



CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2014 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 and Finance Advisory Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Alberta Health Services Official Administrator for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Advisory 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]

Vickie Kaminski
President and Chief Executive Officer
Alberta Health Services

[Original Signed by]

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

[Original Signed by]

Brenda Huband
Interim President and Chief Executive Officer,
Zone and Health Operations
Alberta Health Services

[Original Signed by]

Rick Trimp
Interim President and Chief Executive Officer,
Population Health and Province-Wide Services
Alberta Health Services

June 5, 2014



Independent Auditor's Report

To the Official Administrator of Alberta Health Services

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, 2014, and the consolidated statements of operations, accumulated remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Health Services as at March 31, 2014, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2014

Edmonton, Alberta

**CONSOLIDATED STATEMENT OF OPERATIONS
 YEAR ENDED MARCH 31**

	2014		2013
	Budget (Note 3)	Actual	Actual (Note 26)
Revenue:			
Alberta Health transfers			
Base operating grant	\$ 10,521,000	\$ 10,495,788	\$ 10,213,791
Other operating grants	1,436,000	1,257,279	1,068,026
Capital grants	98,000	87,173	106,688
Other government transfers (Note 4)	389,000	386,792	393,135
Fees and charges	456,000	432,198	412,038
Ancillary operations	129,000	125,653	117,726
Donations, fundraising, and non-government grants (Note 5)	131,000	155,039	144,067
Investment and other income (Note 6)	195,000	284,228	219,132
TOTAL REVENUE	13,355,000	13,224,150	12,674,603
Expenses:			
Inpatient acute nursing services	3,004,000	3,069,095	2,972,309
Emergency and other outpatient services	1,530,000	1,509,880	1,440,730
Facility-based continuing care services	929,000	895,989	905,909
Ambulance services	421,000	442,848	409,239
Community-based care	1,164,000	1,040,473	954,522
Home care	501,000	505,751	507,009
Diagnostic and therapeutic services	2,234,000	2,193,635	2,074,711
Promotion, prevention, and protection services	361,000	333,189	330,775
Research and education	252,000	221,838	224,623
Administration (Note 7)	481,000	443,991	444,358
Information technology	479,000	516,643	454,919
Support services (Note 8)	1,999,000	1,895,127	1,849,108
TOTAL EXPENSES (Schedule 1)	13,355,000	13,068,459	12,568,212
OPERATING SURPLUS	\$ -	155,691	106,391
Accumulated surplus, beginning of year		1,078,114	971,723
Accumulated surplus, end of year (Note 19)		\$ 1,233,805	\$ 1,078,114

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	<u>2014</u>		<u>2013</u>
	Actual		Actual
			(Note 26)
Assets:			
Cash and cash equivalents (Note 11)	\$ 606,070	\$	684,604
Portfolio investments (Note 12)	1,728,853		1,415,223
Accounts receivable (Note 13)	379,245		363,421
Other assets	11,604		12,455
Tangible capital assets (Note 14)	7,502,495		7,515,882
Inventories for consumption	98,252		93,548
Prepaid expenses (Note 24)	<u>106,399</u>		<u>86,119</u>
TOTAL ASSETS	\$ <u>10,432,918</u>	\$	<u>10,171,252</u>
Liabilities:			
Accounts payable and accrued liabilities (Note 15)	\$ 1,195,016	\$	1,157,924
Employee future benefits (Note 16)	554,532		524,827
Deferred revenue (Note 17)	7,005,555		6,959,575
Debt (Note 18)	<u>350,368</u>		<u>375,384</u>
TOTAL LIABILITIES	<u>9,105,471</u>		<u>9,017,710</u>
Net Assets:			
Accumulated surplus (Note 19)	1,233,805		1,078,114
Accumulated remeasurement gains and losses	24,846		10,221
Endowments (Note 20)	<u>68,796</u>		<u>65,207</u>
TOTAL NET ASSETS	<u>1,327,447</u>		<u>1,153,542</u>
	\$ <u>10,432,918</u>	\$	<u>10,171,252</u>

Contractual Obligations and Contingent Liabilities (Note 21)

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

Approved by:

[Original Signed by]

Dr. John Cowell
Official Administrator
Alberta Health Services

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2014		2013
	Budget (Note 3)	Actual	Actual (Note 26)
Operating transactions:			
Operating surplus	\$ -	\$ 155,691	\$ 106,391
Non-cash items:			
Amortization, disposals, and write-downs	560,000	564,926	533,168
Recognition of expended deferred capital revenue	(390,000)	(374,317)	(375,307)
Revenue recognized for acquisition of land	-	(1,224)	(15)
Decrease (increase) in:			
Accounts receivable related to operating transactions	(32,000)	(37,073)	56,217
Inventories for consumption	(5,000)	(4,704)	3,192
Other assets	1,000	851	25,627
Prepaid expenses	(16,000)	(20,280)	(26,533)
Increase (decrease) in:			
Accounts payable and accrued liabilities related to operating transactions	37,000	150,230	(90,874)
Employee future benefits	8,000	29,705	10,312
Deferred revenue related to operating transactions	37,000	(44,840)	(131,555)
Cash provided by operating transactions	<u>200,000</u>	<u>418,965</u>	<u>110,623</u>
Capital transactions:			
Acquisition of tangible capital assets	(410,000)	(286,015)	(527,349)
Increase (decrease) in accounts payable and accrued liabilities related to capital transactions	13,000	(111,640)	(103,939)
Cash applied to capital transactions	<u>(397,000)</u>	<u>(397,655)</u>	<u>(631,288)</u>
Investing transactions:			
Purchase of portfolio investments	(2,327,000)	(3,851,627)	(2,573,213)
Proceeds on sale of portfolio investments	2,402,000	3,572,082	2,731,366
Cash provided by (applied to) investing transactions	<u>75,000</u>	<u>(279,545)</u>	<u>158,153</u>
Financing transactions:			
Deferred capital revenue received	144,000	206,276	250,962
Deferred capital revenue returned	(2,000)	(7,957)	(128,042)
Deferred capital revenue payable transferred from accounts payable and accrued liabilities	-	-	119,754
Proceeds from debt	-	-	32,300
Principal payments on debt	(18,000)	(18,618)	(40,384)
Cash provided by financing transactions	<u>124,000</u>	<u>179,701</u>	<u>234,590</u>
Net increase (decrease) in cash and cash equivalents	2,000	(78,534)	(127,922)
Cash and cash equivalents, beginning of year	<u>883,000</u>	<u>684,604</u>	<u>812,526</u>
Cash and cash equivalents, end of year	\$ <u>885,000</u>	\$ <u>606,070</u>	\$ <u>684,604</u>

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

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

	<u>2014</u>	<u>2013</u>
	<u>Actual</u>	<u>Actual</u>
		(Note 26)
Balance, beginning of year	\$ 10,221	\$ -
Adjustment on adoption of the financial instruments standard	-	5,272
Unrestricted unrealized net gains on portfolio investments	29,581	6,858
Amounts reclassified to the Consolidated Statement of Operations related to portfolio investments	<u>(14,956)</u>	<u>(1,909)</u>
Net remeasurement gains for the year	<u>14,625</u>	<u>10,221</u>
Balance, end of year (Note 12)	<u>\$ 24,846</u>	<u>\$ 10,221</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014**

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.

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 as at March 31, 2014:

Wholly Owned Subsidiaries:

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

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

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

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

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

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

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

Other:

Queen Elizabeth II Hospital Child Care Centre

(ii) Government Partnerships

AHS uses the proportionate consolidation method to account for its 30% interest in the HUTV Limited Partnership (HUTV) with David Chittick Management Ltd, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 50% interest in the Primary Care Network (PCN) government partnerships with physician groups (Note 23).

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) 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/Consort 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 (Vegreville/Vermillion) 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 include the payments to voluntary and private organizations under contract to provide health services in the Province of Alberta (Note 9). Also included are certain tangible capital assets owned by AHS but operated by contracted health service providers. Other operations not funded by AHS and other assets and liabilities of the contracted health service providers are not included in these consolidated financial statements. These consolidated financial statements also do not include the trust funds administered on behalf of others (Note 25).

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Revenue Recognition

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

(i) Government Grants

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

Government grants are recorded as deferred revenue if the terms for use of the grant, or the terms along with AHS' actions and communications as to the use of the grant, create a liability. These grants are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use of the grant. All unrealized gains and losses attributable to these grants are recognized as an increase or decrease in deferred revenue.

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

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

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

Unrestricted donations, fundraising, and non-government grants are recorded 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, and non-government grants 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. All unrealized gains and losses attributable to externally restricted donations, fundraising and non-government grants are recognized as an increase or decrease in deferred revenue.

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

(iii) Grants and Donations of or for Land

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

(iv) Endowments

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

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

(v) Fees and Charges, Ancillary Operation, and Other Income

Fees and charges, ancillary operations, and other income are recognized in the period that goods are delivered or services are provided. Cash 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 grants or donations are recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations except for restricted investment income which is recognized as revenue in the period the related expenses are incurred or the terms of use are met.

(c) Expenses

The key elements of AHS' expense recognition policy are:

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

- (ii) Expenses incurred include contracted health services provided by other entities in support of AHS' responsibilities and operations and are disclosed in Note 9.

(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:

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

PSAS requires portfolio investments in equity instruments to be recorded under the fair value category and AHS may choose to record other financial assets under the fair value category if there is an investment strategy to evaluate the performance of a group of these financial assets on a fair value basis. AHS has elected to record its money market securities and fixed income securities 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, 2014, AHS has no embedded derivatives that require separation from the host contract.

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

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

(e) Inventories For Consumption

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

(f) 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 including 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 expended 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.

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

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	2-20 years
Information systems	3-5 years
Leased vehicles, facilities and improvements	Term of lease
Building service equipment	5-40 years
Land improvements	5-40 years

Work in progress, which includes 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 reported as tangible capital asset acquisitions financed by long-term obligations. These capital lease obligations are recorded at the present value of the minimum lease payments excluding 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. Note 18(c) provides a schedule of repayments and amount of interest on the leases.

Tangible capital assets are written down when conditions indicate that they no longer contribute to AHS' 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.

(g) Employee Future Benefits
(i) Registered Benefit Pension Plans

AHS participates in the following registered defined benefit pension plans: the Local Authorities Pension Plan (LAPP) and the Management Employees Pension Plan (MEPP). These multi-employer public sector defined benefit plans provide pensions for participants based on years of service and final average earnings. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The 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 as a co-sponsor accounts for its share of obligations for these pension plans relating to former and current employees of all of the organizations included in the Government of Alberta (GOA) consolidated reporting entity on a defined benefit basis. As a participating government organization, AHS accounts for these plans on a defined contribution basis. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that AHS is required to pay for its employees during the fiscal year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

(ii) Other Defined Contribution Pension Plans

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Supplemental Executive Retirement Plans (SERPs)

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

Due to *Income Tax Act* (Canada) requirements, the SERPs are subject to the RCA rules; therefore approximately half the assets are held in a non-interest bearing Refundable Tax Account with the Canada Revenue Agency. The remaining assets of the SERPs are invested in a 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. 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. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets. The actuarial gains and losses that arise are accounted for in accordance with PSAS whereby AHS amortizes actuarial gains and losses from the liability or asset over the average remaining service life of the related employee group.

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

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

(iv) Supplemental Pension Plan (SPP)

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(v) Sick Leave Liability

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

AHS accrues its liabilities for accumulating non-vesting sick leave benefits but does not record a liability for replenishing sick leave benefits as these are renewed annually.

The AHS sick leave liability is based on an actuarial evaluation as at March 31, 2012, and extrapolated for the years ending March 31, 2013 and March 31, 2014. The next required actuarial valuation will be as of March 31, 2015.

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.

(h) Net Assets

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

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

(i) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amounts 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)
(j) Reserves

Certain amounts, as approved by the Official Administrator, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from reserves are an adjustment to the respective reserve when approved.

(k) Future Accounting Changes

In June 2010 the Public Sector Accounting Board issued PS 3260 – Liability for Contaminated Sites, which specifically relates to sites no longer in productive use. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. AHS would be required to recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management does not expect the implementation of this standard to have a significant impact on the consolidated financial statements.

Note 3 Budget

The AHS Health Plan and Business Plan 2013-16, which included the 2013-14 annual budget, was approved by the members of the former AHS Board on April 8, 2013 and submitted to the Minister.

In 2013-14, AHS reclassified the following programs in its budget to be consistent with the Canadian Institute of Health Information (CIHI) definitions:

- (i) \$40,000 related to community cancer clinics and outpatient cancer drugs were reclassified from community-based care to emergency and other outpatient services.
- (ii) \$15,000 related to midwifery was reclassified from emergency and other outpatient services to community-based care.
- (iii) \$10,000 related to high cost drugs in Calgary was reclassified from community-based care to facility-based continuing care services.
- (iv) \$4,000 related to emergency preparedness was reclassified from promotion, prevention and protection services to support services.

In addition, the budget for \$10,000 physicians' service revenue was reclassified from AH transfers other operating grants to investment and other income.

Revenue	Board Approved Budget	Reclassifications	Reported Budget
Alberta Health transfers	\$ 1,446,000	\$ (10,000)	\$ 1,436,000
Investment and other Income	185,000	10,000	195,000
Expenses			
Emergency and other outpatient services	1,505,000	25,000	1,530,000
Facility-based continuing care services	919,000	10,000	929,000
Community-based care	1,199,000	(35,000)	1,164,000
Promotion, prevention and protection services	365,000	(4,000)	361,000
Support services	1,995,000	4,000	1,999,000

Note 4 Other Government Transfers

Other government transfers include amounts transferred from provincial and federal governments, and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.

	2014	2013
Unrestricted operating transactions	\$ 48,479	\$ 48,807
Restricted operating transactions	83,982	105,203
Restricted capital transactions	254,331	239,125
	<u>\$ 386,792</u>	<u>\$ 393,135</u>

Note 5 Donations, Fundraising, and Non-Government Grants

	2014	2013
Unrestricted operating transactions	\$ 10,480	\$ 2,181
Restricted operating transactions	111,746	112,392
Restricted capital transactions	32,813	29,494
	<u>\$ 155,039</u>	<u>\$ 144,067</u>

Note 6 Investment and Other Income

	2014	2013
Investment income	\$ 57,757	\$ 42,724
Other income:		
External recoveries excluding administrative services provided to others	132,553	107,964
External recoveries for administrative services provided to others (Note 7)	12,065	5,247
Purchase incentives and rebates	35,443	28,917
Other revenue	46,410	34,280
	<u>\$ 284,228</u>	<u>\$ 219,132</u>

Note 7 Administration

	2014	2013
General administration ^(a)	\$ 207,424	\$ 197,550
Human resources ^(b)	96,821	103,105
Finance ^(c)	63,657	64,551
Communications ^(d)	17,309	20,202
Administration expense of contracted health service providers (Note 9) ^(e)	58,780	58,950
Total administration expense	<u>\$ 443,991</u>	<u>\$ 444,358</u>
Less external recoveries for administrative services provided to others (Note 6)	<u>(12,065)</u>	<u>(5,247)</u>
Net administration expense	<u>\$ 431,926</u>	<u>\$ 439,111</u>

Net administration expense has been presented to align with the CIHI definition. Activities and costs directly supporting clinical activities are not included in administration.

- (a) General administration includes senior leaders' expenses, the Official Administrator and former Board members expenses, and other administrative functions such as planning and development, privacy, risk management, internal audit, infection control, quality assurance, insurance, patient safety, and legal.

Note 7 Administration (continued)

- (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 transmittal of AHS' communications including telephone, paging, monitors, telex, fax, visitor information, and mail services. It also includes personnel dedicated to maintenance and repair of communication systems and devices.
- (e) Administrative expense of contracted health service providers is an allocation for general administration, human resources, finance, and communication expenses incurred by voluntary and private health service providers with whom AHS contracts for health services. The allocation of expenses for contracts with health service providers is in Note 9.

Note 8 Support Services

	2014	2013
Facilities operations	\$ 779,972	\$ 731,741
Patient: health records, food services, and transportation	335,892	328,965
Material management	172,827	197,888
Housekeeping, laundry, and linen	209,887	196,844
Support services expense of contracted health service providers (Note 9)	116,496	113,808
Ancillary operations	109,970	110,337
Fundraising expenses and grants awarded	34,089	35,314
Emergency preparedness services	4,536	6,080
Other	131,458	128,131
	<u>\$ 1,895,127</u>	<u>\$ 1,849,108</u>

Note 9 Contracts with Health Service Providers

AHS is responsible for the delivery and operation of the public health system in Alberta. To this end, AHS has contracts with various voluntary and private health service providers to continue to provide health services throughout Alberta.

The direct AHS funding provided and the associated allocation of expenses in the Consolidated Statement of Operations is as follows:

Note 9 Contracts with Health Service Providers (continued)

	2014	2013
Voluntary health service providers	\$ 1,320,027	\$ 1,300,032
Private health service providers	938,015	866,237
Total direct AHS funding	<u>\$ 2,258,042</u>	<u>\$ 2,166,269</u>
	2014	2013
Inpatient acute nursing services	\$ 294,230	\$ 286,308
Emergency and other outpatient services	97,049	87,787
Facility-based continuing care services	568,462	543,821
Ambulance services	165,451	153,199
Community-based care	432,470	407,065
Home care	169,358	175,647
Diagnostic and therapeutic services	342,309	325,307
Promotion, prevention, and protection services	9,911	7,886
Research and education	1,291	6,106
Administration (Note 7)	58,780	58,950
Information technology	2,235	385
Support services (Note 8)	116,496	113,808
Total allocated expenses	<u>\$ 2,258,042</u>	<u>\$ 2,166,269</u>

Note 10 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 of adverse financial impact as a consequence of market movements such as interest rates, currency rates, and other price changes.

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

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

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

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

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

Note 10 Financial Instruments (continued)
(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&P%, 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 2.30% of total investments (2013 - 1.50%).

A 10% change in market value relating to equity securities would have increased or decreased fair value by approximately \$41,042 (2013 - \$21,329).

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

AHS is exposed to interest rate risk through its investments in 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.

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately \$41,733 (2013 - \$34,661).

Portfolio investments include fixed income securities, such as bonds, and have an average effective yield of 2.20% (2013 - 1.79%) per year maturing between 2014 and 2053. The securities have the following average maturity structure:

	<u>2014</u>	<u>2013</u>		
1 – 5 years	78%	81%		
6 – 10 years	11%	17%		
Over 10 years	11%	2%		
				Average Effective Market Yield
<u>Asset Class</u>	<u>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	
Interest bearing securities	1.55%	1.87%	3.48%	2.20%

(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 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 and investments balances denominated in foreign currencies. During the year these fluctuations were not significant. 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, 2014, investments in non-Canadian equities represented 5.40% (March 31, 2013 – 1.58%) of total portfolio investments.

Note 10 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 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. Short selling is not permitted.

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

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

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

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2014.

Credit Rating	2014	2013
Investment Grade (AAA to BBB-)	94%	94%
Speculative Grade (BB+ or lower)	-%	-%
Unrated	6%	6%
	100%	100%

(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 11 Cash and Cash Equivalents

	2014	2013
Cash	\$ 186,373	\$ 165,602
Money market securities less than 90 days	419,697	519,002
Total cash and cash equivalents	<u>\$ 606,070</u>	<u>\$ 684,604</u>

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Cash and cash equivalents include money market securities which are comprised of Government of Canada treasury bills maturing June 2014 and bearing interest at an average yield of 0.97% at March 31, 2014 (March 31, 2013 – 0.95%).

Note 12 Portfolio Investments

	2014		2013	
	Fair Value	Cost	Fair Value	Cost
Money market securities greater than 90 days	\$ 27,898	\$ 27,898	\$ 63,192	\$ 63,192
Fixed income securities	1,290,533	1,280,753	1,138,744	1,128,522
Equities	410,422	350,735	213,287	188,127
Total portfolio investments	<u>\$ 1,728,853</u>	<u>\$ 1,659,386</u>	<u>\$ 1,415,223</u>	<u>\$ 1,379,841</u>

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:

	2014	2013
AHS Investment Bylaw	\$ 1,411,162	\$ 1,138,667
ACF Investment Policy	126,554	109,002
LPIP Investment Policy	112,432	96,413
CHT Statement of Investment Policies and Goals	78,705	71,141
	<u>\$ 1,728,853</u>	<u>\$ 1,415,223</u>

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

	2014	2013
Unrestricted unrealized net gains recorded in the Consolidated Statement of Accumulated Remeasurement Gains and Losses	\$ 24,846	\$ 10,221
Restricted unrealized net gains attributable to endowments and recorded in unexpended deferred operating revenue (Note 17(a) and (d))	10,495	9,105
Restricted unrealized net gains attributable to and recorded in:		
Unexpended deferred operating revenue (Note 17(a) and (d))	25,234	7,741
Unexpended deferred capital revenue (Note 17(b) and (e))	6,236	4,161
Accounts payable and accrued liabilities (Note 15)	2,656	4,154
	<u>\$ 69,467</u>	<u>\$ 35,382</u>

Note 12 Portfolio Investments (continued)
Fair Value Hierarchy

	2014		
	Level 1	Level 2	Total
Equities traded in active market	\$ 365,879	\$ -	\$ 365,879
Others designated to fair value category	\$ -	\$ 1,362,974	\$ 1,362,974
March 31, 2014 total amount	\$ 365,879	\$ 1,362,974	\$ 1,728,853
Percent of total	21%	79%	100%

	2013		
	Level 1	Level 2	Total
Equities traded in active market	\$ 208,058	\$ -	\$ 208,058
Others designated to fair value category	\$ -	\$ 1,207,165	\$ 1,207,165
March 31, 2013 total amount	\$ 208,058	\$ 1,207,165	\$ 1,415,223
Percent of total	15%	85%	100%

Note 13 Accounts Receivable

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Patient accounts receivable	\$ 112,839	\$ 23,661	\$ 89,178	\$ 86,548
AH operating grants receivable	105,668	-	105,668	99,109
AH capital grants receivable	-	-	-	2,650
Other operating grants receivable	42,337	-	42,337	19,183
Other capital grants receivable	79,357	-	79,357	97,956
Other accounts receivable	63,681	976	62,705	57,975
	\$ 403,882	\$ 24,637	\$ 379,245	\$ 363,421

Accounts receivable are unsecured and non-interest bearing. At March 31, 2013, the total allowance for doubtful accounts was \$32,584.

Note 14 Tangible Capital Assets

Historical cost	2013		Transfers for work-in- progress		2014	
		Additions ^(a)		Disposals and write-downs ^(b)		
Facilities and improvements	\$ 7,937,594	\$ -	\$ 192,700	\$ -	\$ 8,130,294	
Work in progress	687,757	420,682	(383,260)	-	725,179	
Equipment	2,113,416	112,285	368	(99,441)	2,126,628	
Information systems	1,060,820	17,348	163,170	(27,892)	1,213,446	
Building service equipment	425,940	-	20,982	(12)	446,910	
Land	109,444	1,224	-	(599)	110,069	
Leased facilities and improvements	166,233	-	5,963	-	172,196	
Land improvements	67,640	-	77	-	67,717	
	<u>\$ 12,568,844</u>	<u>\$ 551,539</u>	<u>\$ -</u>	<u>\$ (127,944)</u>	<u>\$ 12,992,439</u>	

Accumulated amortization	2013		Effect of transfers		2014	
		Amortization expense		Effect of disposals and write-downs ^(b)		
Facilities and improvements	\$ 2,497,372	\$ 220,620	\$ -	\$ -	\$ 2,717,992	
Work in progress	-	-	-	-	-	
Equipment	1,390,108	157,055	-	(98,814)	1,448,349	
Information systems	761,878	142,734	-	(25,270)	879,342	
Building service equipment	241,222	25,874	-	(12)	267,084	
Land	-	-	-	-	-	
Leased facilities and improvements	109,603	12,018	-	-	121,621	
Land improvements	52,779	2,777	-	-	55,556	
	<u>\$ 5,052,962</u>	<u>\$ 561,078</u>	<u>\$ -</u>	<u>\$ (124,096)</u>	<u>\$ 5,489,944</u>	

Net Book Value

	2014	2013
Facilities and improvements	\$ 5,412,302	\$ 5,440,222
Work in progress	725,179	687,757
Equipment	678,279	723,308
Information systems	334,104	298,942
Building service equipment	179,826	184,718
Land	110,069	109,444
Leased facilities and improvements	50,575	56,630
Land improvements	12,161	14,861
	<u>\$ 7,502,495</u>	<u>\$ 7,515,882</u>

Note 14 Tangible Capital Assets (continued)
(a) Transferred Tangible Capital Assets

Additions include non-cash work in progress totalling \$270,698 (2013 - \$293,041) and land totalling \$1,224 (2013 - \$nil).

(b) Disposals and Write-Downs

Disposals and write-downs include disposals of \$107,839 and a write-down of information systems at a cost of \$20,105 (2013 - disposals of \$65,932 and write-downs of \$nil) with an effect to accumulated amortization for disposals of \$106,614 and write-downs of \$17,482 (2013 - disposals of \$60,658 and write-downs of \$nil).

(c) Leased Land

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

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

(d) Leased Equipment

Equipment includes assets acquired through capital leases at a cost of \$17,499 (2013 - \$24,728) with accumulated amortization of \$12,058 (2013 - \$12,000). Equipment additions for the year ended March 31, 2014 include a net decrease of \$6,398 related to vehicle capital leases (2013 - net increase of \$13,489).

(e) Capitalized Interest

Total capitalized interest for the year ended March 31, 2014 was \$nil (2013 - \$3,489).

Note 15 Accounts Payable and Accrued Liabilities

	<u>2014</u>	<u>2013</u>
Payroll remittances payable and accrued liabilities	\$ 597,282	\$ 553,181
Trade accounts payable and accrued liabilities ^(a)	439,867	456,154
Provision for unpaid claims ^(b)	115,968	102,774
Other liabilities	39,243	41,661
	<u>1,192,360</u>	<u>1,153,770</u>
Unrealized net gains on portfolio investments related to accounts payable and accrued liabilities (Note 12)	2,656	4,154
	<u>\$ 1,195,016</u>	<u>\$ 1,157,924</u>

(a) Trade Accounts Payable and Accrued Liabilities

Trade accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of \$45,153 (2013 - \$156,793).

(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.

Note 15 Accounts Payable and Accrued Liabilities (continued)

Under accepted actuarial practice, the appropriate value of the claims liabilities is the discounted value of such liabilities plus the provision for adverse deviation. The provision for unpaid claims has been estimated using the discounted value of claim liabilities based on the expected market yield of the respective portfolio using a discount rate of 2.50% (2013 - 2.40%).

Note 16 Employee Future Benefits

	2014	2013
Accrued vacation pay	\$ 458,513	\$ 433,811
Accumulating non-vesting sick leave liability ^(a)	96,019	91,016
Registered defined benefit pension plans ^{(b) (c)}	-	-
	<u>\$ 554,532</u>	<u>\$ 524,827</u>

(a) Accumulating non-vesting sick leave liability

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

	2014	2013
Change in accrued benefit obligation and funded status		
Accrued benefit obligation and funded status, beginning of year	\$ 99,465	\$ 96,558
Current service cost	8,408	8,247
Interest cost	3,430	3,231
Plan amendments	287	-
Benefits paid	(7,898)	(7,680)
Actuarial gain	(6,560)	(891)
Accrued benefit obligation and funded status, end of year	<u>\$ 97,132</u>	<u>\$ 99,465</u>
Reconciliation to accrued benefit liability		
Funded status - deficit	\$ 97,132	\$ 99,465
Unamortized net actuarial loss	(1,113)	(8,449)
Accrued benefit liability	<u>\$ 96,019</u>	<u>\$ 91,016</u>
Components of expense		
Current service cost	\$ 8,408	\$ 8,247
Interest cost	3,430	3,231
Amortization of net actuarial loss	776	849
Recognition of past service costs	287	-
Net expense	<u>\$ 12,901</u>	<u>\$ 12,327</u>
Assumptions		
Discount rate – beginning of period	3.30%	3.20%
Discount rate – end of period	3.80%	3.30%
Rate of compensation increase per year	2013-2014	2012-2013
	3.25%	3.25%
	2014-2015	2013-2014
	0.25%	3.25%
	Thereafter 3.25%	Thereafter 3.25%

Note 16 Employee Future Benefits (continued)
(b) Local Authorities Pension Plan (LAPP)

 (i) AHS Participation in the LAPP

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

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

The contribution rates were reviewed by the LAPP Board of Trustees in 2013 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 2013		Calendar 2012	
Employer	Employees	Employer	Employees
\$483,270	\$442,720	\$435,992	\$398,564
10.43% of pensionable earnings up to the YMPE and 14.47% of the excess	9.43% of pensionable earnings up to the YMPE and 13.47% of the excess	9.91% of pensionable earnings up to the YMPE and 13.74% of the excess	8.91% of pensionable earnings up to the YMPE and 12.74% of the excess

AHS contributed \$483,270 (2012 - \$435,992) of the LAPP's total employer contributions of \$1,076,067 from January 1, 2013 to December 31, 2013 (December 31, 2012 - \$1,012,225).

 (ii) LAPP Deficit

An actuarial valuation of the LAPP was carried out as at December 31, 2012 by Mercer (Canada) Limited and results were then extrapolated to December 31, 2013. LAPP's net assets available for benefits divided by LAPP's pension obligation shows that the LAPP is 85% (2012 - 82%) funded.

	December 31, 2013	December 31, 2012
LAPP net assets available for benefits	\$ 26,550,184	\$ 22,862,497
LAPP pension obligation	31,411,700	27,839,800
LAPP deficiency	\$ (4,861,516)	\$ (4,977,303)

The 2014 and 2015 LAPP contribution rates are as follows:

Calendar 2015 (estimated) ⁽ⁱ⁾		Calendar 2014	
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

(i) The 2015 LAPP contribution rates are estimates and subject to change.

Note 16 Employee Future Benefits (continued)
(c) Management Employees Pension Plan (MEPP)

At December 31, 2013 the MEPP reported a surplus of \$50,457 (2012 - deficiency of \$303,423).

(d) Supplemental Executive Retirement Plans (SERPs)

As at March 31, 2014 an accrued benefit liability of \$1,242 is included in accounts payable and accrued liabilities (2013 - \$1,635).

AHS sponsors SERPs which are funded and has three RCAs for these plans. Under the terms of the SERPs, participants will receive retirement benefits that supplement the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). As required under the plans' terms, any unfunded obligations identified in the actuarial valuation completed at the end of each fiscal year must be fully funded within 61 days. Based on the most recent actuarial valuation for the purpose of establishing the minimum funding contribution, the SERPs are fully funded as at March 31, 2014.

	2014	2013
Change in accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 44,709	\$ 35,185
Change in actuarial assumption for discount rate	-	9,632
Current service cost	133	492
Interest cost	1,201	1,219
Benefit payments	(3,926)	(2,333)
Actuarial losses	1,313	514
Accrued benefit obligation, end of year	<u>\$ 43,430</u>	<u>\$ 44,709</u>
Change in plan assets		
Market value of plan assets, beginning of year	\$ 43,582	\$ 43,704
Actual return on plan assets	1,571	2,196
Actual employer contributions	53	15
Benefit payments	(3,926)	(2,333)
Fair value of plan assets, end of year	<u>\$ 41,280</u>	<u>\$ 43,582</u>
Reconciliation of funded status to accrued benefit asset (liability)		
Funded status of the plan	\$ (2,150)	\$ (1,127)
Unrecognized net actuarial losses (gains)	908	(508)
Accrued benefit liability, end of year	<u>\$ (1,242)</u>	<u>\$ (1,635)</u>

A portion of SERP is secured by a letter of credit held by the trustee and a refundable tax balance held by the federal government. The required amount of the letter of credit during the year was \$2,973 (2013 - \$2,896) and is expected to increase.

Note 16 Employee Future Benefits (continued)

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

	<u>2014</u>	<u>2013</u>
Determination of net benefit cost		
Current period benefit cost	\$ 133	\$ 492
Amortization of actuarial gains	(508)	-
Interest cost on the accrued benefit obligation	1,201	1,219
Expected return on plan assets	(1,166)	(1,174)
Net benefit cost	<u>\$ (340)</u>	<u>\$ 537</u>
Change in actuarial assumption for discount rate	<u>\$ -</u>	<u>\$ 9,632</u>
Members		
Active	35	44
Retired and terminated	<u>59</u>	<u>54</u>
Total members	<u>94</u>	<u>98</u>
Assumptions		
Weighted average discount rate to determine year end obligations	2.80%	2.75%
Weighted average discount rate to determine net benefit costs	2.75%	2.75%
Expected return on assets	2.75%	2.75%
Expected average remaining service life time	1	1
Rate of compensation increase per year	2013-2014	2012-2013
	0.00%	0.00%
	Thereafter	Thereafter
	0.00%	0.00%

(e) Pension expense

	<u>2014</u>	<u>2013</u>
Local Authorities Pension Plan (LAPP)	\$ 498,110	\$ 452,993
Defined contribution pension plans and group RRSPs	44,930	42,208
Supplemental Pension Plan (SPP)	1,866	2,127
Management Employees Pension Plan (MEPP)	631	722
Change in actuarial assumptions for SERPs	-	9,632
Supplemental Executive Retirement Plans (SERPs)	(340)	537
	<u>\$ 545,197</u>	<u>\$ 508,219</u>

Note 17 Deferred Revenue

	2014	2013
Unexpended deferred operating revenue ^{(a)(d)}	\$ 499,231	\$ 483,953
Unexpended deferred capital revenue ^{(b)(e)}	229,855	240,358
Expended deferred capital revenue ^(c)	6,276,469	6,235,264
	<u>\$ 7,005,555</u>	<u>\$ 6,959,575</u>

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

	2014				2013
	AH	Other government ⁽ⁱ⁾	Donors and non-government	Total	Total
Balance, beginning of year	\$ 222,223	\$ 26,470	\$ 235,260	\$ 483,953	\$ 547,174
Received or receivable during the year	1,230,771	67,449	127,871	1,426,091	1,175,660
Restricted investment income	346	1,939	3,988	6,273	9,193
Transferred from unexpended deferred capital revenue	13,772	28,380	2,672	44,824	52,955
Recognized as revenue from funder	(1,257,279)	(83,982)	(111,746)	(1,453,007)	(1,292,804)
Recognized as revenue from other sources	(314)	-	(27,472)	(27,786)	(25,071)
	<u>209,519</u>	<u>40,256</u>	<u>230,573</u>	<u>480,348</u>	<u>467,107</u>
Changes in unrealized net gain attributable to endowments and recorded in unexpended deferred operating revenue (Note 12)	-	-	1,390	1,390	9,105
Changes in unrealized net gain on portfolio investments related to unexpended deferred operating revenue (Note 12)	1,412	848	15,233	17,493	7,741
Balance, end of year	<u>\$ 210,931</u>	<u>\$ 41,104</u>	<u>\$ 247,196</u>	<u>\$ 499,231</u>	<u>\$ 483,953</u>

⁽ⁱ⁾ The balance at March 31, 2014 for other government includes \$1,213 of unexpended deferred operating revenue received from the federal government (March 31, 2013 - \$1,264).

Note 17 Deferred Revenue (continued)

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

	2014				2013
	AH	Other government	Donors and non-government	Total	Total
Balance, beginning of year	\$ 149,120	\$ 17,044	\$ 74,194	\$ 240,358	\$ 383,171
Received or receivable during the year	43,986	89,665	51,229	184,880	255,836
Transferred tangible capital assets (Note 14(a))	-	270,569	129	270,698	293,041
Restricted investment income	147	-	-	147	1,264
Unexpended deferred capital revenue returned	(2,772)	-	(5,185)	(7,957)	(8,288)
Transfer to expended deferred capital revenue	(59,468)	(309,107)	(45,723)	(414,298)	(635,857)
Transferred to unexpended deferred operating revenue	(13,772)	(28,380)	(2,672)	(44,824)	(52,955)
Used for the acquisition of land	-	(1,224)	-	(1,224)	(15)
	<u>117,241</u>	<u>38,567</u>	<u>71,972</u>	<u>227,780</u>	<u>236,197</u>
Changes in unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12)	603	401	1,071	2,075	4,161
Balance, end of year	\$ <u>117,844</u>	\$ <u>38,968</u>	\$ <u>73,043</u>	\$ <u>229,855</u>	\$ <u>240,358</u>

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

	2014				2013
	AH	Other government	Donors and non-government	Total	Total
Balance, beginning of year	\$ 435,362	\$ 5,622,020	\$ 177,882	\$ 6,235,264	\$ 5,974,714
Transferred from unexpended deferred capital revenue	59,468	309,107	45,723	414,298	635,857
Used for the acquisition of land	-	1,224	-	1,224	15
Less amounts recognized as revenue	(87,173)	(254,331)	(32,813)	(374,317)	(375,322)
Balance, end of year	\$ <u>407,657</u>	\$ <u>5,678,020</u>	\$ <u>190,792</u>	\$ <u>6,276,469</u>	\$ <u>6,235,264</u>

Note 17 Deferred Revenue (continued)

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

	2014			2013	
	AH	Other government	Donors and non- government	Total	Total
Research and education	\$ 640	\$ 4,027	\$ 122,744	\$ 127,411	\$ 116,566
Cancer prevention, screening and treatment	38,138	72	49,072	87,282	86,184
Primary Care Networks	64,101	-	78	64,179	56,923
Physician revenue and alternate relationship plans	32,801	1,524	11	34,336	37,948
Promotion, prevention and community	22,515	7,071	3,484	33,070	18,180
Addiction and mental health	22,176	2,377	5	24,558	48,994
Inpatient acute nursing services	638	7,306	4,443	12,387	7,857
Administration and support services	3,430	3,739	4,558	11,727	13,126
Continuing care and seniors health	9,179	667	1,802	11,648	11,083
Long term care partnerships	-	10,800	-	10,800	8,772
Emergency and outpatient services	5,135	359	4,514	10,008	13,041
Others less than \$10,000	6,529	1,878	27,689	36,096	48,433
	<u>205,282</u>	<u>39,820</u>	<u>218,400</u>	<u>463,502</u>	<u>467,107</u>
Unrealized net gain attributable to endowments and recorded in unexpended deferred operating revenue (Note 12)	-	-	10,495	10,495	9,105
Unrealized net gain on portfolio investments related to unexpended deferred operating revenue (Note 12)	5,649	1,284	18,301	25,234	7,741
	<u>\$ 210,931</u>	<u>\$ 41,104</u>	<u>\$ 247,196</u>	<u>\$ 499,231</u>	<u>\$ 483,953</u>

Note 17 Deferred Revenue (continued)

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

	<u>2014</u>	<u>2013</u>
AH		
Information systems:		
Diagnostic Imaging Upgrade Project	\$ 10,040	\$ 11,339
Access to Health Service Information Management/ Information Technology	9,808	17,767
Provincial Health Information Exchange	7,910	10,469
Regional Shared Health Information Program	6,297	18,616
Information systems less than \$10,000	<u>46,182</u>	<u>65,961</u>
	80,237	124,152
Medical Equipment Replacement Upgrade Program	22,650	10,305
Equipment less than \$10,000	<u>11,061</u>	<u>11,370</u>
Total AH	<u>113,948</u>	<u>145,827</u>
Other government		
Facilities and improvements:		
Infrastructure maintenance projects	25,197	8,383
Facilities and improvements less than \$10,000	<u>12,654</u>	<u>7,945</u>
Total other government	<u>37,851</u>	<u>16,328</u>
Donors and non-government		
Equipment less than \$10,000	59,159	64,847
Facilities and improvements less than \$10,000	<u>12,661</u>	<u>9,195</u>
Total donors and non-government	<u>71,820</u>	<u>74,042</u>
	223,619	236,197
Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12)	<u>6,236</u>	<u>4,161</u>
	<u>\$ 229,855</u>	<u>\$ 240,358</u>

Note 18 Debt

	2014	2013
Debentures payable ^(a) :		
Parkade loan #1	\$ 39,925	\$ 42,276
Parkade loan #2	36,681	38,637
Parkade loan #3	45,790	47,815
Parkade loan #4	166,778	172,674
Parkade loan #5	40,207	41,617
Calgary Laboratory Services purchase	-	3,472
Obligation under leased tangible capital assets ^(b)	19,002	26,675
Other	1,985	2,218
	<u>\$ 350,368</u>	<u>\$ 375,384</u>

- (a) AHS issued debentures to Alberta Capital Financing Authority (ACFA), a related party, to finance the construction of parkades and the purchase of the remaining 50.01% ownership interest in CLS. AHS has pledged 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:

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

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

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

AHS is contractually committed to future capital lease payments for vehicles until 2018. The implicit interest rate payable on these leases is 2.08%.

- (c) As at March 31, 2014 AHS holds a \$220,000 (2013 - \$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, 2014, AHS has \$nil (2013 - \$nil) draws against this facility.

AHS also holds a \$33,000 (2013 - \$33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties relating to construction projects. At March 31, 2014, AHS has \$3,310 (March 31, 2013 - \$4,585) in letters of credit outstanding against this facility.

Note 18 Debt (continued)

AHS is committed to making payments as follows:

Year ended March 31	Debentures Payable, Term/Other Loan and Mortgages Payable		Leased Tangible Capital Assets	
	Principal payments		Minimum lease payments	
2015	\$	14,533	\$	5,041
2016		15,221		2,886
2017		15,943		1,843
2018		16,698		1,473
2019		17,490		1,525
Thereafter		251,481		13,855
	\$	<u>331,366</u>		<u>26,623</u>
Less: interest				(7,621)
			\$	<u>19,002</u>

During the year, the amount of interest expensed was \$16,984 (2013 - \$14,480), of which loan interest was \$16,054 (2013 - \$13,047) and other interest charges were \$930 (2013 - \$1,433).

Note 19 Accumulated Surplus

Accumulated surplus is comprised of the following:

	Unrestricted net assets ^(a)	Reserves for future purposes ^(b)	Net assets invested in tangible capital assets ^(c)	Accumulated surplus
Balance as at March 31, 2013	\$ 82,823	\$ 78,727	\$ 916,564	\$ 1,078,114
Operating surplus	155,691	-	-	155,691
Tangible capital assets purchased with internal funds	(137,260)	-	137,260	-
Amortization of internally funded tangible capital assets	190,609	-	(190,609)	-
Repayment of debt used to fund tangible capital assets	(15,903)	-	15,903	-
Net receipt of life lease deposits	101	-	(101)	-
Transfer of revenue for acquisition of land	(1,224)	-	1,224	-
Transfer of reserves for future purposes	(8,542)	8,542	-	-
Balance as at March 31, 2014	<u>\$ 266,295</u>	<u>\$ 87,269</u>	<u>\$ 880,241</u>	<u>\$ 1,233,805</u>

(a) Unrestricted Net Assets

Unrestricted net assets represents the portion of accumulated surplus that has not already been invested in tangible capital assets or reserved for future purposes.

Note 19 Accumulated Surplus (continued)
(b) Reserves for Future Purposes

The Official Administrator has approved the restriction of net assets for future purposes as follows:

	2014	2013
Parkade infrastructure reserve ⁽ⁱ⁾	\$ 50,325	\$ 32,745
Cancer research reserve ⁽ⁱⁱ⁾	15,596	17,289
Specific local initiatives reserve ⁽ⁱⁱⁱ⁾	14,142	11,919
South Health Campus ^(iv)	6,637	16,444
Retail food services infrastructure reserve ^(v)	569	330
Reserves for future purposes	<u>\$ 87,269</u>	<u>\$ 78,727</u>

- (i) Restriction of parking services surpluses to establish a parking infrastructure reserve for future major maintenance, upgrades, and construction.
- (ii) Restriction of operating net assets to fund cancer research.
- (iii) Restriction of operating net assets for specific local initiatives as a result of local fundraising.
- (iv) Restriction of operating net assets to assist with funding start up costs for South Health Campus in Calgary.
- (v) Restriction of retail food services surplus to assist with future upgrades, maintenance, equipment, and construction costs for retail food service operations.

(c) Net Assets Invested in Tangible Capital Assets

Restriction of net assets equal to the net book value of internally funded tangible capital assets as these net assets are not available for any other purpose.

Note 20 Endowments

	2014	2013
Balance, beginning of year	\$ 65,207	\$ 63,740
Endowments received or receivable	3,589	1,467
Balance, end of year	<u>\$ 68,796</u>	<u>\$ 65,207</u>

Note 21 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
2015	\$ 52,178
2016	47,354
2017	42,606
2018	32,703
2019	21,427
Thereafter	75,499
	<u>\$ 271,767</u>

Note 21 Contractual Obligations and Contingent Liabilities (continued)
(b) Tangible Capital Assets

AHS has the following outstanding contractual commitments for purchases of tangible capital assets:

	2014
Facilities and improvements	\$ 37,062
Equipment	61,149
Information systems	17,343
	<u>\$ 115,554</u>

AI also records contractual commitments for the purchase of tangible capital assets to AHS. The \$115,554 of commitments do not include the commitments for AI for the construction of AHS facilities.

(c) Contracted Health Service Providers

AHS contracts on an ongoing basis with voluntary and private health service providers to provide health services in Alberta as disclosed in Note 9. AHS has contracted for services in the year ending March 31, 2015 similar to those provided by these providers in 2013-14.

(d) Contingent Liabilities

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

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014, accruals have been recorded as part of the provision for unpaid claims (Note 15). Included in this accrual are claims in which AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS' portion of the liability.

AHS has been named in 204 legal claims (2013 - 187 claims) related to conditions in existence at March 31, 2014 where the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 172 claims have \$321,813 in specified amounts and 32 have no specified amounts (2013 - 172 claims with \$317,929 of specified claims and 15 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

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

Note 22 Related Parties

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

The Minister controls AHS through the appointment of the Official Administrator and the former 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.

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

Note 22 Related Parties (continued)

	Revenue		Expenses	
	2014	2013	2014	2013
Ministry of Innovation and Advanced Education ⁽ⁱ⁾	\$ 49,686	\$ 41,138	\$ 114,067	\$ 124,899
Ministry of Infrastructure ⁽ⁱⁱ⁾	34,188	66,888	335	137
Other ministries	42,446	39,401	26,887	25,884
Total for the year	<u>\$ 126,320</u>	<u>\$ 147,427</u>	<u>\$ 141,289</u>	<u>\$ 150,920</u>

	Receivable from		Payable to	
	2014	2013	2014	2013
Ministry of Innovation and Advanced Education ⁽ⁱ⁾	\$ 9,756	\$ 16,731	\$ 19,196	\$ 24,425
Ministry of Infrastructure ⁽ⁱⁱ⁾	22,234	40,292	975	-
Other ministries ⁽ⁱⁱⁱ⁾	27,673	3,859	332,938	351,514
Balance, end of year	<u>\$ 59,663</u>	<u>\$ 60,882</u>	<u>\$ 353,109</u>	<u>\$ 375,939</u>

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

(ii) The transactions with the Ministry of Infrastructure relate to the construction and funding of tangible capital assets (Note 14).

(iii) The payable transactions with other ministries include the debt payable to ACFA (Note 18(a)).

At March 31, 2014 AHS has recorded deferred revenue from other ministries within the GOA of \$39,891 (March 31, 2013 - \$24,320) related to unexpended deferred operating revenue, \$38,968 (March 31, 2013 - \$17,044) related to unexpended deferred capital revenue and \$5,678,020 (March 31, 2013 - \$5,622,020) related to expended deferred capital revenue.

Outstanding contingencies in which AHS has been jointly named with other government entities within the GOA are disclosed in Note 21.

Note 23 Government Partnerships

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

	2014	2013
Total assets	\$ 144,819	\$ 129,071
Total liabilities	144,819	129,071
Net assets	<u>\$ -</u>	<u>\$ -</u>
Total revenue	\$ 175,733	\$ 161,036
Total expenses	175,733	161,036
Net operating surplus	<u>\$ -</u>	<u>\$ -</u>

Note 23 Government Partnerships (continued)

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, and are reflected as liabilities in the above table.

Note 24 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 \$102,201 as at December 31, 2013 (\$79,394 as at December 31, 2012). AHS has included in prepaid expenses \$74,351 (March 31, 2013 - \$57,759) as a share of the HBTA's fund balances representing in substance a prepayment of future contributions. These consolidated financial statements do not include the HBTA other than the premiums paid by AHS. For the period January 1 to December 31, 2013 AHS paid premiums of \$280,586 (2012 - \$277,894).

Note 25 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, 2014, the balance of funds held in trust by AHS for research and development is \$8,033 (2013 - \$8,443).

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

Note 26 Corresponding Amounts

Certain 2013 amounts have been reclassified to conform to 2014 presentation.

Note 27 Approval of Consolidated Financial Statements

Upon recommendation by the Audit and Finance Advisory Committee, the consolidated financial statements were approved by the Official Administrator on June 5, 2014.

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

	2014		2013
	Budget (Note 3)	Actual	Actual
Salaries and benefits (Schedule 2)	\$ 7,101,000	\$ 7,049,361	\$ 6,752,659
Contracts with health service providers (Note 9)	2,314,000	2,258,042	2,166,269
Contracts under the Health Care Protection Act	18,000	18,918	16,852
Drugs and gases	412,000	427,462	388,013
Medical and surgical supplies	385,000	399,085	391,649
Other contracted services	1,212,000	1,089,891	1,099,199
Other ^(a)	1,353,000	1,260,774	1,220,403
Amortization, disposals and write-downs (Note 14)	560,000	564,926	533,168
	<u>\$ 13,355,000</u>	<u>\$ 13,068,459</u>	<u>\$ 12,568,212</u>
 (a) Significant amounts included in Other are:			
Equipment expense		\$ 173,960	\$ 152,472
Other clinical supplies		141,464	140,350
Utilities		125,454	109,362
Building rent		118,495	115,712
Building and ground expenses		88,991	116,530
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies		88,951	82,497
Minor equipment purchases		78,997	75,864
Food and dietary supplies		70,679	68,080
Office supplies		58,894	52,804
Telecommunications		45,446	53,862
Fundraising and grants awarded		45,404	45,826
Travel		39,337	49,140
Insurance		34,323	23,788
Licenses, fees and membership		19,541	17,876
Education		12,558	13,903
Other		118,280	102,337
		<u>\$ 1,260,774</u>	<u>\$ 1,220,403</u>

**SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014**

	2014						2013			
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance and Termination Benefits ^(e)		FTE ^(a)	Total	
						Number of Individuals	Amount			Total
Total Official Administrator/Advisory Committees (Sub-Schedule 2A)	3.59	\$ 464	\$ 110	\$ 15	\$ 589	-	\$ -	\$ 589	-	\$ -
Total Former Board (Sub-Schedule 2B)	2.92	-	126	-	126	-	-	126	13.95	593
Total Executive (Sub-Schedule 2C)	15.82	5,452	757	829	7,038	6	2,966	10,004	11.16	5,594
Management Reporting to CEO Reports	30.61	9,204	976	1,700	11,880	-	-	11,880	38.33	12,472
Other Management	3,140.50	375,429	2,039	78,901	456,369	44	5,550	461,919	3,283.83	460,913
Medical Doctors not included above ^(f)	120.71	38,248	217	1,571	40,036	-	-	40,036	123.61	38,694
Regulated nurses not included above:										
RNs, Reg. Psych. Nurses, Grad Nurses	18,050.68	1,587,096	235,041	343,847	2,165,984	9	54	2,166,038	18,044.91	2,151,085
LPNs	3,946.17	244,005	32,159	49,824	325,988	-	-	325,988	3,869.85	309,251
Other Health Technical & Professionals	14,846.13	1,267,681	72,962	289,652	1,630,295	24	455	1,630,750	14,316.90	1,507,039
Unregulated Health Service Providers	7,144.21	340,859	44,492	73,943	459,294	38	113	459,407	6,904.64	436,485
Other Staff	26,064.69	1,524,310	75,917	340,163	1,940,390	98	2,234	1,942,624	25,649.04	1,820,901
Change in actuarial assumption for discount rate for SERPs	-	-	-	-	-	-	-	-	-	9,632
Total	<u>73,366.03</u>	<u>\$ 5,392,748</u>	<u>\$ 464,796</u>	<u>\$ 1,180,445</u>	<u>\$ 7,037,989</u>	<u>219</u>	<u>\$ 11,372</u>	<u>\$ 7,049,361</u>	<u>72,256.22</u>	<u>\$ 6,752,659</u>

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

**SUB-SCHEDULE 2A – OFFICIAL ADMINISTRATOR/ADVISORY COMMITTEES REMUNERATION FOR THE YEAR ENDED
MARCH 31, 2014**

	<u>Term</u>	<u>2014 Committees</u>	<u>2014 Remuneration</u>	<u>2013 Remuneration</u>
Official Administrator				
Dr. John Cowell	Since Sep 10, 2013	AFA, HRA, QAPSA	\$ 372	\$ -
Janet Davidson	Jun 12, 2013 to Sep 10, 2013	-	166	-
Advisory Committee Participants⁽⁹⁾				
Barbara Burton	Since Dec 11, 2013	HRA	2	-
Phyllis Clark	Oct 21, 2013 to Dec 4, 2013	AFA	1	-
Thomas Feasby	Since Jan 21, 2014	QAPSA	1	-
Martin Harvey	Since Dec 11, 2013	HRA	2	-
Gregory Henders	Since Dec 11, 2013	HRA	2	-
Brian Olson	Since Sep 24, 2013	AFA, HRA (Chair)	12	-
Don Sieben	Since Sep 25, 2013	AFA (Chair)	19	-
Doug Tupper	Since Nov 28, 2013	QAPSA (Chair)	11	-
Gord Winkel	Since Jan 21, 2014	QAPSA	1	-
Total Official Administrator/Advisory Committees			<u>\$ 589</u>	<u>\$ -</u>

Dr. John Cowell was appointed to the position of Official Administrator for a one year term effective September 10, 2013 (calculated FTE of 0.56) per Ministerial Order 316/2013. Remuneration is \$580 per annum plus \$87 per annum in lieu of benefits.

Janet Davidson was appointed to the position of Official Administrator effective June 12, 2013 as per Ministerial order 313/2013 until September 10, 2013 (calculated FTE of 0.25) at which time the incumbent left AHS. Remuneration was \$580 per annum plus benefits.

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 are eligible to receive honoraria for meetings attended. Advisory committee chairs are compensated an additional \$30 per annum.

Committee legend: AFA = Audit and Finance Advisory, HRA = Human Resources Advisory, QAPSA = Quality Assurance and Patient Safety Advisory

SUB-SCHEDULE 2B – FORMER BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2014

	Term	2014 Committees	2014		2013	
			Remuneration		Remuneration	
Former Board Chair						
Stephen Lockwood	Oct 13, 2010 to Jun 12, 2013	AF, GOV, HA, HR, QS, SIRK	\$	21	\$	75
Former Board Members						
Dr. Ray Block	Feb 18, 2011 to Sep 20, 2012	-		-		24
Teri Lynn Bougie	Nov 20, 2008 to Mar 31, 2013	-		-		53
Dr. Ruth Collins-Nakai	Feb 18, 2011 to Jun 12, 2013	GOV, HR, QS		11		56
Donald Cormack	Mar 5, 2013 to Jun 12, 2013	AF, SIRK, PASC		13		5
Dr. Kamalesh Gangopadhyay	Oct 13, 2010 to Mar 31, 2013	-		-		53
Don Johnson	Feb 18, 2011 to Jun 12, 2013	GOV, HA		13		55
John Lehnert	May 15, 2008 to Jun 12, 2013	HA, HR, PASC		13		55
Frederick Ring	Mar 5, 2013 to Jun 12, 2013	HR, QS		12		5
Catherine Roozen ^(h)	Jul 29, 2008 to Jun 12, 2013	HR, QS, SIRK		-		35
Gary Scieur	Mar 5, 2013 to Jun 12, 2013	GOV, HA		13		4
Don Sieben	May 15, 2008 to Jun 12, 2013	AF, QS		13		55
Dr. Eldon Smith	Feb 18, 2011 to Jun 12, 2013	AF, SIRK		12		54
Sheila Weatherill ⁽ⁱ⁾	Feb 18, 2011 to Aug 2, 2012	-		-		-
Gord Winkel	Nov 20, 2008 to Mar 31, 2013	-		-		56
Former Board Committee Participants^(i,k)						
Dr. Thomas Feasby	Jan 27, 2011 to Jun 30, 2012	-		-		-
Dennis Hoffman	Feb 11, 2013 to Jun 12, 2013	AF		3		2
Dr. Jon Meddings	Jul 1, 2012 to Jun 12, 2013	QS		-		3
Dr. Douglas Miller	Jul 1, 2012 to Jun 12, 2013	QS		1		2
Elaine Noel-Bentley	Jun 15, 2012 to Jun 12, 2013	PASC		-		1
Dr. Verna Yiu ⁽ⁱ⁾	Jun 21, 2011 to Jun 30, 2012	-		-		-
Gord Winkel	May 1, 2013 to Jun 12, 2013	QS		1		-
Total Former Board			\$	126	\$	593

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

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

SUB-SCHEDULE 2C - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2014

For the Current Fiscal Year	2014						
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance and Termination Benefits ^(e)	Total
Board/Official Administrator Direct Reports^(l)							
Vickie Kaminski – President and Chief Executive Officer ^(p,nn)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Brenda Huband – Interim President and Chief Executive Officer, Zone and Health Operations ^(q,oo)	0.37	148	-	28	176	-	176
Rick Trimp – Interim President and Chief Executive Officer Population Health and Province-Wide Services ^(r,oo)	0.37	148	-	29	177	-	177
Duncan Campbell – Acting President and Chief Executive Officer ^(m,s)	0.09	33	5	5	43	-	43
Dr. Chris Eagle – President and Chief Executive Officer ^(t)	0.54	316	8	31	355	-	355
Dr. Chris Eagle – Special Advisor ^(t)	0.46	264	6	26	296	-	296
Ronda White – Chief Audit Executive ^(u,pp)	1.00	233	16	42	291	-	291
Noela Inions – Chief Ethics and Compliance Officer ^(oo)	1.00	226	-	49	275	-	275
Kristin Long – Corporate Secretary ^(v,oo)	0.75	125	2	11	138	-	138
Patti Grier – Chief of Staff and Corporate Secretary ^(w,uu)	0.38	74	28	11	113	-	113
David Diamond – Chief External Relations Officer ^(x,oo)	0.50	161	-	19	180	-	180
CEO Direct Reports^(k)							
Duncan Campbell – VP Corporate Services and Chief Financial Officer ^(m,s)	0.91	392	20	62	474	543	1,017
Deborah Rhodes – Acting VP Corporate Services and Chief Financial Officer ^(y,pp)	0.48	168	16	30	214	-	214
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta ^(q,oo)	0.18	67	-	14	81	-	81
Dr. Francois Belanger – VP and Medical Director, Central and Southern Alberta ^(z,oo)	0.56	185	64	28	277	-	277
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta ^(aa,oo)	0.21	78	-	10	88	-	88
Deb Gordon – VP Collaborative Practice, Nursing and Health Professions ^(aa,oo)	0.79	276	-	36	312	-	312
Dr. Tom Noseworthy – Acting VP and Chief Health Operations Officer, Northern Alberta ^(bb)	0.35	105	60	-	165	-	165
Dr. David Mador – VP and Medical Director, Northern Alberta ^(cc,qq)	0.56	186	54	36	276	-	276

SUB-SCHEDULE 2C - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

For the Current Fiscal Year	2014						
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance and Termination Benefits ^(e)	Total
CEO Direct Reports (continued)							
Dr. Verna Yiu – VP, Quality and Chief Medical Officer ^(m,n,rr)	1.00	\$ 495	\$ 58	\$ 32	\$ 585	\$ -	\$ 585
Rick Trimp – VP, Province-Wide Clinical Supports, Programs and Services ^(r,oo)	0.18	67	16	14	97	-	97
Mauro Chies – Acting VP, Province-Wide Clinical Supports, Programs and Services ^(dd,oo)	0.56	129	25	24	178	-	178
Susan McGillivray – Acting VP, People ^(ee,oo)	0.43	107	14	13	134	-	134
Mark Haley – VP, People ^(ff)	0.11	76	-	-	76	-	76
Colleen Turner – Acting VP, Community Engagement and Communications ^(gg,ss)	0.56	131	13	23	167	-	167
Dr. Kathryn Todd – VP, Research, Innovation and Analytics ^(n,rr)	1.00	250	10	26	286	-	286
Chris Mazurkewich – Former Executive VP and Chief Operating Officer ^(m,hh,uu)	0.45	211	127	25	363	541	904
Dr. David Megran – Former Executive VP and Chief Medical Officer, Clinical Operations ^(m,o,ii,uu)	0.45	215	83	144	442	730	1,172
Stephen Gould – Former Executive VP, People and Partners ^(m,ji,uu)	0.48	198	66	24	288	337	625
Bill Trafford – Acting VP and Chief Transition Officer ^(m,kk,uu)	0.65	222	44	27	293	391	684
Barbara Pitts – Former Senior VP, Priorities and Performance ^(ll)	0.45	166	22	10	198	424	622
Total Executive	15.82	\$ 5,452	\$ 757	\$ 829	\$ 7,038	\$ 2,966	\$ 10,004

SUB-SCHEDULE 2C - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

For the Prior Fiscal Year	2013							
	FTE ^(a)	Base Salary ^(b)	Pay-at-Risk Component ^(c)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance and Termination Benefits ^(e)	Total
Board Direct Reports								
Dr. Chris Eagle - President and Chief Executive Officer	1.00	\$ 580	\$ 108	\$ 41	\$ 65	\$ 794	\$ -	\$ 794
Ronda White - Chief Audit Executive	1.00	206	29	-	41	276	-	276
Noela Inions - Ethics and Compliance Officer	1.00	225	-	-	60	285	-	285
Patti Grier – Chief of Staff and Corporate Secretary	1.00	192	29	-	33	254	-	254
CEO Direct Reports								
Chris Mazurkewich - Executive VP and Chief Operating Officer	1.00	468	93	22	64	647	-	647
Duncan Campbell - Executive VP and Chief Financial Officer	-	-	-	-	-	-	-	-
Allaudin Merali – Executive VP and Chief Financial Officer ^(mm,tt)	0.24	96	-	10	9	115	-	115
Deborah Rhodes - Acting Chief Financial Officer	0.70	223	34	24	38	319	-	319
Dr. David Megran - Executive VP and Chief Medical Officer, Clinical Operations	1.00	485	98	46	176	805	-	805
Dr. Verna Yiu - Executive VP and Chief Medical Officer, Quality and Medical Affairs	0.63	316	52	36	22	426	-	426
Bill Trafford - Executive VP and Chief Development Officer	1.00	339	55	22	56	472	-	472
Stephen Gould - Executive VP, People and Partners	1.00	411	69	32	68	580	-	580
Dr. Kathryn Todd – Senior VP, Research	0.92	229	35	9	24	297	-	297
Barbara Pitts – Senior VP, Priorities and Performance	0.42	156	23	-	35	214	-	214
Deb Gordon – Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer	0.25	83	12	-	15	110	-	110
Total Executive	11.16	\$ 4,009	\$ 637	\$ 242	\$ 706	\$ 5,594	\$ -	\$ 5,594

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 post 1991. The Supplemental Pension Plan (SPP) is a defined contribution plan and the Supplemental Executive Pension Plan (SERP) is a defined benefit plan. The SERP is disclosed in Notes 2(g)(iii) and 16(d). The amounts in this table represent the total SPP and SERP benefits earned by the individual during the fiscal year. The current period benefit costs for SPP and the current period benefit costs and 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/Official Administrator and directly reporting to the President and Chief Executive Officer.

	2014				2013		Account Balance or Accrued Benefit Obligation March 31, 2013	Change During the Year ⁽⁴⁾	Account Balance or Accrued Benefit Obligation March 31, 2014
	SPP	SERP		Total	Total	Total			
	Current period benefit costs ⁽¹⁾	Current period benefit costs ⁽²⁾	Other Costs ⁽³⁾						
Vickie Kaminski – President and Chief Executive Officer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Brenda Huband - Interim President and Chief Executive Officer, Zone and Health Operations/VP and Chief Health Operations Officer, Central and Southern Alberta - SERP	-	-	(1)	(1)	5	383	13	396	
Brenda Huband - Interim President and Chief Executive Officer, Zone and Health Operations/VP and Chief Health Operations Officer, Central and Southern Alberta - SPP	23	-	-	23	15	15	24	39	
Rick Trimp - Interim President and Chief Executive Officer, Population Health and Province-Wide Services/VP, Province-Wide Clinical Supports, Programs and Services	23	-	-	23	4	4	23	27	
Duncan Campbell - VP Corporate Services and Chief Financial Officer/Acting President and Chief Executive Officer	-	-	-	-	-	-	-	-	
Dr. Chris Eagle - Special Advisor/President and Chief Executive Officer - SERP	-	-	(5)	(5)	(2)	1,700	68	1,768	
Dr. Chris Eagle - Special Advisor/President and Chief Executive Officer - SPP	45	-	-	45	43	90	56	146	
Ronda White - Chief Audit Executive	9	-	-	9	6	17	10	27	
Noela Inions - Chief Ethics and Compliance Officer	8	-	-	8	8	30	12	42	
Kristin Long - Corporate Secretary	2	-	-	2	-	-	2	2	
Patti Grier - Chief of Staff and Corporate Secretary	2	-	-	2	4	10	(10)	-	
David Diamond - Chief External Relations Officer - SERP	-	-	(5)	(5)	3	207	19	226	
David Diamond - Chief External Relations Officer - SPP	18	-	-	18	14	14	19	33	
Deborah Rhodes - Acting VP Corporate Services and Chief Financial Officer	21	-	-	21	17	50	27	77	
Dr. Francois Belanger - VP and Medical Director, Central and Southern Alberta	19	-	-	19	17	17	20	37	

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

	2014				2013		Account Balance ⁽⁴⁾ or Accrued Benefit Obligation March 31, 2013	Change During the Year ⁽⁵⁾	Account Balance ⁽⁴⁾ or Accrued Benefit Obligation March 31, 2014
	SPP	SERP			Total	Total			
	Current period benefit costs ⁽¹⁾	Current period benefit costs ⁽²⁾	Other Costs ⁽³⁾	Total	Total				
Deb Gordon - VP and Chief Health Operations Officer, Northern Alberta/VP Collaborative Practice, Nursing and Health Professions - SERP	\$ -	\$ -	\$ (14)	\$ (14)	\$ 39	\$ 567	\$ 44	\$ 611	
Deb Gordon - VP and Chief Health Operations Officer, Northern Alberta/VP Collaborative Practice, Nursing and Health Professions - SPP	22	-	-	22	8	8	22	30	
Dr. Tom Noseworthy - Acting VP and Chief Health Operations Officer, Northern Alberta	-	-	-	-	-	-	-	-	
Dr. David Mador - VP and Medical Director, Northern Alberta	20	-	-	20	-	-	20	20	
Dr. Verna Yiu – VP, Quality and Chief Medical Officer ⁽ⁿ⁾	-	-	-	-	-	-	-	-	
Mauro Chies - Acting VP, Province-Wide Clinical Supports, Programs and Services	8	-	-	8	3	14	9	23	
Susan McGillivray - Acting VP, People - SERP	-	-	(3)	(3)	2	128	-	128	
Susan McGillivray - Acting VP, People - SPP	11	-	-	11	6	6	11	17	
Mark Haley – VP, People	-	-	-	-	-	-	-	-	
Colleen Turner - Acting VP, Community Engagement and Communications	9	-	-	9	4	13	12	25	
Dr. Kathryn Todd - VP, Research, Innovation and Analytics ⁽ⁿ⁾	-	-	-	-	-	-	-	-	
Chris Mazurkewich - Former Executive VP and Chief Operating Officer	14	-	-	14	32	113	(113)	-	
Dr. David Megran - Former Executive VP and Chief Medical Officer, Clinical Operations	-	133	(3)	130	138	1,095	(1,095)	-	
Stephen Gould - Former Executive VP, People and Partners	13	-	-	13	26	42	(42)	-	
Bill Trafford - Acting VP and Chief Transition Officer - SERP	-	-	(4)	(4)	(1)	1,354	(160)	1,194	
Bill Trafford - Acting VP and Chief Transition Officer - SPP	12	-	-	12	19	26	(26)	-	
Barb Pitts - Former Senior VP, Priorities and Performance	-	-	-	-	9	9	(9)	-	

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

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

(3) 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.

(4) The account balance represents the total cumulative contributions made by AHS to the SPP as well as cumulative investment gains or losses on the contributions.

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

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014**

Definitions

- a. For this schedule, Full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours. FTE for former Board Members, former Board Committee participants, the Official Administrator, and Advisory 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 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 reported as other cash benefits.
- Vacation accruals are included in base salary except for direct reports of the Board, Official Administrator, or President and Chief Executive Officer where vacation payouts are included in other cash benefits and vacation accruals are included in other non-cash benefits.
- c. Other cash benefits may include as applicable honoraria, overtime, acting pay, market supplements, automobile allowance, lump sum payments, an allowance for professional development and an allowance for personal, financial and tax advice, club memberships and other similar purposes. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation unless related to severance or termination benefits. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.
- Pay-at-risk was discontinued in the current fiscal year. Under the 'pay-at-risk' model, a component of remuneration was withheld during the year and released (in full or in part) based on achievement of performance objectives. Pay-at-risk was paid to some executives terminated without cause based on the terms of their employment agreements^(h,i,j) and is included in other cash benefits.
- 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
 - Share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short term disability plans, and
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance and termination benefits include direct or indirect payments to individuals upon termination or through a voluntary exit program. Severance and termination benefits are not included in other cash benefits or non-cash benefits.
- f. Compensation for medical doctors included in salaries and benefits expense includes medical doctors paid through AHS payroll. The compensation for the remaining medical doctors is included in other contracted services.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)**

Official Administrators and Former Board

- g. These individuals are participants of Official Administrator governance advisory committees, but are not AHS employees.
- h. Catherine Roozen ceased to claim honoraria October 1, 2012.
- i. Sheila Wetherill and Dr. Verna Yiu did not claim honoraria.
- j. These individuals were participants of former Board committees, but were not former Board members or AHS employees. However, they were eligible to receive honoraria for meetings attended.
- k. Participation by these individuals on former Board committees ceased on June 12, 2013.

Executive

- l. AHS has implemented a new titling structure. All references to titles under the former titling structure are preceded by "former position" of executive vice president, senior vice president, and vice president.
- m. Incumbents are provided with an automobile allowance. Dollar amounts are included in other cash benefits. No incumbents were provided with an automobile in the current year.
- n. 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.
- o. The incumbent was on secondment from the University of Calgary. The incumbent's total remuneration was comprised of salary amounts from both AHS and the University of Calgary. AHS reimbursed the University for the incumbent's rank salary; all amounts have been included in base salary. AHS benefits and SERP calculations were based on the salary amounts from AHS.
- p. The incumbent held the position effective May 26, 2014. The contract term ends May 26, 2017.
- q. The incumbent held the former position of Senior Vice President, Calgary Zone until September 10, 2013 at which time the incumbent was appointed to Vice President and Health Operations Officer, Central and Southern Alberta and became a direct report to the President and Chief Executive Officer. This is a new position as a result of restructuring. The incumbent was additionally appointed to the position of Interim President and Chief Executive officer, Zone and Health Operations effective November 15, 2013 and became a direct report to the Official Administrator. The incumbent received an incremental increase in base salary of \$30 per annum effective November 15, 2013 while in the Interim President and Chief Executive Officer, Zone and Health Operations position.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)**

- r. The incumbent held the former position of Senior Vice President, Population and Public Health until September 10, 2013 at which time the incumbent was appointed to Acting Vice President, Province-Wide Clinical Supports, Programs and Services and became a direct report to the President and Chief Executive Officer. This is a new position as a result of restructuring. The incumbent received an additional 10% of base salary while in the Acting Vice President, Province-Wide Clinical Supports, Programs and Services position. 'Acting' was removed from this appointment November 15, 2013. The incumbent was additionally appointed to the position of Interim President and Chief Executive Officer, Population Health and Province-Wide Services effective November 15, 2013 and became a direct report to the Official Administrator. The incumbent received an incremental increase in base salary of \$30 per annum effective November 15, 2013 while in the Interim President and Chief Executive Officer, Population Health and Province-Wide Services position.
- s. The incumbent held the position of Vice President Corporate Services and Chief Financial Officer until October 18, 2013 at which time the incumbent was appointed to Acting President and Chief Executive Officer and became a direct report to the Official Administrator. The incumbent received an additional 10% of base salary while in the Acting President and Chief Executive Officer position. On November 15, 2013, the incumbent returned to his former role on a paid leave of absence until March 31, 2014. The incumbent was engaged to work as an independent contractor for the Canadian Institute of Health Information on a research project commissioned by AHS from April 1, 2014 to March 31, 2015. The cost to AHS of \$500 for the research project as well as \$43 for relocation expenses has been reported as termination benefits.
- t. The incumbent held the position of President and Chief Executive Officer until October 16, 2013 at which time the incumbent moved to the position of Special Advisor to the Official Administrator for a 12 month period ending October 20, 2014. There was no change in compensation from the President and Chief Executive Officer position to the Special Advisor position. The position of Special Advisor comes with no entitlement of severance. The incumbent is also provided with a 3 month sabbatical leave as part of the Special Advisor position. This non-cash benefit has been expensed in the current year.
- u. The incumbent held the position of Chief Audit Executive throughout the year. Effective July 17, 2013 the incumbent was also assigned to the interim leadership role for the Legal and Privacy portfolio and received an additional 10% of base salary as a result of the increase to the incumbent's responsibilities.
- v. The incumbent held the position of Assistant Corporate Secretary until July 1, 2013 at which time the incumbent was appointed to Acting Corporate Secretary. The incumbent received an additional 8% of base salary while in the Acting Corporate Secretary position. The incumbent was appointed to Corporate Secretary September 1, 2013.
- w. The incumbent held the position until August 16, 2013 at which time the incumbent left AHS.
- x. The incumbent held the former position of Senior Vice President, Human Resources until September 30, 2013 at which time the incumbent was appointed to Chief External Relations Officer and became a direct report to the Official Administrator.
- y. The incumbent held the former position of Acting Chief Financial Officer until April 9, 2013 at which time the incumbent resumed the role of former Senior Vice President, Finance. The incumbent received an additional 7% of base salary while in the Acting Chief Financial Officer position. The incumbent was appointed to Acting Vice President Corporate Services and Chief Financial Officer effective October 17, 2013 and returned to being a direct report to the President and Chief Executive Officer. The incumbent received an additional 10% of base salary while in the Acting Vice President Corporate Services and Chief Financial Officer position.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)**

- z. The incumbent held the former position of Senior Vice President and Zone Medical Director, Calgary Zone until September 10, 2013 at which time the incumbent was additionally appointed to Vice President and Medical Director, Central and Southern Alberta and became a direct report to the President and Chief Executive Officer. This is a new position as a result of restructuring.
- aa. The incumbent held the position of Vice President, Collaborative Practice, Nursing and Health Professions until January 13, 2014 at which time the incumbent was appointed to Vice President and Chief Health Operations Officer – Northern Alberta while retaining the role of Acting Vice President, Collaborative Practice, Nursing and Health Professions.
- bb. The incumbent held the position of Associate Chief Medical Officer, Strategic Clinical Networks and Clinical Care Pathways until September 10, 2013 at which time the incumbent was additionally appointed to Acting Vice President and Chief Health Operations Officer – Northern Alberta and became a direct report to the President and Chief Executive Officer. This is a new position as a result of restructuring. The incumbent was in this role until January 14, 2014 at which time he resumed the role of Associate Chief Medical Officer, Strategic Clinical Networks and Clinical Care Pathways and was no longer a direct report. The incumbent received up to an additional \$10 per month while in the Acting Vice President and Chief Health Operations Officer – Northern Alberta position.
- cc. The incumbent held the position of Zone Medical Director, Edmonton Zone until September 10, 2013 at which time the incumbent was additionally appointed to Vice President and Medical Director, Northern Alberta and became a direct report to the President and Chief Executive Officer. This is a new position as a result of restructuring.
- dd. The incumbent held the former position of Vice President, Diagnostic Imaging Services until September 10, 2013 at which time the incumbent was appointed to Acting Vice President, Province-Wide Clinical Supports, Programs & Services and became a direct report to the President and Chief Executive Officer. The incumbent received an additional 10% of base salary for the period of September 10, 2013 to November 14, 2013 and incremental acting pay of \$55 per annum effective November 15, 2013 while in the Acting Vice President, Province-Wide Clinical Supports, Programs & Services position.
- ee. The incumbent held the former position of Vice President, Human Resources, HR Client Services and Employee Labour Relations until October 24, 2013 at which time the incumbent was appointed to Acting Vice President, People and became a direct report to the President and Chief Executive Officer. The incumbent received incremental acting pay of \$33 per annum while in the Acting Vice President, People position.
- ff. The incumbent was engaged by AHS effective August 1, 2013 to advise and provide services related to the leadership and management of AHS' people. The incumbent held the position of VP People and became a direct report to the President and Chief Executive Officer effective September 12, 2013 until October 22, 2013 at which time the incumbent ceased to report directly to the President and Chief Executive Officer. The incumbent received one lump sum payment of \$284 as total compensation for all costs following the incumbent's departure from AHS. The amount paid has been allocated for disclosure purposes.
- gg. The incumbent held the former position of Vice President, Communications until September 10, 2013 at which time the incumbent was appointed to Acting Vice President, Community Engagement and Communications and became a direct report to the President and Chief Executive Officer. The incumbent received an additional 10% of base salary while in the Acting Vice President, Community Engagement and Communications position.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)**

- hh. The incumbent held the position until September 10, 2013 at which time the position was abolished as a result of restructuring. The incumbent received the salary and other accrued entitlements to the date of departure. The reported severance includes 12 months base salary at the rate in effect at the date of departure and 15% of the severance in lieu of benefits. Should the incumbent obtain alternate employment during the 12 month notice period, the monthly payment will cease and the incumbent will be paid a lump sum equal to one-half of any payments then remaining. The incumbent received a proportionate amount of pay-at-risk (\$41) for the months worked within the fiscal year based on the prior year's pay-at-risk amount. These terms are in accordance with the incumbent's contract.
- ii. The incumbent held the position until September 10, 2013 at which time the position was abolished as a result of restructuring. The incumbent received the salary and other accrued entitlements to the date of departure. The reported severance includes 15 months and 3 weeks of 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 payment for the incumbent to attend an outplacement program for a maximum of 6 months. These terms are in accordance with the incumbent's contract.
- jj. The incumbent held the position until September 20, 2013 at which time the incumbent left as a result of restructuring. The incumbent received the salary and other accrued entitlements to the date of departure. The total eligible severance included 12 months base salary at the rate in effect at the date of departure and 15% of the severance in lieu of benefits. Effective February 24, 2014, the incumbent obtained alternate employment. At this point the monthly payments ceased and the incumbent was paid a lump sum equal to one-half of the remaining eligible payments. The incumbent also received a proportionate amount of pay-at-risk (\$33) for the months worked within the fiscal year based on the prior year's pay-at-risk amount. These terms are in accordance with the incumbent's contract.
- kk. The incumbent held the former position of Executive Vice President and Chief Development Officer until April 30, 2013 at which time the incumbent moved to the part-time position of Senior Advisor to the President and Chief Executive Officer. The incumbent held the position of Senior Advisor to the President and Chief Executive Officer until September 10, 2013 at which time the incumbent was appointed to the position of Acting Vice President and Chief Transformation Officer. This is a new position as a result of restructuring. The incumbent held the position of Acting Vice President and Chief Transformation Officer until November 22, 2013 at which time the position was abolished as a result of restructuring. The reported severance includes 12 months base salary at the rate in effect at the date of departure and 15% of the severance in lieu of benefits. Should the incumbent obtain alternate employment during the 12 month notice period, the monthly payment will cease and the incumbent will be paid a lump sum equal to one-half of any payments then remaining. Effective November 23, 2013, the incumbent was engaged in the role of Senior Advisor, Lab Redesign until May 5, 2014. The incumbent provides services to AHS during this term without receiving compensation or entitlement of severance for this role. However, the incumbent continued and will continue to receive monthly severance payments per the incumbent's Acting Vice President and Chief Transformation Officer termination agreement.
- ll. The incumbent held the position until September 10, 2013 at which time the position was abolished as a result of restructuring. The incumbent received the salary and other accrued entitlements to the date of departure. The reported severance includes 52 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 payment for the incumbent to attend an outplacement program for a maximum of 6 months.
- mm. The incumbent held the position effective May 7, 2012 until August 1, 2012 at which time the incumbent left AHS. The incumbent did not receive any severance. On March 14, 2014, the former incumbent filed a statement of claim for damages totaling \$6 million.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)**

Termination Liabilities

- nn. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to one month annual base salary for each completed month of service to a maximum of twelve months. Monthly severance payments will be reduced by the amount of any employment income or consulting earnings received from a new employer during the month.
- oo. The incumbent's termination benefits have not been predetermined.
- pp. 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.
- qq. 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 installments. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.
- rr. 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.
- ss. 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 all other benefits.
- tt. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive severance pay equal to 12 months base salary at the rate in effect at the date of termination. Such severance will be paid in 12 equal monthly installments. The incumbent will also be paid 15% of the severance in lieu of all other benefits. Upon obtaining alternate employment, the incumbent is only entitled to receive one-half of the unpaid severance at that time.

**FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
 FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)**

uu. SPP and SERP

Based on the provision of the applicable SPP and SERP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2013-14 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, 2013 and the current period benefit costs and investment gains or losses related to the account that were incurred during the current year. For participants of SERP, the benefit includes the accrued benefit obligation as at March 31, 2013, the current period benefit cost, interest accruing on the obligations, the amortization of any actuarial gains or losses in the period, and gains or losses due to curtailment that were incurred during the current year as identified in Sub-Schedule 2D. The AHS obligations are paid through either a monthly, annual, or lump sum payment:

Position	Supplemental Plan Commencement Date	Benefit (not in thousands)	Frequency	Payment Terms
Chief of Staff and Corporate Secretary (SPP)	April 25, 2011	\$11,036	Once	Lump Sum
Former Executive VP and Chief Operating Officer (SPP)	April 14, 2009	\$131,659	Once	Lump Sum
Former Executive VP and Chief Medical Officer, Clinical Operations (SERP)	January 1, 2005	\$1,057,766	Once	Lump Sum
Former Executive VP, People and Partners (SPP)	September 19, 2011	\$54,826	Once	Lump Sum
Acting VP and Chief Transition Officer (SPP)	December 1, 2011	\$40,219	Once	Lump Sum
Acting VP and Chief Transition Officer (SERP)	December 1, 2004	\$11,721	Monthly	For a fixed term of 10 years from December 1, 2013 to November 2, 2023