at March 31, 2016, AHS has \$nil (March 31, 2015 – \$nil) draws against this facility.

AHS also has access to a \$33,000 (March 31, 2015 – \$33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties. At March 31, 2016, AHS has \$3,664 (March 31, 2015 – \$3,100) in a letter of credit outstanding against this facility.

AHS is committed to making payments as follows:

	Debentures Payable, Term/Other Loan and Mortgages Payable
Year ended March 31	Principal Payments
2017	\$ 16,824
2018	17,612
2019	18,437
2020	19,300
2021	20,205
Thereafter	234,531
	<b>\$ 326,909</b>

During the year, the amount of total interest expensed including leased tangible capital assets was \$15,249 (2015 – \$16,253).

**Note 18 Tangible Capital Assets**

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

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

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

**(a) Transferred Tangible Capital Assets**

Additions include total transferred capital assets of \$399,992 (2015 – \$412,706) consisting of \$399,927 from AI (2015 – \$412,623) and \$65 from other sources (2015 – \$83).

**(b) Disposals and Write-Downs**

Disposals and write-downs include disposals of \$164,172 and a write-down at a cost of \$nil (2015 – disposals of \$66,439 and write-down of a facility at a cost of \$450) with an effect to accumulated amortization for disposals of \$163,701 and write-downs of \$nil (2015 – disposals of \$65,385 and write-downs of \$146).

**(c) Leased Equipment**

Equipment includes assets acquired through capital leases at a cost of \$15,694 (2015 – \$17,037) with accumulated amortization of \$11,859 (March 31, 2015 – \$12,294). For the year ended March 31, 2016, leased equipment included a net decrease of \$362 related to vehicle capital leases (2015 – net decrease of \$205).

**Note 18 Tangible Capital Assets (continued)****(d) Leased Land**

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

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

**Note 19 Accumulated Surplus**

Accumulated surplus is comprised of the following:

	2016					2015
	Unrestricted Surplus <sup>(a)</sup>	Internally Restricted Surplus for Future Purposes <sup>(b)</sup>	Invested in Tangible Capital Assets <sup>(c)</sup>	Endowments <sup>(d)</sup>	Total	Total
Balance, beginning of year	\$ 272,317	\$ 154,900	\$ 804,084	\$ 72,381	\$ 1,303,682	\$ 1,302,601
Annual surplus (deficit)	(144,559)	-	-	-	(144,559)	1,081
Tangible capital assets purchased with internal funds	(50,665)	-	50,665	-	-	-
Amortization of internally funded tangible capital assets	194,557	-	(194,557)	-	-	-
Repayment of debt used to fund tangible capital assets	(15,222)	-	15,222	-	-	-
Payments on capital lease obligations	(957)	-	957	-	-	-
Net repayment of life lease deposits	(56)	-	56	-	-	-
Transfer of internally restricted surplus for future purposes	(126,350)	126,350	-	-	-	-
Transfer of endowment contributions	(3,585)	-	-	3,585	-	-
<b>Balance, end of year</b>	<b>\$ 125,480</b>	<b>\$ 281,250</b>	<b>\$ 676,427</b>	<b>\$ 75,966</b>	<b>\$ 1,159,123</b>	<b>\$ 1,303,682</b>

**(a) Unrestricted Surplus**

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

**Note 19 Accumulated Surplus (continued)****(b) Internally Restricted Surplus for Future Purposes**

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

	2016	2015
Future capital purposes <sup>(i)</sup>	\$ 102,141	\$ 10,000
Parkade infrastructure <sup>(ii)</sup>	73,488	60,920
Insurance equity requirements <sup>(iii)</sup>	41,431	20,012
Provincial Clinical Information Systems initiative <sup>(iv)</sup>	30,158	32,000
Specific local initiatives <sup>(v)</sup>	17,046	15,205
Cancer research <sup>(vi)</sup>	14,935	16,079
Retail food services infrastructure <sup>(vii)</sup>	2,051	684
<b>Internally restricted surplus for future purposes</b>	<b>\$ 281,250</b>	<b>\$ 154,900</b>

- (i) Restriction of unrestricted surplus related to future capital purposes.
- (ii) Restriction of parking services (ancillary operation) surplus to establish parking infrastructure for future major maintenance, upgrades, and construction.
- (iii) Restriction of unrestricted surplus related to equity of the LPIP.
- (iv) Restriction of unrestricted surplus related to fund the Provincial Clinical Information Systems Initiative.
- (v) Restriction of unrestricted surplus for specific local initiatives as a result of local fundraising.
- (vi) Restriction of unrestricted surplus to fund cancer research.
- (vii) Restriction of retail food services (ancillary operation) surplus to assist with future upgrades, maintenance, equipment, and construction costs for retail food service operations.

**(c) Invested in Tangible Capital Assets**

The restriction of accumulated surplus is equal to the net book value of internally funded tangible capital assets as these amounts are not available for any other purpose.

**(d) Endowments**

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

**Note 20 Contractual Obligations and Contingent Liabilities**

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

**(a) Leases**

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

Year ended March 31	Total Lease Payments
2017	\$ 55,678
2018	43,842
2019	33,122
2020	26,248
2021	19,977
Thereafter	62,641
	<b>\$ 241,508</b>

**(b) Contingent Liabilities**

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

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2016, accruals have been recorded as part of the provision for unpaid claims (Note 12). Included in this accrual are claims in which AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS' portion of the liability.

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

AHS has been named in 176 legal claims (2015 – 182 claims) related to conditions in existence at March 31, 2016 where the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 162 claims have \$240,665 in specified amounts and 14 have no specified amounts (2015 – 160 claims with \$283,332 of specified claims and 22 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that may be different than the claimed amount.

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

**Note 21 Related Parties**

Transactions with the following related parties are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. Amounts due to or from the related parties and the recorded amounts of the transactions are included within these consolidated financial statements, unless otherwise stated.

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

Related parties also include key management personnel of AHS. Related party transactions with key management personnel primarily consist of compensation related payments to employees and senior management and are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. No other material related party transactions were identified for the year ended March 31, 2016.

AHS shares a common relationship and is considered to be a related party with those entities consolidated or included on a modified equity basis in the GOA consolidated financial statements. Transactions between AHS and the other ministries that are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at their exchange amount as follows:

	Revenue <sup>(i)</sup>		Expenses	
	2016	2015	2016	2015
Ministry of Advanced Education <sup>(ii)</sup>	\$ 59,868	\$ 61,789	\$ 137,586	\$ 131,866
Ministry of Infrastructure <sup>(iii)</sup>	340,028	339,484	24,796	24,501
Other ministries <sup>(iv)</sup>	49,096	56,978	29,814	34,091
<b>Total for the year</b>	<b>\$ 448,992</b>	<b>\$ 458,251</b>	<b>\$ 192,196</b>	<b>\$ 190,458</b>

	Receivable from		Payable to	
	2016	2015	2016	2015
Ministry of Advanced Education <sup>(ii)</sup>	\$ 11,203	\$ 8,014	\$ 19,009	\$ 18,204
Ministry of Infrastructure <sup>(iii)</sup>	49,688	9,370	-	88
Other ministries <sup>(iv)</sup>	11,318	13,764	329,757	325,010
<b>Balance, end of year</b>	<b>\$ 72,209</b>	<b>\$ 31,148</b>	<b>\$ 348,766</b>	<b>\$ 343,302</b>

(i) Revenues with GOA ministries include other government transfers of \$409,882 (2015 – \$414,442), (Note 4), and other income of \$38,422 (2015 – \$43,809), (Note 6), and fees and charges of \$688 (2015 – \$nil).

(ii) Most of AHS transactions with the Ministry of Advanced Education relate to initiatives with the University of Alberta and the University of Calgary. These initiatives include teaching, research, and program delivery. A number of physicians are employed by either AHS or the universities but perform services for both. Due to proximity of locations, some initiatives result in sharing physical space and support services. The revenue and expense transactions are a result of grants provided from one to the other and recoveries of shared costs.

(iii) The transactions with the Ministry of Infrastructure relate to the construction and funding of tangible capital assets. These transactions include operating transfers of \$47,634 (2015 – \$31,093) and capital transfers recognized of \$268,090 (2015 – \$285,261) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives (Note 4). AHS has also recorded an in-kind transfer and expense of \$24,304 (2015 – \$23,130) for space that is provided by AI rent free. Transactions with AI also include the transfer of non-cash work-in-progress of \$399,927 (2015 – \$412,623) included in total amounts disclosed in Note 18(a).

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

At March 31, 2016, AHS has recorded deferred revenue from other ministries within the GOA, excluding AH, of \$24,506 (March 31, 2015 – \$26,404) related to unexpended deferred operating revenue (Note 14), \$9,175 (March 31, 2015 – \$9,838) related to unexpended deferred capital revenue (Note 15) and \$6,056,411 (March 31, 2015 – \$5,835,000) related to expended deferred capital revenue (Note 16).



**Note 21 Related Parties (continued)**

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

**Note 22 Government Partnerships**

The following is 100% of the financial position and results of operations for AHS' government partnerships with PCNs, NACTRC, and HUTV.

	2016	2015
Financial assets	\$ 122,784	\$ 160,437
Liabilities	122,784	160,437
Accumulated surplus	\$ -	\$ -
Total revenue	\$ 229,955	\$ 201,229
Total expenses	229,955	201,229
<b>Annual surplus</b>	<b>\$ -</b>	<b>\$ -</b>

AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC and 30% of HUTV.

As required by AH, PCNs can only use accumulated surpluses based on approved surplus utilization; therefore, AHS' proportionate share of these surpluses has been recorded by AHS as deferred revenue.

**Note 23 Trusts under Administration****(a) Health Benefit Trust of Alberta (HBTA)**

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

Under the terms of the Trust Agreement, no participating employer or eligible employee shall have any right to any surplus or assets of the Trust nor shall they be responsible for any deficits or liabilities of the Trust.

The HBTA maintains various reserves to adequately provide for all current obligations and reported fund balances of \$97,502 as at December 31, 2015 (December 31, 2014 – \$116,453). AHS has included in prepaid expenses \$71,664 (March 31, 2015 – \$85,593) as a share of the HBTA's fund balances representing in substance a prepayment of future premiums. These consolidated financial statements do not include the HBTA other than the premiums paid by AHS. For the period January 1 to December 31, 2015 AHS paid premiums of \$311,307 (2014 – \$290,440).

**(b) Other Trust Funds**

AHS receives funds in trust for research and development, education, and other programs. These amounts are held and administered on behalf of others in accordance with the terms and conditions embodied in the relevant agreements with no unilateral power to change the conditions set out in the trust indenture (or agreement) and therefore are not reported in these consolidated financial statements. As at March 31, 2016, the balance of funds held in trust by AHS for research and development is \$3,762 (March 31, 2015 – \$6,425).

AHS receives funds in trust from continuing care residents for personal expenses. As at March 31, 2016, the balance of these funds is \$1,780 (March 31, 2015 – \$2,055). These amounts are not included in the consolidated financial statements.

**Note 24 Subsequent Events**

In early May, wildfires seriously affected the City of Fort McMurray and parts of the Regional Municipality of Wood Buffalo. In response, AHS evacuated its facilities. Preparation for re-entry is underway including restoring AHS health care facilities for service. AHS did not sustain significant structural damage to its facilities as a result of the fire. AHS is currently working with its insurers to assess the financial impact on AHS. This financial impact cannot be estimated at this time.

**Note 25 Approval of Consolidated Financial Statements**

The consolidated financial statements were approved by the AHS Board on June 3, 2016.

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

	2016		2015
	Budget (Note 3)	Actual	Actual (Schedule 3)
Salaries and benefits (Schedule 2)	\$ 7,611,000	\$ 7,741,667	\$ 7,531,854
Contracts with health service providers	2,409,000	2,451,216	2,375,811
Contracts under the Health Care Protection Act	18,000	19,300	19,141
Drugs and gases	427,000	417,110	411,672
Medical and surgical supplies	390,000	414,053	403,626
Other contracted services	1,164,000	1,134,353	1,137,794
Other <sup>(a)</sup>	1,316,000	1,333,313	1,313,266
Amortization, disposals and write-downs (Note 18)	618,000	588,851	633,593
	<b>\$ 13,953,000</b>	<b>\$ 14,099,863</b>	<b>\$ 13,826,757</b>
(a) Significant amounts included in Other are:			
Equipment expense		\$ 208,119	\$ 181,131
Other clinical supplies		149,183	141,884
Building rent		126,825	124,291
Utilities		107,608	118,766
Building and ground expenses		107,011	86,388
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies		87,497	89,054
Food and dietary supplies		80,078	76,144
Minor equipment purchases		69,436	57,484
Office supplies		58,506	62,450
Fundraising and grants awarded		54,426	58,815
Telecommunications		42,070	44,945
Travel		39,462	43,131
Licenses, fees and memberships		24,803	25,434
Insurance		24,199	48,589
Education		13,628	16,026
Other		140,462	138,734
		<b>\$ 1,333,313</b>	<b>\$ 1,313,266</b>

**SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2016**

	2016							2015		
	FTE <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)</sup>	Subtotal	Severance <sup>(e)</sup>		Total	FTE <sup>(a)(1)</sup>	Total <sup>(1)</sup>
						Number of Individuals	Amount			
Total Board (Sub-Schedule 2A)	4.42	\$ -	\$ 147	\$ -	\$ 147	-	\$ -	\$ 147	-	\$ -
Total Former Official Administrator / Former Advisory Committees (Sub-Schedule 2B)	4.62	124	124	-	248	-	-	248	8.72	736
Total Executive (Sub-Schedule 2C)	14.38	5,126	113	768	6,007	2	559	6,566	14.57	6,668
Management Reporting to CEO Direct Reports	54.81	12,632	179	2,492	15,303	2	295	15,598	56.27	16,123
Other Management	3,093.23	366,475	2,630	85,721	454,826	4	283	455,109	3,108.27	459,227
Medical Doctors not included above <sup>(f)</sup>	156.89	49,034	639	3,355	53,028	1	98	53,126	165.56	54,254
Regulated nurses not included above:										
RNs, Reg. Psych. Nurses, Grad Nurses	18,773.62	1,731,921	263,215	391,104	2,386,240	1	6	2,386,246	18,609.99	2,338,268
LPNs	4,691.76	307,308	42,438	67,294	417,040	-	-	417,040	4,448.03	385,469
Other Health Technical & Professional	15,964.01	1,410,394	82,606	330,737	1,823,737	14	270	1,824,007	15,687.38	1,779,324
Unregulated Health Service Providers	8,542.13	427,916	58,710	98,710	585,336	-	-	585,336	8,344.09	552,739
Other Staff	25,707.59	1,549,951	103,293	344,541	1,997,785	18	459	1,998,244	25,511.64	1,939,046
<b>Total</b>	<b>77,007.46</b>	<b>\$ 5,860,881</b>	<b>\$ 554,094</b>	<b>\$ 1,324,722</b>	<b>\$ 7,739,697</b>	<b>42</b>	<b>\$ 1,970</b>	<b>\$ 7,741,667</b>	<b>75,954.52</b>	<b>\$ 7,531,854</b>

(1) Certain 2015 amounts have been reclassified to conform to 2016 presentation.

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

## SUB-SCHEDULE 2A – BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2016

	Term	2016 Committees	2016 Remuneration	2015 Remuneration
<b>Board Chair</b>				
Linda Hughes	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	\$ 26	\$ -
<b>Board Members</b>				
Dr. Brenda Hemmelgarn (Vice Chair)	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	19	-
David Carpenter	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	14	-
Richard Dicerni <sup>(6)</sup>	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	-	-
Hugh Sommerville	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	13	-
Marliss Taylor	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	12	-
Glenda Yeates	Since Nov 27, 2015	ARC, FC, GC, HRC, QSC	13	-
<b>Board Committee Participants<sup>(h)</sup></b>				
Barbara Burton	Nov 27, 2015 to Mar 31, 2016	HRC (Chair), QSC	12	-
Dr. Thomas Feasby	Since Nov 27, 2015	QSC	2	-
Martin Harvey	Nov 27, 2015 to Mar 31, 2016	HRC	1	-
Don Sieben	Nov 27, 2015 to Mar 31, 2016	ARC (Chair), FC (Chair), HRC, QSC	17	-
Doug Tupper	Nov 27, 2015 to Mar 31, 2016	ARC, FC, HRC, QSC (Chair)	17	-
Gord Winkel	Since Nov 27, 2015	QSC	1	-
<b>Total Board</b>			<b>\$ 147</b>	<b>\$ -</b>

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

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

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

**SUB-SCHEDULE 2B – FORMER OFFICIAL ADMINISTRATOR / FORMER ADVISORY COMMITTEES REMUNERATION FOR THE YEAR  
ENDED MARCH 31, 2016**

	Term	2016 Committees	2016 Remuneration	2015 Remuneration
<b>Former Official Administrator</b>				
David Carpenter	Aug 25, 2015 to Nov 27, 2015	ARC, FC, HRAC, QSAC	\$ 21	\$ -
Dr. Carl Amrhein	Nov 17, 2014 to Aug 24, 2015	ARC, FC, HRAC, QSAC	129	186
Janet Davidson	Sep 10, 2014 to Nov 16, 2014	-	-	119
Dr. John Cowell	Sep 10, 2013 to Sep 9, 2014	-	-	295
<b>Former Advisory Committee Participants<sup>(i)</sup></b>				
Barbara Burton	Dec 11, 2013 to Nov 26, 2015	HRAC (Chair), QSAC	25	6
Dr. Thomas Feasby	Jan 21, 2014 to Nov 26, 2015	QSAC	2	2
Martin Harvey	Dec 11, 2013 to Nov 26, 2015	HRAC	3	2
Gregory Henders	Dec 11, 2013 to Feb 13, 2015	-	-	2
Brian Olson	Sep 24, 2013 to Jan 31, 2015	-	-	33
Don Sieben	Sep 25, 2013 to Nov 26, 2015	ARC (Chair), FC (Chair), HRAC, QSAC	33	44
Doug Tupper	Nov 28, 2013 to Nov 26, 2015	ARC, FC, HRAC, QSAC (Chair)	33	44
Gord Winkel	Jan 21, 2014 to Nov 26, 2015	QSAC	2	3
<b>Total Former Official Administrator / Former Advisory Committees</b>			<b>\$ 248</b>	<b>\$ 736</b>

David Carpenter was appointed to the position of Official Administrator effective August 25, 2015 as per Ministerial Order 315/2015 with a term to end either on December 31, 2015 or in the event that a Board Chair is appointed, on the day that the Chair's appointment takes effect. The incumbent's term ended November 27, 2015 when the Board Chair's appointment took effect as per Ministerial Order 318/2015. The incumbent was remunerated with monthly honoraria of \$5 and honoraria for attendance at AHS governance committee meetings up to a maximum limit of \$3 per month.

Dr. Carl Amrhein was appointed to the position of Official Administrator as per Ministerial Order 314/2014 with a term that expired on June 30, 2015. During that term, the incumbent was on secondment from the University of Alberta. AHS reimbursed the University for the incumbent's base salary and benefits including annual performance adjustments. Remuneration was not to exceed \$330 for the term. The incumbent was reappointed to the position of Official Administrator effective July 1, 2015 as per Ministerial Order 308/2015 with a term to end either on December 31, 2015 or in the event that a Board Chair is appointed, on the day that the Chair's appointment takes effect. The incumbent's term ended August 24, 2015 when Ministerial Order 308/2015 was repealed by Ministerial Order 315/2015. During the second term, the incumbent was remunerated with monthly honoraria of \$5 and honoraria for attendance at AHS governance committee meetings up to a maximum limit of \$3 per month. The incumbent received no remuneration from AHS for the month of August while holding both the positions of Official Administrator and Alberta Deputy Minister of Health.

Advisory committees were established by the Official Administrator to aid in governing AHS and overseeing the management of AHS' business and affairs. Advisory committee participants were eligible to receive honoraria for meetings attended. Advisory committee chairs were compensated an additional \$30 per annum.

Committee legend: ARC = Audit and Risk Committee, FC = Finance Committee, HRAC = Human Resources Advisory Committee, QSAC = Quality and Safety Advisory Committee

## SUB-SCHEDULE 2C - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2016

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

## SUB-SCHEDULE 2C - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2016 (CONTINUED)

For the Prior Fiscal Year	2015						
	FTE <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non-Cash Benefits <sup>(d)</sup>	Subtotal	Severance <sup>(e)</sup>	Total
<b>Official Administrator Direct Reports</b>							
Vickie Kaminski – President and Chief Executive Officer	0.85	\$ 459	\$ -	\$ 88	\$ 547	\$ -	\$ 547
Brenda Huband – Interim President and Chief Executive Officer, Zone and Health Operations	0.15	60	-	12	72	-	72
Rick Trimp – Interim President and Chief Executive Officer Population Health and Province-Wide Services	0.15	60	-	8	68	-	68
Dr. Chris Eagle – Special Advisor	0.34	195	83	75	353	-	353
Ronda White – Chief Audit Executive	1.00	237	2	60	299	-	299
Catherine MacNeill – Acting Corporate Secretary	0.50	92	-	23	115	-	115
Kristin Long – Corporate Secretary	0.16	32	-	25	57	-	57
David Diamond – Chief External Relations Officer	0.61	196	12	35	243	-	243
<b>CEO Direct Reports</b>							
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta	0.85	315	-	68	383	-	383
Dr. Francois Belanger – VP and Medical Director, Central and Southern Alberta	1.00	455	-	145	600	-	600
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta	1.00	371	-	83	454	-	454
Dr. David Mador – VP and Medical Director, Northern Alberta	1.00	455	-	92	547	-	547
Linda Dempster – VP Collaborative Practice, Nursing and Health Professions	0.02	5	-	2	7	-	7
Dr. Verna Yiu – VP, Quality and Chief Medical Officer	1.00	548	35	33	616	-	616
Rick Trimp – VP, Province-Wide Clinical Supports, Programs and Services	0.44	163	30	24	217	196	413
Mauro Chies – Acting VP, Province-Wide Clinical Supports, Programs and Services	0.15	35	8	8	51	-	51
Dr. Kathryn Todd – VP, Research, Innovation and Analytics	1.00	278	10	28	316	-	316
Robert Armstrong – Acting VP, Human Resources	0.75	184	26	43	253	-	253
Susan McGillivray – Acting VP, People	0.25	62	8	11	81	-	81
Carmel Turpin – VP, Community Engagement and Communications	0.41	119	-	31	150	-	150
Colleen Turner – Acting VP, Community Engagement and Communications	0.59	139	14	38	191	-	191
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer	1.00	360	18	81	459	-	459
Noela Inions – Chief Ethics and Compliance Officer	1.00	226	-	58	284	-	284
Salimah Walji-Shivji – General Counsel, Legal and Privacy	0.35	84	-	25	109	-	109
<b>Total Executive</b>	<b>14.57</b>	<b>\$ 5,130</b>	<b>\$ 246</b>	<b>\$ 1,096</b>	<b>\$ 6,472</b>	<b>\$ 196</b>	<b>\$ 6,668</b>

## SUB-SCHEDULE 2D - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain employees will receive retirement benefits that supplement the benefits limited under the registered plans for service. The Supplemental Pension Plan (SPP) is a defined contribution plan and the Supplemental Executive Retirement Plan (SERP) is a defined benefit plan. The SERP is disclosed in Note 2(h)(iii). The amounts in this table represent the total SPP and SERP benefits earned by the individual during the fiscal year. The current period benefit costs for SPP and the other costs for SERP included in other non-cash benefits disclosed in Sub-Schedule 2C are prorated for the period of time the individual was in their position directly reporting to the Board / former Official Administrator and directly reporting to the President and Chief Executive Officer. Only individuals holding a position directly reporting to either the Board / former Official Administrator or President and Chief Executive Officer during the current fiscal year are disclosed.

	2016			2015		Account Balance <sup>(3)</sup> or Accrued Benefit Obligation March 31, 2015	Change During the Year <sup>(4)</sup>	Account Balance <sup>(3)</sup> or Accrued Benefit Obligation March 31, 2016
	SPP	SERP						
	Current period benefit costs <sup>(1)</sup>	Other Costs <sup>(2)</sup>	Total	Total				
Dr. Verna Yiu - Interim President and Chief Executive Officer/ VP, Quality and Chief Medical Officer <sup>(6)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vickie Kaminski - President and Chief Executive Officer <sup>(5)</sup>	-	-	-	39	39	(39)	-	-
Ronda White - Chief Audit Executive	10	-	10	10	39	12	51	51
Brenda Huband - VP and Chief Health Operations Officer, Central and Southern Alberta								
SERP	-	(8)	(8)	9	412	10	422	422
SPP	25	-	25	26	67	28	95	95
Dr. Ted Braun - Acting VP and Medical Director, Central and Southern Alberta								
SERP	-	(4)	(4)	4	211	6	217	217
SPP	16	-	16	15	40	18	58	58
Dr. Francois Belanger - Interim VP, Quality and Chief Medical Officer/VP and Medical Director, Central and Southern Alberta	35	-	35	50	89	38	127	127
Deb Gordon - VP and Chief Health Operations Officer, Northern Alberta								
SERP	-	(11)	(11)	14	610	16	626	626
SPP	25	-	25	26	57	28	85	85
Dr. David Mador - VP and Medical Director, Northern Alberta	35	-	35	48	69	37	106	106
Dave Bilan - Interim VP Collaborative Practice, Nursing and Health Professions	-	-	-	-	-	-	-	-
Linda Dempster - VP Collaborative Practice, Nursing and Health Professions <sup>(5)</sup>	-	-	-	-	-	-	-	-
Dr. Kathryn Todd - VP, Research, Innovation and Analytics <sup>(6)</sup>	-	-	-	-	-	-	-	-
Todd Gilchrist - VP, Human Resources	31	-	31	-	-	31	31	31
Robert Armstrong - Acting VP, Human Resources	4	-	4	11	26	(26)	-	-
Colleen Turner - Interim VP, Community Engagement and Communications	10	-	10	10	37	11	48	48
Carmel Turpin - VP, Community Engagement and Communications <sup>(5)</sup>	-	-	-	7	7	(7)	-	-



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

	2016			2015			
	SPP	SERP					
	Current period benefit costs <sup>(1)</sup>	Other Costs <sup>(2)</sup>	Total	Total	Account Balance <sup>(3)</sup> or Accrued Benefit Obligation March 31, 2015	Change During the Year <sup>(4)</sup>	Account Balance <sup>(3)</sup> or Accrued Benefit Obligation March 31, 2016
Deborah Rhodes - VP, Corporate Services and Chief Financial Officer	\$ 25	\$ -	\$ 25	\$ 25	\$ 108	\$ 30	\$ 138
Noela Inions - Chief Ethics and Compliance Officer	8	-	8	8	54	10	64
Vivian Simpkin - Interim General Counsel, Legal and Privacy	5	-	5	9	20	(20)	-
Salimah Walji-Shivji - General Counsel, Legal and Privacy	5	-	5	6	26	(26)	-
Sharon Lehr - Chief Program Officer, Operational Benchmarking and Efficiency	15	-	15	-	-	15	15

- (1) The SPP current period benefit costs are AHS contributions earned in the period.
- (2) Other SERP costs include retirement benefits, interest expense on the obligations, and amortization of actuarial gains and losses, offset by the expected return on the plans' assets. AHS uses the straight line method to amortize actuarial gains and losses over the expected average remaining service life of the plan members. The SERP recovery is due to prior year unamortized net actuarial gains being recognized in 2015-16.
- (3) The account balance represents the total cumulative earned contributions to the SPP as well as cumulative investment gains or losses on the contributions.
- (4) Changes in the accrued benefit obligation include current period benefit cost, interest accruing on the obligations and the amortization of any actuarial gains or losses in the period. Changes in the account balance include the current benefit costs and investment gains or losses related to the account.
- (5) The SPP had not fully vested at the time of the employee's departure, and as a result no current period benefit costs were incurred and the March 31, 2015 balance has been reversed accordingly.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2016****Definitions**

- a. For this schedule, full time equivalents (FTE) are determined by actual hours earned divided by 2,030.50 annual base hours. FTE for the Board / former Official Administrator and Committee members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year, the date of appointment and the termination date, or the beginning of the year and the termination date.
- b. Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits. Base salary in the current fiscal year includes compensation for an additional day earned by employees due to the leap year.

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

- c. Other cash benefits include, as applicable, honoraria, overtime, acting pay, travel and automobile allowances, lump sum payments and an allowance for professional development. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation unless related to severance. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.
- d. Other non-cash benefits include:
- Employer's current period benefit costs and other costs of supplemental pension plan and supplemental executive retirement plans as defined in Sub-Schedule 2D
  - Employer's share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans, and
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.

Other non-cash benefits for executive were restated to include the AHS incurred expense in the fiscal year for the Health Spending and Personal Spending accounts for the incumbent where applicable. The prior year was restated to be comparable to current year presentation.

- e. Severance includes direct or indirect payments to individuals upon termination which are not included in other cash benefits or other non-cash benefits.
- f. Compensation provided by AHS for medical doctors included in salaries and benefits expense includes medical doctors paid through AHS payroll. The compensation provided by AHS for the remaining medical doctors is included in other contracted services.

**Board and Advisory Committee Participants**

- g. This individual did not claim honoraria.
- h. These individuals were participants of Board committees, but are not Board members or AHS employees.

**Former Official Administrators and Former Advisory Committee Participants**

- i. These individuals were participants of Official Administrator governance advisory committees, but are not AHS employees.

**Executive**

- j. The incumbent held the position of Vice President, Quality and Chief Medical Officer until January 11, 2016 at which time the incumbent was appointed to Interim President and Chief Executive Officer. The incumbent received acting pay while in the Interim President and Chief Executive Officer position. The incumbent was appointed President and Chief Executive Officer effective June 3, 2016.
- k. The incumbent tendered their resignation letter on November 25, 2015 effective February 26, 2016. The incumbent held the position until February 5, 2016 at which time the incumbent left AHS. At the time of their departure the incumbent received a lump sum payment of \$31 in lieu of the completion of the notice period included in Other cash benefits. In addition, the incumbent received a vacation payout of \$71 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- l. The incumbent held the position of Associate Zone Medical Director, Calgary Zone until January 11, 2016 at which time the incumbent was appointed to Acting Vice President and Medical Director, Central and Southern Alberta and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in base salary while in the Acting Vice President and Medical Director, Central and Southern Alberta position.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2016  
(CONTINUED)**

- m. The incumbent held the position of Vice President and Medical Director, Central and Southern Alberta until January 11, 2016 at which time the incumbent was appointed to Interim Vice President, Quality and Chief Medical Officer.
- n. The incumbent held the position of Executive Director, Health Professions – Strategy and Practice until November 27, 2015 at which time the incumbent was appointed to Interim Vice President, Collaborative Practice, Nursing and Health Professions and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in base salary while in the Interim Vice President, Collaborative Practice, Nursing and Health Professions position.
- o. The incumbent held the position until November 27, 2015 at which time the incumbent left AHS. At this time the incumbent received a vacation payout of \$31 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- p. The incumbent is on secondment from the University of Alberta. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Alberta. AHS reimburses the University for the incumbent's base salary and benefits including annual performance adjustments. In lieu of enrollment into the AHS SPP, the incumbent will receive an annual lump sum supplemental payment equivalent to the amount the incumbent would have received as a member of the SPP and payable from AHS. The lump sum has been included in Other Cash Benefits.
- q. The incumbent was appointed to the position effective May 4, 2015.
- r. The incumbent held the position of Acting Vice President, Human Resources and received acting pay until May 3, 2015 at which time the incumbent resumed the role of Senior Program Officer, HR Shared Services, Workforce Strategies and Total Rewards and was no longer a direct report to the President and Chief Executive Officer.
- s. The incumbent held the position of Senior Program Officer, Communications until January 11, 2016 at which time the incumbent was appointed to Interim Vice President Community Engagement and Communications and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in base salary while in the Interim Vice President, Community Engagement and Communications position.
- t. The incumbent held the position until January 11, 2016 at which time the incumbent left AHS. The incumbent received salary and other accrued entitlements to the date of departure. The reported severance included 40 weeks base salary at the rate in effect at the date of departure, 15% of the severance in lieu of benefits, and 10% of the severance for purposes of relocation expenses. AHS will also make payments for the incumbent to attend an outplacement program for a maximum of six months. In addition, the incumbent received a vacation payout of \$24 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- u. The incumbent held the position of Associate General Counsel, Corporate & Commercial Law until September 16, 2015 at which time the incumbent was appointed to Interim General Counsel, Legal and Privacy and became a direct report to the President and Chief Executive Officer. The incumbent received acting pay while in the Interim General Counsel, Legal and Privacy position. The incumbent held the Interim General Counsel, Legal & Privacy position until December 4, 2015 at which time the incumbent left AHS. At this time the incumbent received a vacation payout of \$29 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned. As a result of restructuring, the position of General Counsel, Legal & Privacy ceased to be a direct report to the President and Chief Executive Officer effective December 7, 2015.
- v. The incumbent held the position until September 16, 2015 at which time the incumbent left AHS. The incumbent received salary and other accrued entitlements to the date of departure. The reported severance included 50 weeks base salary at the rate in effect at the date of departure and 15% of the severance in lieu of benefits. AHS will also make payments for the incumbent to attend an outplacement program for a maximum of six months. In addition, the incumbent received a vacation payout of \$56 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- w. The incumbent was appointed to the position effective June 1, 2015. As a result of restructuring, the incumbent ceased to be a direct report to the President and Chief Executive Officer effective January 11, 2016.

**Termination Obligations**

- x. There is no severance associated with the secondment agreement. Upon termination of the secondment agreement, the incumbent would return to the incumbent's regular position at the University of Alberta.
- y. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to 12 months base salary. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.
- z. The incumbent's termination benefits have not been predetermined.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2016  
(CONTINUED)**

- aa. In the case of termination without just cause by AHS, the incumbent shall receive severance pay to a maximum of 12 months base salary plus market supplement. Such severance will be paid in 12 equal monthly instalments. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.
- bb. In the case of termination without just cause by AHS, the incumbent shall receive severance pay to a maximum of 12 months base salary. The incumbent will also be paid 15% of the severance in lieu of other benefits.
- cc. SPP

Based on the provision of the applicable SPP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2015-16 fiscal period. As a result of retirement or termination, the incumbents are entitled to the benefits accrued to them up to the date of retirement or termination. For participants of SPP, the benefit includes the account balances as at March 31, 2015 and the current period benefit costs and investment gains or losses related to the account that were incurred during the current year. The AHS obligations are paid through either a lump sum payment or regular instalments:

Position <sup>(1)</sup>	Supplemental Plan Commencement Date	Benefit (not in thousands)	Frequency	Payment Terms
Interim General Counsel, Legal and Privacy (SPP)	December 20, 2010	\$25,835	Once	January 2016
General Counsel, Legal and Privacy (SPP)	December 20, 2010	\$30,818	Once	October 2015

(1) Pertains only to those individuals for which the applicable SPP were fully vested at the time their employment with AHS ended.

**SCHEDULE 3 – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY AND OTHER RECLASSIFICATIONS  
FOR THE YEAR ENDED MARCH 31**

<b>(a) Reconciliation of the Approved Budget for the Consolidated Statement of Operations</b>				
	<b>2016 Approved Budget</b>	<b>Changes in Accounting Policy (Note 2(f))</b>	<b>Other Reclassifications<sup>(a)</sup></b>	<b>2016 Reported Budget</b>
<b>Revenue:</b>				
Alberta Health transfers				
Base operating	\$ 11,330,000	\$ -	\$ -	\$ 11,330,000
Other operating	1,110,000	-	-	1,110,000
Capital	84,000	-	-	84,000
Other government transfers	416,000	-	-	416,000
Fees and charges	507,000	-	-	507,000
Ancillary operations	132,000	-	-	132,000
Donations, fundraising, and non-government contributions	166,000	-	-	166,000
Investment and other income	208,000	-	-	208,000
<b>TOTAL REVENUE</b>	<b>13,953,000</b>	<b>-</b>	<b>-</b>	<b>13,953,000</b>
<b>Expenses:</b>				
Inpatient acute nursing services	3,210,000	-	(53,000)	3,157,000
Emergency and other outpatient services	1,620,000	-	(1,000)	1,619,000
Facility-based continuing care services	984,000	-	63,000	1,047,000
Ambulance services	468,000	-	-	468,000
Community-based care	1,227,000	-	(5,000)	1,222,000
Home care	536,000	-	6,000	542,000
Diagnostic and therapeutic services	2,329,000	-	(81,000)	2,248,000
Promotion, prevention, and protection services	376,000	-	3,000	379,000
Research and education	238,000	-	2,000	240,000
Administration	450,000	-	4,000	454,000
Information technology	565,000	-	1,000	566,000
Support services	1,950,000	-	61,000	2,011,000
<b>TOTAL EXPENSES (Schedule 1)</b>	<b>13,953,000</b>	<b>-</b>	<b>-</b>	<b>13,953,000</b>
<b>ANNUAL OPERATING SURPLUS (DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Endowment contributions and reinvested income	-	-	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

- (a) In 2015-16, AHS reclassified prior year comparatives to conform with current year presentation due to:
- a change in methodology related to expense allocations for contracts with health service providers, and
  - better alignment of transactions with Alberta Health and the CIHI standards.

**SCHEDULE 3 – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY AND OTHER RECLASSIFICATIONS  
FOR THE YEAR ENDED MARCH 31**

<b>(b) Reconciliation of the Prior Year Comparative for the Consolidated Statement of Operations</b>				
	<b>2015 as Previously Presented</b>	<b>Changes in Accounting Policy (Note 2(l))</b>	<b>Other Reclassifications<sup>(a)</sup></b>	<b>2015 Revised</b>
<b>Revenue:</b>				
Alberta Health transfers				
Base operating	\$ 10,851,204	\$ -	\$ -	\$ 10,851,204
Other operating	1,378,438	-	-	1,378,438
Capital	92,907	-	-	92,907
Other government transfers (Note 4)	420,599	-	-	420,599
Fees and charges	445,912	-	26,477	472,389
Ancillary operations	133,118	-	-	133,118
Donations, fundraising, and non-government contributions (Note 5)	167,290	-	-	167,290
Investment and other income (Note 6)	308,308	-	-	308,308
<b>TOTAL REVENUE</b>	<b>13,797,776</b>	<b>-</b>	<b>26,477</b>	<b>13,824,253</b>
<b>Expenses:</b>				
Inpatient acute nursing services	3,247,819	-	(34,011)	3,213,808
Emergency and other outpatient services	1,581,887	-	4,178	1,586,065
Facility-based continuing care services	940,411	-	65,385	1,005,796
Ambulance services	468,031	-	7,399	475,430
Community-based care	1,139,337	-	(1,311)	1,138,026
Home care	530,501	-	5,116	535,617
Diagnostic and therapeutic services	2,314,445	-	(79,583)	2,234,862
Promotion, prevention, and protection services	358,933	-	1,978	360,911
Research and education	232,162	-	3,249	235,411
Administration (Note 7)	448,491	-	(461)	448,030
Information technology	567,792	-	1,069	568,861
Support services (Note 8)	1,970,471	-	53,469	2,023,940
<b>TOTAL EXPENSES (Schedule 1)</b>	<b>13,800,280</b>	<b>-</b>	<b>26,477</b>	<b>13,826,757</b>
<b>ANNUAL OPERATING SURPLUS (DEFICIT)</b>	<b>(2,504)</b>	<b>-</b>	<b>-</b>	<b>(2,504)</b>
Endowment contributions and reinvested income	-	3,585	-	3,585
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (2,504)</b>	<b>\$ 3,585</b>	<b>\$ -</b>	<b>\$ 1,081</b>
Accumulated surplus, beginning of year	1,233,805	-	68,796	1,302,601
<b>Accumulated surplus, end of year (Note 19)</b>	<b>\$ 1,231,301</b>	<b>\$ 3,585</b>	<b>\$ 68,796</b>	<b>\$ 1,303,682</b>

- (a) In 2015-16, AHS reclassified prior year comparatives to conform with current year presentation due to:
- a change in methodology related to expense allocations for contracts with health service providers,
  - better alignment of transactions with Alberta Health and the CIHI standards, and
  - the reclassification of bad debts expense from net of revenues to expenses.

**SCHEDULE 3 – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY AND OTHER RECLASSIFICATIONS  
FOR THE YEAR ENDED MARCH 31**

**(c) Reconciliation of the Prior Year Comparative for the Consolidated Statement of Financial Position**

	2015 as Previously Presented	Changes in Accounting Policy (Note 2(l))	Other Reclassifications <sup>(a)</sup>	2015 Revised
<b>Financial Assets:</b>				
Cash	\$ 549,779	\$ -	\$ (217,932)	\$ 331,847
Portfolio investments (Note 10)	1,955,561	-	217,932	2,173,493
Accounts receivable (Note 11)	313,972	-	-	313,972
Other assets	12,179	-	-	12,179
Tangible capital assets	7,511,137	(7,511,137)	-	-
Inventories for consumption	96,583	(96,583)	-	-
Prepaid expenses	126,610	(126,610)	-	-
	10,565,821	(7,734,330)	-	2,831,491
<b>Liabilities:</b>				
Accounts payable and accrued liabilities (Note 12)	1,256,333	-	17,566	1,273,899
Employee future benefits (Note 13)	594,603	-	-	594,603
Deferred revenue	7,033,031	(7,033,031)	-	-
Unexpended deferred operating revenue (Note 14)	-	491,254	-	491,254
Unexpended deferred capital revenue (Note 15)	-	178,078	-	178,078
Debt (Note 17)	339,397	-	(17,566)	321,831
	9,223,364	(6,363,699)	-	2,859,665
<b>NET DEBT</b>	-	-	-	<b>(28,174)</b>
<b>Non-Financial Assets:</b>				
Tangible capital assets (Note 18)	-	7,511,137	-	7,511,137
Inventories for consumption	-	96,583	-	96,583
Prepaid expenses	-	126,610	-	126,610
	-	7,734,330	-	7,734,330
<b>NET ASSETS BEFORE EXPENDED DEFERRED CAPITAL REVENUE</b>	-	7,706,156	-	7,706,156
Expended deferred capital revenue (Note 16)	-	6,363,699	-	6,363,699
<b>NET ASSETS</b>	-	<b>1,342,457</b>	-	<b>1,342,457</b>
Net assets is comprised of:				
Accumulated surplus (Note 19)	1,231,301	-	72,381	1,303,682
Accumulated rereasurement gains and losses	38,775	-	-	38,775
Endowments	72,381	-	(72,381)	-
	\$ 1,342,457	\$ -	\$ -	\$ 1,342,457

- (a) In 2015-16, AHS reclassified prior year comparatives to conform with current year presentation due to:
- cash equivalents deemed to be held for investment purposes reclassified to portfolio investments, and
  - capital lease obligations reclassified from debt to accounts payable and accrued liabilities due to better alignment of presentation of transactions with Alberta Health.

**SCHEDULE 3 – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY AND OTHER RECLASSIFICATIONS  
FOR THE YEAR ENDED MARCH 31**

**(d) Reconciliation of the Prior Year Comparative for the Consolidated Statement of Cash Flows**

	2015 as Previously Presented	Changes in Accounting Policy (Note 2(l))	Other Reclassifications <sup>(a)</sup>	2015 Revised
<b>Operating transactions:</b>				
Annual surplus (deficit)	\$ (2,504)	\$ 3,585	\$ -	\$ 1,081
Non-cash items:				
Amortization, disposals, and write-downs	633,593	-	-	633,593
Recognition of expensed deferred capital revenue	(427,506)	-	-	(427,506)
Revenue recognized for acquisition of land	-	-	-	-
Decrease (increase) in:				
Accounts receivable related to operating transactions	72,533	-	-	72,533
Inventories for consumption	1,669	-	-	1,669
Other assets	(575)	-	-	(575)
Prepaid expenses	(20,211)	-	-	(20,211)
Increase (decrease) in:				
Accounts payable and accrued liabilities related to operating transactions	85,372	-	-	85,372
Employee future benefits	40,071	-	-	40,071
Deferred revenue related to operating transactions	(70,906)	(3,585)	-	(74,491)
Cash provided by (applied to) operating transactions	311,536	-	-	311,536
<b>Capital transactions:</b>				
Acquisition of tangible capital assets	(229,734)	-	-	(229,734)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	(30,566)	-	(1,231)	(31,797)
Cash provided by (applied) to capital transactions	(260,300)	-	(1,231)	(261,531)
<b>Investing transactions:</b>				
Purchase of portfolio investments	(3,134,674)	-	(1,069,279)	(4,203,953)
Proceeds on disposals of portfolio investments	2,955,055	-	1,336,843	4,291,898
Cash provided by (applied to) investing transactions	(179,619)	-	267,564	87,945
<b>Financing transactions:</b>				
Restricted capital revenue received	96,977	-	-	96,977
Restricted capital revenue returned	(14,119)	-	-	(14,119)
Proceeds from debt	5,772	-	(772)	5,000
Principal payments on debt	(16,538)	-	2,003	(14,535)
Cash provided by (applied to) financing transactions	72,092	-	1,231	73,323
<b>Net increase (decrease) in cash</b>	<b>(56,291)</b>	<b>-</b>	<b>267,564</b>	<b>211,273</b>
Cash, beginning of year	606,070	-	(485,496)	120,574
<b>Cash, end of year</b>	<b>\$ 549,779</b>	<b>\$ -</b>	<b>\$ (217,932)</b>	<b>\$ 331,847</b>

- (a) In 2015-16, AHS reclassified prior year comparatives to conform with current year presentation due to:
- cash equivalents deemed to be held for investment purposes reclassified to portfolio investments, and
  - capital lease obligations reclassified from debt to accounts payable and accrued liabilities due to better alignment of presentation of transactions with Alberta Health.



**SCHEDULE 3 – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY AND OTHER RECLASSIFICATIONS  
FOR THE YEAR ENDED MARCH 31**

**(e) Reconciliation of the Prior Year Comparative for the Consolidated Schedule of Expenses by Object**

	2015 as Previously Presented	Changes in Accounting Policy (Note 2(l))	Other Reclassifications <sup>(a)</sup>	2015 Revised
Salaries and benefits (Schedule 2)	\$ 7,531,854	\$ -	\$ -	\$ 7,531,854
Contracts with health service providers	2,375,811	-	-	2,375,811
Contracts under the Health Care Protection Act	19,141	-	-	19,141
Drugs and gases	411,672	-	-	411,672
Medical and surgical supplies	403,626	-	-	403,626
Other contracted services	1,137,794	-	-	1,137,794
Other	1,286,789	-	26,477	1,313,266
Amortization, disposals and write-downs (Note 18)	633,593	-	-	633,593
	<b>\$ 13,800,280</b>	<b>\$ -</b>	<b>\$ 26,477</b>	<b>\$ 13,826,757</b>

- (a) In 2015-16, AHS reclassified prior year comparatives to conform with current year presentation due to the reclassification of bad debts expense from net of revenues to expenses.