

Consolidated Financial Statements

March 31, 2022

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Management's Responsibility For Financial Reporting

The accompanying consolidated financial statements for the year ended March 31, 2022 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 include certain disclosures required by 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 funds;
- safeguard the assets and properties of the "Province of Alberta" that are the responsibility of Alberta Health Services.

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

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

Original signed by

Mauro Chies
Interim President and
Chief Executive Officer
Alberta Health Services

Original signed by

Colleen Purdy, CPA, CMA
Vice President Corporate Services
and Chief Financial Officer
Alberta Health Services

June 1, 2022

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Alberta Health Services (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets (net debt), and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

June 1, 2022
Edmonton, Alberta

CONSOLIDATED STATEMENT OF OPERATIONS			
YEAR ENDED MARCH 31			
	2022		2021
	Budget (Note 3)	Actual	Actual
Revenues:			
Alberta Health transfers			
Base operating	\$ 13,099,000	\$ 13,097,557	\$ 12,756,769
One-time base operating	-	71,003	145,566
Other operating	1,374,000	2,859,669	2,480,646
Recognition of expensed deferred capital revenue	61,000	95,777	76,407
Other government transfers (Note 4)	455,000	382,887	461,929
Fees and charges	525,000	478,313	421,523
Ancillary operations	145,000	91,369	53,546
Donations, fundraising, and non-government contributions (Note 5)	177,000	185,893	184,874
Investment and other income (Note 6)	160,000	236,292	207,826
TOTAL REVENUES	15,996,000	17,498,760	16,789,086
Expenses:			
Continuing care	1,222,000	1,357,126	1,318,537
Community care	1,624,000	1,731,760	1,666,107
Home care	736,000	709,715	680,119
Acute care	5,017,000	5,423,320	5,221,723
Ambulance services	544,000	557,720	542,463
Diagnostic and therapeutic services	2,577,000	2,757,593	2,725,780
Population and public health	357,000	876,457	754,294
Research and education	347,000	351,106	333,252
Information technology	724,000	677,737	626,792
Support services (Note 7)	2,359,000	2,447,719	2,324,094
Administration (Note 8)	489,000	466,012	492,253
TOTAL EXPENSES (Schedules 1 and 3)	15,996,000	17,356,265	16,685,414
ANNUAL OPERATING SURPLUS	-	142,495	103,672
Accumulated surplus, beginning of year	1,236,000	1,236,273	1,132,601
Accumulated surplus, end of year (Note 20)	\$ 1,236,000	\$ 1,378,768	\$ 1,236,273

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31		
	2022	2021
	Actual	Actual
Financial Assets:		
Cash and cash equivalents	\$ 200,691	\$ 477,148
Portfolio investments (Note 10)	2,603,605	2,231,069
Accounts receivable (Note 11)	594,429	665,415
	3,398,725	3,373,632
Liabilities:		
Accounts payable and accrued liabilities (Note 12)	1,951,855	1,932,777
Employee future benefits (Note 13)	777,878	760,786
Unexpended deferred operating revenue (Note 14)	529,707	641,469
Unexpended deferred capital revenue (Note 15)	149,516	165,111
Debt (Note 17)	454,993	455,659
	3,863,949	3,955,802
NET FINANCIAL ASSETS (NET DEBT)	(465,224)	(582,170)
Non-Financial Assets:		
Tangible capital assets (Note 18)	9,795,230	9,355,263
Inventories of supplies (Note 19)	513,019	563,928
Prepaid expenses, deposits, and other non-financial assets	176,570	209,366
	10,484,819	10,128,557
NET ASSETS BEFORE EXPENDED DEFERRED REVENUE	10,019,595	9,546,387
Expended deferred revenue (Note 16)	8,615,941	8,254,337
NET ASSETS	1,403,654	1,292,050
Net Assets is comprised of:		
Accumulated surplus (Note 20)	1,378,768	1,236,273
Accumulated remeasurement gains	24,886	55,777
	\$ 1,403,654	\$ 1,292,050

Contractual Obligations and Contingent Liabilities (Note 21)
Impact of COVID-19 Pandemic (Note 26)

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

Approved by the Alberta Health Services Board:

[Original Signed By]

Gregory Turnbull
Board Chair

[Original Signed By]

Jack Mintz
Audit & Risk Committee Chair

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) YEAR ENDED MARCH 31			
	2022		2021
	Budget (Note 3)	Actual	Actual
Annual operating surplus	\$ -	\$ 142,495	\$ 103,672
Effect of changes in tangible capital assets:			
Acquisition of tangible capital assets:			
Purchased	(519,000)	(463,646)	(455,920)
Leased	-	(15,646)	(63,214)
Constructed by Alberta Infrastructure on behalf of AHS	(510,000)	(425,337)	(543,417)
Contributed	-	(522)	(334)
Amortization and loss on disposals/write-downs of tangible capital assets	627,000	465,184	563,582
Effect of other changes:			
Net increase in expended deferred capital revenue	381,000	452,077	467,277
Net (decrease) increase in expended deferred operating revenue	-	(90,473)	427,445
Net (increase) decrease in inventories of supplies	(2,000)	50,909	(436,630)
Net (increase) decrease in prepaid expenses, deposits and other non-financial assets	(8,000)	32,796	2,114
Net remeasurement gains (losses) for the year	19,000	(30,891)	51,945
Change in net financial assets (net debt) for the year	(12,000)	116,946	116,520
Net financial assets (net debt), beginning of year	(582,000)	(582,170)	(698,690)
Net financial assets (net debt), end of year	\$ (594,000)	\$ (465,224)	\$ (582,170)

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

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES YEAR ENDED MARCH 31			
	2022		2021
	Budget (Note 3)	Actual	Actual
Unrestricted unrealized gains (losses) attributable to:			
Derivatives	\$ -	\$ (24)	\$ (1,245)
Portfolio investments	42,000	(29,270)	82,973
Amounts reclassified to the Consolidated Statement of Operations:			
Portfolio investments	(23,000)	(1,597)	(29,783)
Net remeasurement gains (losses) for the year	19,000	(30,891)	51,945
Accumulated remeasurement gains, beginning of year	56,000	55,777	3,832
Accumulated remeasurement gains, end of year (Note 10)	\$ 75,000	\$ 24,886	\$ 55,777

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

CONSOLIDATED STATEMENT OF CASH FLOWS		
YEAR ENDED MARCH 31		
	2022	2021
	Actual	Actual (Note 27)
Operating transactions:		
Annual operating surplus	\$ 142,495	\$ 103,672
Non-cash items:		
Amortization and loss on disposals/write-downs of tangible capital assets	465,184	563,582
Revenue recognized for acquisition of land	(987)	-
Recognition of expensed deferred capital revenue	(298,774)	(385,639)
Recognition of expensed deferred operating revenue	(453,686)	(469,181)
Gain on disposal of portfolio investments	(36,100)	(36,946)
Change in employee future benefits	17,092	48,791
Decrease (increase) in:		
Accounts receivable related to operating transactions	70,986	(54,844)
Inventories of supplies	50,909	(329,170)
Prepaid expenses, deposits, and other non-financial assets	32,796	2,114
Increase (decrease) in:		
Accounts payable and accrued liabilities	35,567	281,460
Unexpended deferred operating revenue	(111,762)	235,518
Cash applied to operating transactions	(86,280)	(40,643)
Capital transactions:		
Purchased tangible capital assets	(463,646)	(455,920)
Cash applied to capital transactions	(463,646)	(455,920)
Investing transactions:		
Purchase of portfolio investments	(3,806,735)	(2,339,784)
Proceeds on disposals of portfolio investments	3,439,408	1,669,801
Cash applied to investing transactions	(367,327)	(669,983)
Financing transactions:		
Restricted operating contributions received	363,213	789,166
Restricted capital contributions received	310,803	366,649
Unexpended deferred capital revenue returned	(419)	(1,196)
Proceeds from debt	26,000	-
Principal payments on debt	(26,666)	(25,892)
Payments on obligations under capital leases	(30,642)	(22,327)
Net repayment of life lease deposits	(1,493)	(1,484)
Cash provided by financing transactions	640,796	1,104,916
Decrease in cash and cash equivalents	(276,457)	(61,630)
Cash and cash equivalents, beginning of year	477,148	538,778
Cash and cash equivalents, end of year	\$ 200,691	\$ 477,148

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note 1 Authority, Purpose and Operations

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

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

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

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

The AHS consolidated financial statements include the assets, liabilities, revenues and expenses associated with its responsibilities.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. In addition, the financial statements include certain disclosures required by the financial directives issued by Alberta Health (AH).

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

(i) Controlled Entities

AHS controls the following three entities:

- Alberta Precision Laboratories Ltd. - provides medical diagnostic services throughout Alberta.
- CapitalCare Group Inc. - manages continuing care programs and facilities in the Edmonton area.
- Carewest - manages continuing care programs and facilities in the Calgary area.

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

- Foundations and other organizations:

The largest foundations controlled by AHS are the Alberta Cancer Foundation and the Calgary Health Foundation. AHS also controls 32 other foundations to facilitate fundraising for various initiatives including enhancements to healthcare delivery (including equipment), programs, renovations, and research and education.

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

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

The LPIP has a fiscal year end of December 31, 2021. Significant transactions occurring between this date and March 31, 2022 have been recorded in these consolidated financial statements.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

(ii) Government Partnerships

AHS proportionately consolidates its 50% interests in 40 Primary Care Network (PCN) partnerships with physician groups, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 33.33% interest in the Institute for Reconstructive Sciences in Medicine (iRSM) partnership with the University of Alberta and Covenant Health (Note 23).

AHS entered into local primary care initiative agreements to jointly manage and operate the delivery of primary care services to achieve the PCN plan objectives, and to contract and hold property interests required in the delivery of PCN services.

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

(iii) Trusts under Administration

These consolidated financial statements do not include trusts administered on behalf of others (Note 24).

(iv) Other

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

In addition, AHS provides administrative services to certain foundations and contracted health care providers not included in these consolidated financial statements.

(b) Revenue Recognition

Revenue is recognized in the year in which the transactions or events that give rise to the revenue as described below occur. All revenue is recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable. Unallocated costs comprising of materials and services contributed by related parties in support of AHS' operations, are not recognized in these consolidated financial statements.

(i) Government Transfers

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

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

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

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

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

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

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

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

(iii) Transfers and Donations related to Land

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

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

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

(v) Investment Income

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

(c) Expenses

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

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

(d) Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial liabilities are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavourable to AHS.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

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

AHS records equity investments quoted in an active market at fair value and may choose to record other financial assets under the fair value category if there is an investment strategy to evaluate the performance of a group of these financial assets on a fair value basis. AHS has elected to record all portfolio investments at fair value. The three levels of information that may be used to measure fair value are:

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

AHS measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and, when the entire contract is not measured at fair value.

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

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

A financial liability or its part is derecognized when it is extinguished.

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

(e) Cash and Cash Equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents include amounts in interest bearing accounts and are subject to an insignificant risk of change in value. Cash and cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

(f) Inventories of Supplies

Purchased inventories of supplies are valued at lower of cost (defined as moving average cost) and replacement cost. Contributed inventories of supplies are recorded at fair value when such value can reasonably be determined.

(g) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction

Note 2 Significant Accounting Policies and Reporting Practices (continued)

of the asset. Costs incurred by Alberta Infrastructure (AI) to construct tangible capital assets on behalf of AHS are recorded by AHS as work in progress as AI incurs costs.

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

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

	<u>Useful Life</u>
Facilities and improvements (effective Feb 1, 2021)	10-70 years
Facilities and improvements (prior to Feb 1, 2021)	10-40 years
Equipment	3-20 years
Information systems	3-15 years
Building service equipment	5-40 years
Land improvements	5-40 years

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

Leases of tangible capital assets which transfer substantially all benefits and risks of ownership are accounted for as leased tangible capital assets and leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives. Obligations under capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of AHS' rate for incremental borrowing and the interest rate implicit in the lease.

Tangible capital assets are written down to their net recoverable amount 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. Write-downs are recorded as part of amortization and loss on disposals / write-downs of tangible capital assets.

Intangibles and other assets inherited by right and that have not been purchased are not recognized in these consolidated financial statements. Similarly, works of art, historical treasures, and collections are not recognized as tangible capital assets.

(h) Employee Future Benefits

(i) Defined Benefit Pension Plans

Local Authorities Pension Plan (LAPP) and Management Employees Pension Plan (MEPP)

AHS participates in the LAPP and MEPP which are multi-employer registered defined benefit pension plans. 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 plans' future benefits.

Supplemental Executive Retirement Plan (SERP)

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

As required under the *Income Tax Act* (Canada), approximately half of the assets are held in a non-interest bearing Refundable Tax Account with the Canada Revenue Agency. The remaining assets of the SERP are invested in a combination of Canadian equities and Canadian fixed income securities.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Defined Contribution Pension Plans

Group Registered Retirement Savings Plans (GRRSPs)

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

Supplemental Pension Plan (SPP)

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

(iii) Other Benefit Plans

Accumulating Non-Vesting Sick Leave

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

AHS recognizes a liability and expense for accumulating non-vesting sick leave benefits using an actuarial cost method as the employees render services to earn the benefits. The liability and expense is determined using the projected benefit method pro-rated for service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement dates, and mortality. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

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

Other Benefits

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

(i) Liability for Contaminated Sites

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

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Foreign Currency Translation

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

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

(k) Reserves

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

(l) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a difference between the recognized or disclosed amount and another reasonably possible amount. These estimates and assumptions are reviewed at least annually. Actual results could differ from the estimates determined by management in these consolidated financial statements, and these differences could require adjustment in subsequent reporting years.

The amount recorded for amortization of tangible capital assets is based on the estimated useful life of the related assets while the recognition of expended deferred capital revenue depends on when the terms for the use of the funding are met and, when applicable, AHS complies with its communicated use of the funding. The amounts recorded for accumulating non-vesting sick leave are based on various assumptions including the estimated service life of employees, drawdown rate of sick leave banks and rate of salary escalation. The establishment of the provision for unpaid claims relies on judgment and estimates including historical precedent and trends, prevailing legal, economic, social, and regulatory trends; and expectation as to future developments.

(m) Future Accounting Changes

The following accounting standards and guideline are applicable in future years:

- **PS 3280 – Asset Retirement Obligations (effective April 1, 2022)**
PS 3280 provides guidance on how to account for and report a liability for retirement of a tangible capital asset. AHS plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated.
- **PS 3400 – Revenue (effective April 1, 2023)**
PS 3400 provides guidance on how to account for and report revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.
- **PSG-8 – Purchased Intangibles (effective April 1, 2023)**
PSG-8 provides guidance on the recognition, accounting, and classification of purchased intangible assets.
- **PS 3160 – Public Private Partnerships (effective April 1, 2023)**
PS 3160 provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

AHS is currently assessing the impact of these standards and guideline on future consolidated financial statements.

Note 3 Budget

The 2021-22 annual budget, was approved by the AHS Board on March 11, 2021 for submission to the Minister who approved it on April 30, 2021. The budget excludes COVID-19 revenues and expenses.

Note 4 Other Government Transfers

	Budget	2022	2021
Recognition of expensed deferred capital revenue (Note 16 (a))	\$ 314,000	\$ 169,977	\$ 275,022
Restricted operating (Note 14 (a))	100,000	95,774	154,063
Unrestricted operating	41,000	117,136	32,844
	\$ 455,000	\$ 382,887	\$ 461,929

Other government transfers include \$284,500 (2021 – \$384,161) transferred from the Province of Alberta, \$98,387 (2021 – \$77,768) from government entities outside the Province of Alberta and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.

Note 5 Donations, Fundraising, and Non-Government Contributions

	Budget	2022	2021
Recognition of expensed deferred capital revenue (Note 16 (a))	\$ 36,000	\$ 33,020	\$ 34,210
Restricted operating (Note 14(a))	138,000	123,946	138,272
Unrestricted operating	3,000	27,213	12,162
Endowment contributions (Note 20)	-	1,714	230
	\$ 177,000	\$ 185,893	\$ 184,874

Note 6 Investment and Other Income

	Budget	2022	2021
Investment income	\$ 55,000	\$ 75,643	\$ 63,660
Other income:			
AH	11,000	11,817	12,520
Other Province of Alberta Ministries (Note 22)	31,000	24,646	23,369
Other ⁽ⁱ⁾	63,000	124,186	108,277
	\$ 160,000	\$ 236,292	\$ 207,826

⁽ⁱ⁾ Other mainly relates to recoveries for services provided to third parties.

Note 7 Support Services

	Budget	2022	2021
Facilities operations	\$ 878,000	\$ 884,389	\$ 929,664
Patient health records, food services, and transportation	407,000	446,921	440,661
Housekeeping, laundry, and linen	239,000	233,797	232,345
Materials management	177,000	221,805	199,877
Support services expense of full-spectrum contracted health service providers	153,000	159,647	162,745
Ancillary operations	97,000	76,291	77,013
Fundraising expenses and grants awarded	49,000	44,296	46,861
Other ⁽ⁱ⁾	359,000	380,573	234,928
	\$ 2,359,000	\$ 2,447,719	\$ 2,324,094

⁽ⁱⁱ⁾ Other costs includes a valuation adjustment of \$109,034 (2021 – \$nil) relating to personal protective equipment inventories that no longer meet clinical standards and requirements (Note 19).

Note 8 Administration

	Budget	2022	2021
General administration	\$ 231,000	\$ 211,690	\$ 234,454
Human resources	117,000	118,230	114,337
Finance	75,000	73,758	73,480
Communications	25,000	22,972	27,986
Administration expense of full-spectrum contracted health service providers	41,000	39,362	41,996
	\$ 489,000	\$ 466,012	\$ 492,253

Note 9 Financial Risk Management

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

(a) Market Risk

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

In accordance with the AHS investment bylaw and policy, AHS manages market risk by maintaining a conservative and diversified portfolio, and engages Alberta Investment Management Corporation, a related party, to manage the portfolio. Compliance with the bylaw and policy is monitored and reported to the Finance Committee on a quarterly basis.

In order to earn financial returns at an acceptable level of market risk, the consolidated investment portfolio is governed by investment bylaws and policies with clearly established target asset mixes. The target assets range between 0% to 100% for cash and money market securities, 0% to 80% for fixed income securities and 0% to 70% for equity holdings.

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

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. Volatility is determined using a ten year average based on fixed income and equity market fluctuations and is applied to the total portfolio. Based on the volatility average of 3.60% (2021 – 3.10%) increase or decrease, with all other variables held constant, the portfolio could expect an increase or decrease in accumulated remeasurement gains and losses and unrealized net gains and losses attributable to unexpended deferred operating revenue of \$71,795 (2021 – \$50,016).

(i) Price Risk

Price risk relates to the possibility that equity portfolio investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. AHS is exposed to price risk associated with the underlying equity portfolio investments held in pooled funds. If equity market indices (S&P/TSX, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to AHS would be approximately \$58,868 or 2.25% of total portfolio investments (March 31, 2021 – \$49,592 or 2.21%).

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. AHS manages the interest rate risk exposure of its fixed income securities by management of average duration and laddered maturity dates.

AHS is exposed to interest rate risk through its investments in fixed income securities with both fixed and floating interest rates. AHS has fixed interest rate loans for all debt, thereby mitigating interest rate risk from

Note 9 Financial Risk Management (continued)

rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates but the related future cash flows will not change.

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

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately \$66,173 (March 31, 2021 – \$52,994).

Interest bearing securities have the following average maturity structure:

	2022	2021
Less than one year	31%	58%
1 – 5 years	48%	20%
6 – 10 years	11%	10%
Over 10 years	9%	12%

Asset Class	Average Effective Market Yield	
	2022	2021
Money market instruments	0.89%	0.20%
Fixed income securities	2.62%	1.35%

(iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Cash and cash equivalents and portfolio investments denominated in foreign currencies are translated into Canadian dollars on a daily basis using the reporting date exchange rate. Both the realized gain/loss and remeasurement gain/loss comprise actual gains or losses on the underlying instrument as well as changes in foreign exchange rates at the time of the valuation. AHS

is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies. AHS is also exposed to changes in the valuation on its global equity funds attributable to fluctuations in foreign currency.

Foreign currency risk is managed by the investment policies which limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. At March 31, 2022, investments in non-Canadian equities represented 13.6% (March 31, 2021 – 13.1%) of total portfolio investments.

Foreign exchange fluctuations on cash balances are mitigated by derivatives and holding minimal foreign currency cash balances. AHS holds US dollar forward contracts to manage currency fluctuations relating to its US dollar accounts payable requirements. As at March 31, 2022, AHS held derivatives in the form of forward contracts for future settlement of \$24,000 (2021 – \$8,000). The fair value of these forward contracts as at March 31, 2022 was \$(16) (2021 – \$8) and is included in portfolio investments (Note 10).

(b) Credit Risk

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

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

Under the investment bylaw and policies governing the consolidated investment portfolio, money market securities are limited to a rating of R1 or equivalent or higher, and no more than 10% may be invested in any one issuer unless guaranteed by the Government of Canada or a Canadian province. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher and no more than 40% of the total investment portfolio. Not more than 20% of the

Note 9 Financial Risk Management (continued)

investment portfolio may be BBB or equivalent rated bonds. AHS holds unrated mortgage fund investments which are classified as part of AHS' fixed income securities.

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

Credit Rating	2022	2021
Investment Grade (AAA to BBB)	97%	96%
Unrated	3%	4%
	100%	100%

(c) Liquidity Risk

Liquidity risk is the risk that AHS will encounter difficulty under both normal and stressed conditions in meeting obligations associated with financial liabilities that are settled by delivery of cash and cash equivalents or another financial asset. Liquidity requirements of AHS are met through funding provided by AH, income generated from portfolio investments, and by investing in liquid assets, such as money market securities, fixed income securities and equities traded in an active market that are easily sold and converted to cash. Short term borrowing to meet financial obligations would be available through established credit facilities, which have not been drawn upon, as described in Note 17(c).

Note 10 Portfolio Investments

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash held for investing purposes	\$ 126,002	\$ 126,002	\$ 119,313	\$ 119,313
Interest bearing securities:				
Money market securities	530,043	530,210	818,910	818,910
Fixed income securities	1,358,881	1,403,265	786,459	783,669
	1,888,924	1,933,475	1,605,369	1,602,579
Equities:				
Canadian equity investments	25,761	22,707	54,802	43,885
Canadian equity funds	163,375	140,740	83,912	65,759
Global equity funds	354,516	294,912	327,050	235,030
	543,652	458,359	465,764	344,674
Real estate pooled funds	45,027	40,371	40,623	40,342
	\$ 2,603,605	\$ 2,558,207	\$ 2,231,069	\$ 2,106,908

	2022	2021
Items at fair value		
Portfolio investments designated to the fair value category	\$ 2,577,860	\$ 2,176,259
Portfolio investments in equity instruments that are quoted in an active market	25,761	54,802
Derivatives	(16)	8
	\$ 2,603,605	\$ 2,231,069

Included in portfolio investments is \$215,299 (2021 – \$227,688) that is restricted for use as per the requirements in Sections 99 and 100 of the *Insurance Act* (Alberta). Endowment principal included in portfolio investments amounts to \$77,382 (2021 – \$75,668).

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

Note 10 Portfolio Investments (continued)

	2022	2021
Accumulated remeasurement gains	\$ 24,886	\$ 55,777
Restricted unrealized net gains attributable to unexpended deferred operating revenue (Note 14(b))	20,512	68,384
	\$ 45,398	\$ 124,161

Fair Value Hierarchy

	2022			
	Level 1	Level 2	Level 3	Total
Interest bearing securities:				
Money market securities	\$ -	\$ 530,043	\$ -	\$ 530,043
Fixed income securities	-	1,307,828	51,053	1,358,881
Equities:				
Canadian equity investments and funds	25,761	163,375	-	189,136
Global equity funds	-	354,516	-	354,516
Real estate pooled funds	-	-	45,027	45,027
	\$ 25,761	\$ 2,355,762	\$ 96,080	\$ 2,477,603
Percent of total	1%	95%	4%	100%

	2021			
	Level 1	Level 2	Level 3	Total
Interest bearing securities:				
Money market securities	\$ -	\$ 818,910	\$ -	\$ 818,910
Fixed income securities	-	734,874	51,585	786,459
Equities:				
Canadian equity investments and funds	54,802	83,912	-	138,714
Global equity funds	-	327,050	-	327,050
Real estate pooled funds	-	-	40,623	40,623
	\$ 54,802	\$ 1,964,746	\$ 92,208	\$ 2,111,756
Percent of total	3%	93%	4%	100%

Reconciliation of Investments classified as level 3

	2022		
	Fixed income securities	Real estate pooled funds	Total
Beginning of year	\$ 51,585	\$ 40,623	\$ 92,208
Purchases	1,192	29	1,221
Sales	-	-	-
(Loss) gain included in the Consolidated Statement of Remeasurement Gains and Losses	(1,663)	4,375	2,712
Transfers out	(61)	-	(61)
End of year	\$ 51,053	\$ 45,027	\$ 96,080

Note 10 Portfolio Investments (continued)

	2021		
	Fixed income securities	Real estate pooled funds	Total
Beginning of year	\$ 75,213	\$ 40,837	\$ 116,050
Purchases	1,828	74	1,902
Sales	(24,045)	-	(24,045)
Gain (loss) included in the Consolidated Statement of Remeasurement Gains and Losses	1,708	(288)	1,420
Transfers out	(3,119)		(3,119)
End of year	\$ 51,585	\$ 40,623	\$ 92,208

Note 11 Accounts Receivable

	2022			2021
	Gross	Allowance for Doubtful Accounts	Net	Net
AH operating transfers receivable ⁽ⁱ⁾	\$ 194,000	\$	\$ 194,000	\$ 317,233
Other capital transfers receivable	96,127		96,127	74,409
Patient accounts receivable	116,576	42,081	74,495	69,851
Drugs rebates receivable	83,982		83,982	59,731
AH capital transfers receivable	21,400		21,400	55,822
Other operating transfers receivable	20,334		20,334	17,540
Other accounts receivable	113,777	9,686	104,091	70,829
	\$ 646,196	\$ 51,767	\$ 594,429	\$ 665,415

Accounts receivable are unsecured and non-interest bearing. At March 31, 2021, the total allowance for doubtful accounts was \$34,891 of which \$34,490 related to patient accounts receivable.

⁽ⁱ⁾ AH operating transfers receivable at March 31, 2021 included a COVID-19 related amount of \$92,169 that was cancelled in the year as part of a new agreement with AH (Note 14(a)).

Note 12 Accounts Payable and Accrued Liabilities

	2022	2021
Payroll payable and related accrued liabilities	\$ 807,029	\$ 796,747
Trade accounts payable and accrued liabilities	756,193	713,204
Provision for unpaid claims ^(a)	191,618	214,611
Obligations under capital leases ^(b)	129,882	144,877
Other liabilities	67,133	63,338
	\$ 1,951,855	\$ 1,932,777

Accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of \$250,754 (2021 – \$338,379). Of these amounts, \$10,025 (2021 – \$11,518) comprise life lease deposits received from tenants of certain AHS' long term care facilities, amounts payable to AI of \$23,550 (2021 – \$97,050) related to a project funded by debt, and obligations under capital leases of \$129,882 (2021 – \$144,877).

(a) Provision for unpaid claims is an estimate of liability claims against AHS. It is influenced by factors such as historical trends involving claim payment patterns, loss payments, number of unpaid claims, claims severity and claim frequency patterns.

Note 12 Accounts Payable and Accrued Liabilities (continued)

The provision has been estimated using the discounted value of claim liabilities using a discount rate of 3.00% (2021 – 1.90%) plus a provision for adverse deviation, based on actuarial estimates.

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

The obligations will be settled between 2023 and 2041 and have an implicit interest rate payable ranging from 2.53% to 5.07% (2021 – 0.92% to 5.07%).

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

Year ended March 31	Minimum Contract Payments
2023	\$ 24,656
2024	13,566
2025	12,670
2026	11,355
2027	9,853
Thereafter	82,561
Less: interest	(24,779)
	\$ 129,882

Note 13 Employee Future Benefits

	2022	2021
Accrued vacation pay	\$ 640,004	\$ 626,599
Accumulating non-vesting sick leave ^(a)	135,445	130,745
SERP/SPP pension plans	2,429	3,442
	\$ 777,878	\$ 760,786

(a) Accumulating Non-Vesting Sick Leave

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

	2022	2021
Funded status – deficit	\$ 145,281	\$ 149,885
Unamortized net actuarial loss	(9,836)	(19,140)
Accrued benefit liability	\$ 135,445	\$ 130,745

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

	2022	2021
Estimated average remaining service life	13 years	13 years
Draw down rate of accumulated non-vesting sick leave bank	18.30%	18.30%
Discount rate – beginning of year	1.77%	2.14%
Discount rate – end of year	2.50%	1.77%
Rate of compensation increase per year	2021-22	2020-21
	1.25%	0.25%
	2022-23	2021-22
	1.25%	0.25%
	Thereafter	Thereafter
	2.75%	2.25%

Note 13 Employee Future Benefits (continued)

(b) Local Authorities Pension Plan (LAPP)

(i) AHS Participation in the LAPP

The majority of AHS employees participate in the LAPP. AHS' employees comprise approximately 47% (2021 - 47%) of the total membership in LAPP. AHS is not responsible for future funding of the plan deficit other than through contribution increases. As AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

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

(ii) LAPP Surplus

The LAPP carried out an actuarial valuation as at December 31, 2020 and these results were then extrapolated to December 31, 2021.

	December 31, 2021	December 31, 2020
LAPP net assets available for benefits	\$ 61,715,000	\$ 53,599,237
LAPP pension obligation	49,792,629	48,637,900
LAPP surplus	\$ 11,922,371	\$ 4,961,337

The 2022 and 2021 LAPP contribution rates are as follows:

Calendar 2022		Calendar 2021	
Employer	Employees	Employer	Employees
8.45% of pensionable earnings up to the YMPE and 12.80% of the excess	7.45% of pensionable earnings up to the YMPE and 11.80% of the excess	9.39% of pensionable earnings up to the YMPE and 13.84% of the excess	8.39% of pensionable earnings up to the YMPE and 12.84% of the excess

(c) Pension Expense

	2022	2021
Local Authorities Pension Plan	\$ 555,331	\$ 536,504
Defined contribution pension plans and group RRSPs	42,545	43,561
Other pension plans	1,012	4,417
	\$ 598,888	\$ 584,482

Note 14 Unexpended Deferred Operating Revenue

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

	2022			2021	
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 300,196	\$ 29,561	\$ 311,712	\$ 641,469	\$ 405,951
Received or receivable during the year	2,782,460	35,251	151,564	2,969,275	3,241,690
Unexpended deferred operating revenue returned ⁽ⁱⁱ⁾	(97,511)	(34)	(154)	(97,699)	(4,916)
Restricted investment income	182	1,855	34,292	36,329	13,017
Transferred from unexpended deferred capital revenue ⁽ⁱⁱⁱ⁾	27,766	60,906	1,852	90,524	46,665
Transferred to expended deferred operating revenue	(363,213)	-	-	(363,213)	(789,166)
Recognized as revenue	(2,445,513)	(95,774)	(123,946)	(2,665,233)	(2,303,796)
Miscellaneous other revenue recognized	(181)	(49)	(33,643)	(33,873)	(12,683)
	204,186	31,716	341,677	577,579	596,762
Changes in unrealized net gains attributable to portfolio investments related to endowments and unexpended deferred operating revenue	(779)	(1,369)	(45,724)	(47,872)	44,707
Balance, end of year	\$ 203,407	\$ 30,347	\$ 295,953	\$ 529,707	\$ 641,469

⁽ⁱ⁾ The balance for other government includes \$535 (2021 – \$677) of unexpended deferred operating revenue received from government entities outside the Province of Alberta. The remaining balance in other government all relates to the Province of Alberta (Note 22).

⁽ⁱⁱ⁾ The unexpended deferred operating revenue returned to AH in the year includes a COVID-19 related receivable balance of \$92,169 at March 31, 2021 that was cancelled in the current year as part of a new agreement with AH (Note 11).

⁽ⁱⁱⁱ⁾ The transfer is mainly comprised of restricted capital funding that was used for approved expenditures that did not meet the definition of a tangible capital asset.

Note 14 Unexpended Deferred Operating Revenue (continued)

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

	2022				2021
	AH	Other Government	Donors and Non-Government	Total	Total
Research and education	\$ 8,852	\$ 3,021	\$ 191,933	\$ 203,806	\$ 188,878
COVID-19 pandemic response and support	29,768	-	767	30,535	108,414
Support services	3,444	446	63,069	66,959	58,168
Physician revenue and alternate relationship plans	28,325	446	-	28,771	48,216
Addiction and mental health	44,815	3,778	1,522	50,115	45,897
Cancer prevention, screening and treatment	29,967	34	2,422	32,423	45,391
Primary Care Networks	20,299	-	-	20,299	21,095
Promotion, prevention and community	17,876	207	171	18,254	17,362
Long term care partnerships	-	19,109	-	19,109	17,304
Diagnostic and therapeutic services	14,845	-	1,377	16,222	1,374
Others individually less than \$10,000	4,397	1,656	16,649	22,702	20,986
	202,588	28,697	277,910	509,195	573,085
Unrealized net gain attributable to portfolio investments related to endowments and unexpended deferred operating revenue (Note 10)	819	1,650	18,043	20,512	68,384
	\$ 203,407	\$ 30,347	\$ 295,953	\$ 529,707	\$ 641,469

Note 15 Unexpended Deferred Capital Revenue

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

	2022				2021
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 74,594	\$ 4,207	\$ 86,310	\$ 165,111	\$ 108,823
Received or receivable during the year	147,338	197,413	56,576	401,327	413,314
Used for the acquisition of land	(987)	-	-	(987)	-
Unexpended deferred capital revenue returned	(419)	-	-	(419)	(1,196)
Transferred to expended deferred capital revenue	(140,632)	(136,980)	(47,380)	(324,992)	(309,165)
Transferred to unexpended deferred operating revenue ⁽ⁱⁱ⁾	(27,766)	(60,906)	(1,852)	(90,524)	(46,665)
Balance, end of year	\$ 52,128	\$ 3,734	\$ 93,654	\$ 149,516	\$ 165,111

⁽ⁱ⁾ The balance for other government all relates to the Province of Alberta (Note 22).

⁽ⁱⁱ⁾ The transfer is mainly comprised of restricted capital funding of approved expenditures that did not meet the definition of a tangible capital asset.

Note 15 Unexpended Deferred Capital Revenue (continued)

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

	2022	2021
AH		
COVID-19 related projects and equipment	\$ 2,476	\$ 29,380
Continuing Care Beds	18,844	20,000
Information systems	2,946	4,214
Medical Equipment Replacement Upgrade Program	-	322
Diagnostic equipment	9,560	216
Alberta Surgical Initiative Capital Program	-	-
Rural Health Facilities Revitalization Program	17,697	-
Other equipment	605	20,462
Total AH	52,128	74,594
Other government		
Facilities and improvements	3,734	4,207
Total other government	3,734	4,207
Donors and non-government		
Equipment	81,336	74,540
Facilities and improvements	12,282	11,764
COVID-19 related projects and equipment	36	6
Total donors and non-government	93,654	86,310
	\$ 149,516	\$ 165,111

Note 16 Expended Deferred Revenue

	2022	2021
Expended deferred capital revenue ^(a)	\$ 8,278,969	\$ 7,826,892
Expended deferred operating revenue ^(b)	336,972	427,445
	\$ 8,615,941	\$ 8,254,337

- (a) Expended deferred capital revenue

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

	2022				2021
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 587,533	\$ 7,042,745	\$ 196,614	\$ 7,826,892	\$ 7,359,615
Transferred from unexpended deferred capital revenue	140,632	136,980	47,380	324,992	309,165
Constructed tangible capital assets on behalf of AHS	-	425,337	-	425,337	543,417
Contributed tangible capital assets	-	-	522	522	334
Recognized as revenue	(95,777)	(169,977)	(33,020)	(298,774)	(385,639)
Balance, end of year	\$ 632,388	\$ 7,435,085	\$ 211,496	\$ 8,278,969	\$ 7,826,892

⁽ⁱ⁾ The balance includes \$nil (2021 – \$4) of expended deferred capital revenue received from government entities outside the Province of Alberta. The remaining balance in other government all relates to the Province of Alberta (Note 22).

Note 16 Expended Deferred Revenue (continued)

(b) Expended deferred operating revenue

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

	2022			2021
	AH	Other Government ⁽ⁱ⁾	Total	Total
Balance, beginning of year	\$ 387,915	\$ 39,530	\$ 427,445	\$ -
Transferred from unexpended deferred operating revenue	363,213	-	363,213	789,166
Contributed inventories of supplies	-	-	-	107,460
Recognized as unrestricted revenue	-	(39,530)	(39,530)	-
Recognized as restricted revenue	(414,156)	-	(414,156)	(469,181)
Balance, end of year	\$ 336,972	\$ -	\$ 336,972	\$ 427,445

⁽ⁱ⁾ The balance relates to contributions received from a government entity outside the Province of Alberta.

The balance at March 31, 2022 of expended deferred operating revenue pertains to purchased or contributed but unused COVID-19 supplies of \$336,972 (2021 – \$417,201) and a related prepayment of \$nil (2021 – \$10,244).

Note 17 Debt

	2022	2021
Debtures ^(a) :		
Parkade loan #1	\$ 16,925	\$ 20,257
Parkade loan #2	17,567	20,334
Parkade loan #3	25,507	28,493
Parkade loan #4	107,687	116,390
Parkade loan #5	26,528	28,498
Parkade loan #6	19,504	20,559
Parkade loan #7	43,240	45,388
Parkade loan #8	153,334	155,200
Energy savings initiative loan	18,701	20,540
EMS support vehicle loan ^(b)	37,500	-
	466,493	455,659
Loan proceeds to be received ^(b)	(11,500)	-
	\$ 454,993	\$ 455,659

(a) Alberta Treasury Board and Finance (TBF) is responsible for the administration of the Province's lending program.

AHS issued debentures to TBF, a related party, to finance the construction of parkades. AHS has pledged revenue derived directly or indirectly from the operations of all parking facilities being constructed, renovated, owned, and operated by AHS as security for these debentures.

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

AHS is in compliance with all performance requirements relating to its debentures as at March 31, 2022.

(b) AHS issued a debenture to TBF relating to EMS support vehicles. AHS has pledged the vehicles as security for this debenture. As at March 31, 2022 AHS has received \$26,000 of the \$37,500 debenture. The remaining \$11,500 in proceeds will be received in 2022-23 fiscal year.

Note 17 Debt (continued)

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

	Maturity Date	Fixed Interest Rate
Parkade loan #1	September 2026	4.4025%
Parkade loan #2	September 2027	4.3870%
Parkade loan #3	March 2029	4.9150%
Parkade loan #4	September 2031	4.9250%
Parkade loan #5	June 2032	4.2280%
Parkade loan #6	December 2035	3.6090%
Parkade loan #7	March 2038	2.6400%
Parkade loan #8	December 2059	3.6010%
Energy savings initiative loan	December 2030	2.4160%
EMS support vehicle loan	September 2026	1.1500%

- (c) As at March 31, 2022, AHS has access to a \$220,000 (2021 – \$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, 2022, AHS has \$nil (2021 – \$nil) draws against this facility.

AHS also has access to a \$33,000 (2021 – \$33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties. At March 31, 2022, AHS has \$3,626 (2021 – \$3,772) in a letter of credit outstanding against this facility. AHS is in compliance with the terms of the agreement relating to the letter of credit as at March 31, 2022.

- (d) AHS is committed to making principal and interest payments with respect to its outstanding debt as follows:

Year Ended March 31	Principal	Interest	Total
2023	32,405	17,086	49,491
2024	38,275	15,876	54,151
2025	39,633	14,519	54,152
2026	41,047	13,104	54,151
2027	35,618	11,630	47,248
Thereafter	279,515	120,304	399,819
	\$ 466,493	192,519	659,012

During the year, the total interest related to debt was \$17,903 (2021 – \$18,827), comprised of capitalized interest of \$5,553 (2021 – \$5,565) (Note 18a) and interest expense of \$12,350 (2021 – \$13,262). Accrued interest at March 31, 2022 amounted to \$2,893 (2021 – \$3,006).

Note 18 Tangible Capital Assets

Cost	2021	Additions ^(a)	Transfers	Disposals/write-downs	2022
Facilities and improvements	\$ 10,517,852	\$ 106	\$ 86,342	\$ (11,144)	\$ 10,593,156
Work in progress	1,492,842	672,654	(229,305)	(2,143)	1,934,048
Equipment	2,724,823	195,508	1,160	(98,057)	2,823,434
Information systems	2,014,793	35,708	71,953	(15,687)	2,106,767
Building service equipment	918,156	188	57,664	(794)	975,214
Land ^(b)	116,840	987	-	(23)	117,804
Leased facilities and improvements	256,700	-	6,178	-	262,878
Land improvements	110,023	-	6,008	(21)	116,010
	\$ 18,152,029	\$ 905,151	\$ -	\$ (127,869)	\$ 18,929,311

Accumulated Amortization	2021	Amortization Expense	Effect of Transfers	Disposals/write-downs	2022
Facilities and improvements	\$ 4,420,368	\$ 121,983	\$ -	\$ (10,835)	\$ 4,531,516
Work in progress	-	-	-	-	-
Equipment	2,131,296	155,655	-	(96,251)	2,190,700
Information systems	1,449,602	121,835	-	(15,358)	1,556,079
Building service equipment	524,346	48,269	-	(707)	571,908
Land ^(b)	-	-	-	-	-
Leased facilities and improvements	196,225	9,275	-	-	205,500
Land improvements	74,929	3,470	-	(21)	78,378
	\$ 8,796,766	\$ 460,487	\$ -	\$ (123,172)	\$ 9,134,081

Cost	2020	Additions ^(a)	Transfers	Disposals/write-downs	2021
Facilities and improvements	\$ 9,645,300	\$ -	\$ 874,506	\$ (1,954)	\$ 10,517,852
Work in progress	1,744,688	875,266	(1,127,112)	-	1,492,842
Equipment	2,623,616	162,205	(7,147)	(53,851)	2,724,823
Information systems	1,827,799	25,414	175,590	(14,010)	2,014,793
Building service equipment	840,122	-	78,034	-	918,156
Land ^(b)	116,926	-	-	(86)	116,840
Leased facilities and improvements	255,393	-	1,307	-	256,700
Land improvements	105,581	-	4,822	(380)	110,023
	\$ 17,159,425	\$ 1,062,885	\$ -	\$ (70,281)	\$ 18,152,029

Accumulated Amortization	2020	Amortization Expense	Effect of Transfers	Disposals/write-downs	2021
Facilities and improvements	\$ 4,175,901	\$ 245,717	\$ -	\$ (1,250)	\$ 4,420,368
Work in progress	-	-	-	-	-
Equipment	2,034,711	149,694	-	(53,109)	2,131,296
Information systems	1,356,789	104,110	-	(11,297)	1,449,602
Building service equipment	476,980	47,366	-	-	524,346
Land ^(b)	-	-	-	-	-
Leased facilities and improvements	187,033	9,192	-	-	196,225
Land improvements	72,051	3,258	-	(380)	74,929
	\$ 8,303,465	\$ 559,337	\$ -	\$ (66,036)	\$ 8,796,766

Note 18 Tangible Capital Assets (continued)

	Net Book Value	
	2022	2021
Facilities and improvements	\$ 6,061,640	\$ 6,097,484
Work in progress	1,934,048	1,492,842
Equipment	632,734	593,527
Information systems	550,688	565,191
Building service equipment	403,306	393,810
Land ^(b)	117,804	116,840
Leased facilities and improvements	57,378	60,475
Land improvements	37,632	35,094
	\$ 9,795,230	\$ 9,355,263

(a) Additions

Additions include tangible capital assets constructed by AI on behalf of AHS of \$425,337 (2021 – \$543,417) and \$522 contributed from other sources (2021 – \$334). During the year, AHS capitalized interest of \$5,553 (2021 – \$5,565) (Note 17d) within work in progress. Also included in additions is \$26,327 (2021 - \$45,525) of COVID-19 related tangible capital assets. Capital lease additions amounted to \$15,646 (2021 – \$63,214).

(b) Leased Land

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

Site	Leased from	Lease Expiry
Parking Lot at Queen Elizabeth II Hospital	Town of Grande Prairie	June 2022
Laneway adjacent to Queen Elizabeth II Hospital	Town of Grande Prairie	December 2023
Evansburg Community Health Centre	Yellowhead County	April 2031
Bethany Care Centre	Red Deer College	April 2034
Myrnam Land	Eagle Hill Foundation	May 2038
Helipad Land at Two Hills	Stella Stefiuk	August 2041
McConnell Place North	City of Edmonton	September 2044
Northeast Community Health Centre	City of Edmonton	February 2047
Jasper Healthcare Centre	Parks Canada	March 2049
Foothills Medical Centre Parkade	University of Calgary	July 2054
Alberta Children's Hospital	University of Calgary	December 2103
Kaye Edmonton Clinic (Parcel H)	The University of Alberta	February 2109

(c) Leased Tangible Capital Assets

Tangible capital assets acquired through capital leases includes vehicle leases, equipment, information systems and facilities with a cost of \$397,498 (2021 – \$375,816) and accumulated amortization of \$240,358 (2021 – \$218,004).

Note 19 Inventories of Supplies

	2022	2021
Pharmaceuticals	\$ 93,018	\$ 78,088
Medical and Surgical Supplies	49,450	52,941
Personal Protective Equipment	246,440	374,201
COVID-19 Laboratory testing supplies	13,048	22,480
COVID-19 Rapid Test Kits	93,826	20,520
Other	17,237	15,698
	\$ 513,019	\$ 563,928

Inventories of \$1,301,316 (2021 – \$1,170,549) were expensed during the year. A valuation adjustment of \$109,034 (2021 – \$nil) has been recorded relating to personal protective equipment inventories that no longer meet clinical standards and requirements (Note 7).

AHS holds and distributes COVID-19 rapid test kits, provided at no cost by the Federal Government, on behalf of AH. These inventories are excluded from these consolidated financial statements. During the year, AHS received \$286,607 of rapid test kits, issued \$168,968 during the year and is holding \$117,639 on behalf of AH as at March 31, 2022.

Note 20 Accumulated Surplus

Accumulated surplus is comprised of the following:

	2022					2021
	Unrestricted Surplus	Invested in Tangible Capital Assets ^(a)	Endowments ^(b)	Internally Restricted Surplus for Insurance Equity Requirements and Foundations ^(c)	Total	Total
Balance, beginning of year	\$ 151,092	\$ 925,563	\$ 75,668	\$ 83,950	\$ 1,236,273	\$ 1,132,601
Annual operating surplus	142,495	-	-	-	142,495	103,672
Net investment in tangible capital assets	(18,610)	18,610	-	-	-	-
Transfer of insurance equity requirements and foundations surpluses	(37,640)	-	-	37,640	-	-
Transfer of endowment contributions (note 5)	(1,714)	-	1,714	-	-	-
Balance, end of year	\$ 235,623	\$ 944,173	\$ 77,382	\$ 121,590	\$ 1,378,768	\$ 1,236,273

(a) Invested in Tangible Capital Assets

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

Note 20 Accumulated Surplus (continued)

Reconciliation of invested in tangible capital assets:

	2022	2021
Tangible capital assets (Note 18)	\$ 9,795,230	\$ 9,355,263
Less funded by:		
Expended deferred capital revenue (Note 16(a))	(8,278,969)	(7,826,892)
Debt (Note 17)	(454,993)	(455,659)
Unexpended debt	22,812	9,246
Obligations under capital leases (Note 12(b))	(129,882)	(144,877)
Life lease deposits (Note 12)	(10,025)	(11,518)
	\$ 944,173	\$ 925,563

(b) Endowments

Endowments represent the portion of accumulated surplus that is restricted and must be maintained in perpetuity. Transfers of endowment contributions from unrestricted surplus include \$1,714 (2021 – \$230) of contributions received in the year (Note 5).

(c) Internally Restricted Surplus for Insurance Equity Requirements and Foundations

Insurance equity requirements comprise surpluses of \$33,239 (2021 – \$20,912) related to equity of the LPIP mainly relating to legislative requirements per the Insurance Act. Foundations comprise surpluses amounting to \$88,351 (2021 – \$63,038) related to donations received by AHS' Controlled Foundations without external restrictions attached.

Note 21 Contractual Obligations and Contingent Liabilities

(a) Contractual Obligations

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

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

Year ended March 31	Services ⁽ⁱ⁾	Other ⁽ⁱⁱ⁾	Operating Lease	Capital Projects	Total ⁽ⁱⁱⁱ⁾
2023	\$ 3,106,507	\$ 481,816	\$ 61,947	\$ 233,510	\$ 3,883,780
2024	1,560,293	264,582	52,678	26,320	1,903,873
2025	1,334,355	162,003	43,687	135	1,540,180
2026	1,151,708	83,209	32,737	-	1,267,654
2027	779,178	57,705	28,546	-	865,429
Thereafter	7,859,939	53,003	80,193	-	7,993,135
March 31, 2022	15,791,980	1,102,318	299,788	259,965	17,454,051
March 31, 2021	\$ 15,709,505	\$ 1,234,006	\$ 328,133	\$ 258,671	\$ 17,530,315

- (i) Service obligations mainly relate to contracts with third parties for the provision of long-term care and home care services.
- (ii) Other obligations mainly relate to contracts with third parties for maintenance, information technology services, software, equipment, and procurement of medical supplies and food.
- (iii) The total contractual obligations exclude the impacts of the outsourcing of community laboratory services discussed in Note 21(b).

Note 21 Contractual Obligations and Contingent Liabilities (continued)

(b) Outsourcing of Community Laboratory Services

In 2020, the Minister of Health announced plans to explore the outsourcing of community laboratory services in Alberta. As a result, AHS issued a formal Request for Proposal (RFP) for the provision of community laboratory services, which included patient service centre operations, logistics management, analytical testing and information management. On May 30, 2022, AHS and a third party service provider finalized and executed a Services Agreement and Ancillary Agreements that will result in the transition of delivering community laboratory services across the province to the third party service provider commencing fiscal 2022-23. The agreement will extend over an initial term of 14 years and four months with an estimated commitment of \$4.6 billion. This transfer of service does not change AHS' mandate to provide laboratory services within Alberta. AHS plans to continue with the delivery of acute care hospital laboratory, urgent care laboratory, and public health laboratory services and specialty complex and esoteric testing services. The transition of community laboratory services from AHS to the third party service provider is expected to be completed by March 31, 2023.

(c) Contingent Liabilities

i. Legal Claims

AHS is subject to legal claims during its normal course of business. AHS recognizes a liability when the assessment of a claim indicates that a future event is likely to confirm that a liability has been 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, 2022, accruals have been recorded as part of the provision for unpaid claims and other liabilities (Note 12). Included in this accrual are claims in which AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS' portion of the liability.

AHS has been named in 283 legal claims (2021 – 314 claims) related to conditions in existence at March 31, 2022 where the likelihood of the occurrence of a future event confirming a contingent loss is not determinable. Of these, 247 claims have \$759,551 in specified amounts and 36 have no specified amounts (2021 – 258 claims with \$728,811 of specified claims and 56 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that is different than the claimed amount.

ii. Collective Agreements

AHS currently has 18 (2021 – 19) collective agreements that have expired and are currently under negotiation at March 31, 2022. Given that negotiations are ongoing, no additional disclosures have been made.

Note 22 Related Parties

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

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

Related parties also include key management personnel of AHS. AHS has defined key management personnel to include those disclosed in Schedules 2A and 2B of these consolidated financial statements, except management reporting to CEO direct reports. Related party transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

AHS is a related party with respect to those entities consolidated or included on a modified equity basis in the consolidated financial statements of the Province of Alberta. Entities consolidated or included on a modified equity basis have been grouped with their respective ministry and transactions between AHS and the other ministries are recorded at their exchange amount as follows:

	Revenues ^(a)		Expenses	
	2022	2021	2022	2021
Alberta Advanced Education ^(b)	\$ 54,214	\$ 55,415	\$ 191,646	\$ 182,453
Alberta Infrastructure ^(c)	235,899	319,155	314	252
Other ministries	23,791	35,040	76,418	57,497
Total for the year	\$ 313,904	\$ 409,610	\$ 268,378	\$ 240,202

	Receivable from		Payable to	
	2022	2021	2022	2021
Alberta Advanced Education ^(b)	\$ 4,983	\$ 6,115	\$ 38,066	\$ 32,561
Alberta Infrastructure ^(c)	62,504	43,834	23,550	97,050
Other ministries ^(d)	8,078	8,395	458,768	459,148
Balance, end of year	\$ 75,565	\$ 58,344	\$ 520,384	\$ 588,759

- (a) Revenues with Province of Alberta ministries include other government transfers of \$284,500 (2021 – \$384,161), (Note 4), other income of \$24,646 (2021 – \$23,369) (Note 6), and fees and charges of \$4,758 (2021 – \$2,080).
- (b) Most of AHS' transactions with Alberta 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 transactions reported are a result of funding provided from one to the other and recoveries of shared costs.
- (c) The transactions with AI relate to the construction of tangible capital assets on behalf of AHS. These transactions include operating transfers of \$66,983 (2021 – \$44,614) and recognition of expended deferred capital revenue of \$168,916 (2021 – \$274,541) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives. Not included in the table above but included in total amounts disclosed in Note 18(a) is tangible capital assets constructed by AI on behalf of AHS of \$425,337 (2021 – \$543,417).
- (d) The payable transactions with other ministries include the debt payable to TBF (Note 17 (a)).

At March 31, 2022, AHS has recorded deferred revenue from other ministries within the Province of Alberta, excluding AH, of \$29,812 (2021 – \$28,884) related to unexpended deferred operating revenue (Note 14), \$3,734 (2021 – \$4,207) related to unexpended deferred capital revenue (Note 15) and \$7,435,085 (2021 – \$7,042,740) related to expended deferred capital revenue (Note 16(a)).

Contingent liabilities in which AHS has been jointly named with other government entities within the Province of Alberta are disclosed in Note 21.

Note 23 Government Partnerships

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

	2022	2021
Financial assets (portfolio investments, accounts receivable, other assets)	\$ 63,639	\$ 67,275
Liabilities (trade accounts payable, unexpended deferred operating revenue)	63,639	67,275
Accumulated surplus	\$ -	\$ -
Total revenues	\$ 260,700	\$ 260,508
Total expenses	260,700	260,508
Annual surplus	\$ -	\$ -

Note 24 Trusts under Administration

(a) Health Benefit Trust of Alberta (HBTA)

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

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

	2022	2021
Financial assets	\$ 113,003	\$ 108,516
Liabilities	31,927	17,698
Net financial assets	\$ 81,076	\$ 90,818
Non-financial assets	4	12
Net assets	\$ 81,080	\$ 90,830

AHS has included in prepaid expenses \$49,749 (2021 – \$57,179) representing in substance a prepayment of future premiums to the HBTA. For the fiscal year ended March 31, 2022, AHS paid premiums of \$494,645 (2021 – \$431,569) which is approximately 98% (2021 – 98%) of the total premiums received by the HBTA

(b) Other Trust Funds

AHS holds funds in trust for research and development, education, and other programs. These amounts are held and administered on behalf of others in accordance with the terms and conditions embodied in the relevant agreements with no unilateral power to appropriate the funds or to change the conditions set out in the trust indenture (or agreement) and therefore are not reported in these consolidated financial statements. As at March 31, 2022, the balance of funds held in trust by AHS for research and development is \$100 (2021 – \$100).

AHS holds funds in trust from continuing care residents for personal expenses. As at March 31, 2022, the balance of these funds is \$1,832 (2021 – \$1,595). These amounts are not included in the consolidated financial statements.

AHS and a third party trustee administer the SERP in accordance with a retirement compensation arrangement trust agreement. As at March 31, 2022, there are \$29,429 in plan assets (2021 – \$30,329). These amounts are not included in the consolidated financial statements.

Note 25 Segment Disclosure

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

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

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

Segments include:

(a) Continuing care

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

(b) Community care

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

(c) Home care

Home care is comprised of home nursing and support.

(d) Acute care

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

(e) Ambulance services

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

(f) Diagnostic and therapeutic services

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

(g) Population and public health

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

(h) Research and education

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

(i) Information technology

Information technology is comprised of costs pertaining to the provision of service and consultation in the design, development, and implementation of information technology services and systems.

Note 25 Segment Disclosure (continued)

(j) Support services

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

(k) Administration

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

Note 26 Impact of COVID-19 Pandemic

Alberta continues to be impacted by the COVID-19 pandemic, with hospitalizations and cases applying additional stress on Alberta's health care system.

The pandemic continues to impact AHS in many areas, including:

- Supporting Albertans with contact tracing, testing and treatment for COVID-19;
- The provision of personal protective equipment (PPE) including hand sanitizer and disinfectant solutions for the overall safety of Albertans;
- The delivery of COVID -19 rapid test kits to Albertans. A portion of the COVID-19 rapid test kits under this program were provided at no cost by the Federal Government. AHS holds and distributes these COVID-19 rapid test kits on behalf of AH, and therefore they are excluded from the consolidated financial statements;
- Funding provided to third party service providers, including long term care and home care providers that have been significantly impacted by COVID-19;
- The operation of assessment and treatments centers;
- Increasing capacity at acute care sites for treatment and assessment of COVID-19 cases;
- Delays or deferrals of certain health care related services;
- Redeployment of parts of the AHS workforce to areas with the greatest need to support front line efforts;
- Vaccine deployment initiatives including the staffing and setup of various facilities for the administration of vaccines. Given that AH has not allocated the costs of the vaccines to AHS, these costs are excluded from the consolidated financial statements; and
- Delays in the implementation of certain information systems initiatives.

Included within the consolidated statement of operations are incremental expenses of \$1,621,619 (2021 - \$1,286,399) associated with AHS's pandemic response activities. AHS has recorded \$1,606,515 (2021 - \$1,286,399) of revenue to partially offset these expenses. In addition AHS has recognized \$71,003 (2021 - \$145,566) of revenue to partially offset reduced revenue associated with out of province and out of country patient billings, parking, self-pay medical fees, retail food services and rent abatements.

Note 27 Corresponding Amounts

Certain amounts have been reclassified to conform to 2022 presentation. An adjustment has been made to the Consolidated Statement of Cash Flows for year ended March 31, 2021 to reclassify restricted contributions received and used to purchase COVID-19 supplies of \$789,166 from operating transactions to financing transactions.

Note 28 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the AHS Board on June 1, 2022 and submitted to the Minister for approval.

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

	2022		2021
	Budget (Note 3)	Actual	Actual
Salaries and benefits	\$ 8,615,000	\$ 9,136,225	\$ 8,836,269
Contracts with health service providers	2,943,000	3,210,555	3,078,611
Contracts under the Health Facilities Act	22,000	27,695	21,828
Drugs and gases	600,000	651,495	592,640
Medical supplies	570,000	747,809	652,304
Other contracted services	1,336,000	1,476,530	1,368,110
Other ^(a)	1,283,000	1,640,772	1,572,070
Amortization and loss on disposals/write-downs of tangible capital assets (Note 18)	627,000	465,184	563,582
	\$ 15,996,000	\$ 17,356,265	\$ 16,685,414
(a) Significant amounts included in Other are:			
Housekeeping, laundry and linen, staff wearing apparel, plant maintenance and biomedical engineering supplies ⁽ⁱ⁾⁽ⁱⁱ⁾	\$ 88,000	\$ 378,838	\$ 439,087
Equipment expense	229,000	253,690	237,216
Utilities	117,000	163,234	129,022
Building and ground expenses	109,000	134,362	95,966
Building rent	129,000	133,268	128,496
Food and dietary supplies	81,000	75,929	69,530
Minor equipment purchases	52,000	75,498	74,794
Office supplies	51,000	67,017	57,701
Fundraising and grants awarded	52,000	50,573	47,323
Telecommunications	40,000	32,520	34,339
Insurance and liability claims	50,000	31,383	58,180
Travel	34,000	30,011	22,473
Licenses, fees and memberships	22,000	28,310	21,116
Education	12,000	9,389	8,325
Other	217,000	176,750	148,502
	\$ 1,283,000	\$ 1,640,772	\$ 1,572,070

⁽ⁱ⁾ Includes PPE, such as procedural masks, N95s, gowns, face shields and goggles, as well as other COVID-19 supplies such as hand sanitizers, disinfecting wipes and other cleaning supplies.

⁽ⁱⁱ⁾ Valuation adjustment of \$109,034 (2021 - \$nil) has been recorded relating to personal protective equipment inventories that no longer meet clinical standards and requirements (Note 19).

SCHEDULE 2 - SCHEDULES OF REMUNERATION AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2022

SCHEDULE 2A – BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2022

	Term	2022 Committees	2022 Remuneration	2021 Remuneration
Board Chairs^(f)				
Gregory Turnbull	Since Dec 8, 2021	AOC, ARC, CEC, FC, GC, HRC, QSC	\$ 22	\$ -
David Weyant	Aug 20, 2019 to Dec 7, 2021	AOC, ARC, CEC, FC, GC, HRC, QSC	45	71
Board Members				
Dr. Sayeh Zielke (Vice Chair)	Since Sep 28, 2020	ARC, CEC, FC, HRC, QSC (Chair)	49	21
Dr. Brenda Hemmelgarn (Vice Chair)	Nov 27, 2015 to Jan 22, 2021	-	-	36
Deborah Apps	Since Jan 19, 2021	CEC, FC, QSC	32	6
David Carpenter	Nov 27, 2015 to Jun 1, 2021	ARC (Chair), FC (Chair)	8	37
Tony Dagnone	Since Jan 19, 2021	FC, HRC, QSC	32	8
Richard Dicerni	Nov 27, 2015 to Aug 31, 2020	-	-	10
Sherri Fountain	Since Jan 19, 2021	AOC, FC, GC (Chair), HRC	35	8
Hartley Harris	Since Aug 9, 2021	AOC, FC, GC, HRC	20	-
Stephen Mandel	Sep 25, 2019 to Sep 27, 2021	AOC (Chair), CEC, FC, QSC	18	32
Jack Mintz	Since Jun 3, 2021	ARC (Chair), FC, GC	26	-
Heidi Overguard	Since Sep 25, 2019	AOC, CEC, FC, GC, HRC (Chair), QSC	36	33
Natalia Reiman	Since Jan 19, 2021	ARC, CEC, FC, GC, HRC	33	8
Hugh Sommerville	Nov 27, 2015 to Jan 25, 2021	-	-	24
Brian Vaasjo	Since Aug 20, 2019	AOC (Chair), ARC, FC (Chair), GC	35	32
Glenda Yeates	Nov 27, 2015 to Jun 1, 2021	ARC, FC, QSC (Chair)	6	33
Vicki Yellow Old Woman	Since Sep 28, 2020	ARC, CEC (Chair), FC, GC, HRC	36	19
Board Committee Participants^(g)				
Dr. William Ghali	Since Oct 1, 2021	QSC	2	-
Irv Kipnes	Apr 9, 2021 to Dec 3 2021	AOC	3	-
Stephen Livergant	Since Apr 9, 2021	AOC	2	-
Dr. Brian Postl	Jan 1, 2018 to Jul 2, 2021	QSC	1	3
Gord Winkel	Since Nov 27, 2015	QSC	3	3
Total Board			\$ 444	\$ 384

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

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

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

SCHEDULE 2B - EXECUTIVE REMUNERATION AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2022

For the Current Fiscal Year	2022						
	FTE ^(a)	Base Salary ^(b,h)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance ^(e)	Total
Board Direct Reports							
President and Chief Executive Officer ^(l)	1.00	\$ 574	\$ -	\$ 117	\$ 691	\$ -	\$ 691
Chief Audit Executive ^(l,o)	1.00	277	1	34	312	-	312
CEO Direct Reports							
VP and Chief Operating Officer, Clinical Operations ^(o)	1.00	370	-	72	442	-	442
VP and Medical Director, Clinical Operations ^(k,o)	0.51	229	11	58	298	-	298
VP and Medical Director, Clinical Operations ^(l,p)	0.37	147	-	18	165	-	165
VP, Quality and Chief Medical Officer ^(o)	1.00	464	-	48	512	-	512
VP, People, Health Professions and Information Technology ^(m,o)	1.00	330	1	40	371	-	371
VP, Cancer Care Alberta and Clinical Support Services ^(o)	1.00	330	-	66	396	-	396
VP, Provincial Clinical Excellence ^(n,q)	1.00	289	13	48	350	-	350
VP and Medical Director, Cancer Care Alberta, Clinical Support Services and Provincial Clinical Excellence ^(n,q)	1.00	450	32	46	528	-	528
VP, Community Engagement and Communications ^(o)	1.00	330	-	79	409	-	409
VP, Corporate Services and Chief Financial Officer ^(o)	1.00	400	1	88	489	-	489
General Counsel ^(o)	1.00	255	4	65	324	-	324
Total Executive	11.88	\$ 4,445	\$ 63	\$ 779	\$ 5,287	\$ -	\$ 5,287
Management Reporting to CEO Direct Reports	54.24	\$ 13,023	\$ 520	\$ 2,011	\$ 15,554	\$ 221	\$ 15,775

**SCHEDULE 2B - EXECUTIVE REMUNERATION AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2022
(CONTINUED)**

For the Prior Fiscal Year	2021						
	FTE ^(a)	Base Salary ^(b,h)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance ^(e)	Total
Board Direct Reports							
President and Chief Executive Officer	1.00	\$ 574	\$ -	\$ 119	\$ 693	\$ -	\$ 693
Chief Audit Executive	1.00	277	1	75	353	-	353
Chief Ethics and Compliance Officer	0.57	121	-	25	146	-	146
CEO Direct Reports							
VP and Chief Operating Officer, Clinical Operations	1.00	370	-	135	505	-	505
VP and Medical Director, Clinical Operations	1.00	397	-	92	489	-	489
VP, Quality and Chief Medical Officer	1.00	464	-	73	537	-	537
VP, People, Health Professions and Information Technology	1.00	330	1	68	399	-	399
VP, People	0.57	255	-	39	294	-	294
VP, Cancer Care Alberta and Clinical Support Services	1.00	330	-	81	411	-	411
VP, Provincial Clinical Excellence	1.00	289	14	47	350	-	350
VP and Medical Director, Cancer Care Alberta, Clinical Support Services and Provincial Clinical Excellence	1.00	450	33	44	527	-	527
VP, Community Engagement and Communications	1.00	330	-	72	402	-	402
VP, Corporate Services and Chief Financial Officer	0.75	301	-	90	391	-	391
Interim VP, Corporate Services and Chief Financial Officer	0.27	96	9	4	109	-	109
General Counsel	0.43	109	3	30	142	-	142
Total Executive	12.59	\$ 4,693	\$ 61	\$ 994	\$ 5,748	\$ -	\$ 5,748
Management Reporting to CEO Direct Reports	55.63	\$ 12,978	\$ 682	\$ 2,883	\$ 16,543	\$ 35	\$ 16,578

SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

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

	2022			2021	Account Balance ⁽³⁾ or Accrued Benefit Obligation March 31, 2021	Change During the Year ⁽⁴⁾	Account Balance ⁽³⁾ or Accrued Benefit Obligation March 31, 2022
	SPP	SERP					
	Current Period Benefit Costs ⁽¹⁾	Other Costs ⁽²⁾	Total	Total			
President and Chief Executive Officer	\$ 47	\$ -	\$ 47	\$ 48	\$ 269	\$ 67	\$ 336
Chief Audit Executive	11	-	11	12	139	25	164
VP and Chief Operating Officer, Clinical Operations							
SERP	-	(20)	(20)	36	683	(12)	671
SPP	22	-	22	23	255	35	290
VP and Medical Director, Clinical Operations	25	-	25	23	92	42	134
VP and Medical Director, Clinical Operations							
SERP	-	(7)	(7)	11	218	(218)	-
SPP	10	-	10	27	232	(232)	-
VP, Quality and Chief Medical Officer	34	-	34	35	392	66	458
VP, People, Health Professions and Information Technology	17	-	17	19	233	33	266
VP, Cancer Care Alberta and Clinical Support Services	17	-	17	19	168	29	197
VP, Provincial Clinical Excellence ⁽ⁿ⁾	-	-	-	-	-	-	-
VP and Medical Director, Cancer Care Alberta, Clinical Support Services and Provincial Clinical Excellence ⁽ⁿ⁾	-	-	-	-	-	-	-
VP, Community Engagement and Communications	17	-	17	19	183	32	215
VP, Corporate Services and Chief Financial Officer	26	-	26	20	20	26	46
General Counsel	8	-	8	10	81	13	94

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

FOOTNOTES TO THE SCHEDULES OF REMUNERATION AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2022

Definitions

- a. For this schedule, full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours. FTE for the Board and Board committee members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year, the date of appointment and the termination date, or the beginning of the year and the termination date.
- b. Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits.
- c. Other cash benefits include, as applicable, honoraria, acting pay, membership fees, and lump sum payments. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation unless related to severance. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.
- d. Other non-cash benefits include:
 - Employer's current period benefit costs and other costs of supplemental pension plan and supplemental executive retirement plans as defined in Schedule 2C
 - Employer's share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans
 - Vacation accruals, and
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination which are not included in other cash benefits or other non-cash benefits.

Board and Board Committee Participants

- f. The Board Chair is an Ex-Officio member on all committees.
- g. These individuals were participants of Board committees, but are not Board members or AHS employees.

Executive

- h. Base salary reported for executives are the actual payments earned during the year, and is therefore contingent on the number of AHS' work days in the year. For the year ended March 31, 2022, the number of work days at AHS is 261 (2021 – 261 work days).
- i. The incumbent was engaged in an employment agreement with AHS while on leave of absence from the University of Alberta. The incumbent held the position until April 4, 2022, at which time the incumbent left AHS. The incumbent received salary and other accrued entitlements to the date of departure, followed by a lump sum severance of \$660 to be paid in fiscal 2022-23.
- j. The incumbent received vacation payouts totaling \$32 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- k. The incumbent held the position of Zone Medical Director, Calgary Zone until September 7, 2021 at which time the incumbent was appointed to Vice President and Medical Director, Clinical Operations and became a direct report to the President and Chief Executive Officer.
- l. The incumbent held the position until August 13, 2021 at which time the incumbent left AHS. At this time, the incumbent received a vacation payout of \$18 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- m. The incumbent received vacation payouts totaling \$35 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- 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, and AHS reimburses the University for the incumbent's base salary and benefits. In lieu of enrollment into the AHS SPP, the incumbent will receive an annual lump sum supplemental payment equivalent to the amount the incumbent would have received as a member of the SPP and payable from AHS. The lump sum has been included in Other Cash Benefits.

Termination Obligations

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

**FOOTNOTES TO THE SCHEDULES OF REMUNERATION AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2022 (CONTINUED)**

- p. Based on the provision of the applicable SPP and SERP, the following outlines the benefits received by the incumbent who terminated employment with AHS within the 2021-22 fiscal period. As a result of retirement, the incumbent is entitled to the benefits accrued to them up to the date of retirement. For participants of SPP, the benefit includes the account balances as at March 31, 2021 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, 2021, the current period benefit cost, interest accruing on the obligations, and the amortization of any actuarial gains or losses in the period that were incurred during the current year as identified in Schedule 2C.

Supplemental Plan	Supplemental Plan Commencement Date	Benefit (not in thousands)	Frequency	Payment Terms
SPP	May 1, 2012	\$36,825 increasing annually to \$37,193	Annually	For a fixed term of 7 years from September 2021 to January 2027
SERP	October 1, 2008	\$1,853	Monthly	For a fixed term of 10 years from September 1, 2021 to August 1, 2031

- q. 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.

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

	2022								
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Facilities Act	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	Total
Continuing care	\$ 331,305	\$ 957,042	\$ -	\$ 7,482	\$ 8,808	\$ 21,343	\$ 28,545	\$ 2,601	\$ 1,357,126
Community care	718,732	861,783	-	14,310	4,643	62,097	69,490	705	1,731,760
Home care	345,575	241,528	-	192	11,306	89,492	21,538	84	709,715
Acute care	3,185,441	434,549	27,695	593,905	374,673	562,322	181,194	63,541	5,423,320
Ambulance services	322,248	169,603	-	2,600	5,470	2,505	39,073	16,221	557,720
Diagnostic and therapeutic services	1,638,490	322,681	-	26,366	256,530	338,966	119,709	54,851	2,757,593
Population and public health	587,502	25,323	-	5,068	73,958	65,299	119,027	280	876,457
Research and education	186,288	3,021	-	80	1,182	123,751	36,662	122	351,106
Information technology	319,306	18,244	-	-	37	32,215	187,367	120,568	677,737
Support services	1,122,649	162,770	-	1,479	10,815	145,495	800,714	203,797	2,447,719
Administration	378,689	14,011	-	13	387	33,045	37,453	2,414	466,012
Total	\$ 9,136,225	\$ 3,210,555	\$ 27,695	\$ 651,495	\$ 747,809	\$ 1,476,530	\$ 1,640,772	\$ 465,184	\$ 17,356,265

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

	2021								
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Facilities Act	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	Total
Continuing care	\$ 330,419	\$ 930,329	\$ -	\$ 8,301	\$ 5,679	\$ 9,293	\$ 31,946	\$ 2,570	\$ 1,318,537
Community care	693,825	836,030	-	4,427	3,549	59,099	68,546	631	1,666,107
Home care	339,150	215,509	-	194	9,716	86,642	28,867	41	680,119
Acute care	3,084,291	406,462	21,828	546,778	339,941	556,030	200,791	65,602	5,221,723
Ambulance services	311,550	172,407	-	2,001	4,878	1,499	31,427	18,701	542,463
Diagnostic and therapeutic services	1,669,032	300,123	-	26,798	246,586	314,378	118,017	50,846	2,725,780
Population and public health	437,911	15,572	-	2,668	32,663	31,650	233,510	320	754,294
Research and education	188,877	2,161	-	96	1,993	120,339	19,667	119	333,252
Information technology	302,708	18,285	-	-	7	28,092	175,120	102,580	626,792
Support services	1,110,292	164,706	-	1,375	7,056	130,287	591,154	319,224	2,324,094
Administration	368,214	17,027	-	2	236	30,801	73,025	2,948	492,253
Total	\$ 8,836,269	\$ 3,078,611	\$ 21,828	\$ 592,640	\$ 652,304	\$ 1,368,110	\$ 1,572,070	\$ 563,582	\$ 16,685,414