

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2021 are the responsibility of management and have been reviewed and approved by senior management. The consolidated financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health, and of necessity include some amounts based on estimates and judgment.

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

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

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

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

[Original Signed By]

Dr. Verna Yiu, MD, FRCPC
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, 2021

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, 2021, and the consolidated statements of operations, remeasurement gains and losses, change in 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, 2021, 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, 2021
Edmonton, Alberta

CONSOLIDATED STATEMENT OF OPERATIONS			
YEAR ENDED MARCH 31			
	2021		2020
	Budget (Note 3)	Actual	Actual
Revenues:			
Alberta Health transfers			
Base operating	\$ 12,600,000	\$ 12,756,769	\$ 12,598,000
One-time base operating (Note 26)	-	145,566	-
Other operating	1,292,000	2,480,646	1,290,302
Recognition of expended deferred capital revenue	61,000	76,407	61,354
Other government transfers (Note 4)	427,000	461,929	434,768
Fees and charges	520,000	419,895	532,250
Ancillary operations	134,000	63,485	129,129
Donations, fundraising, and non-government contributions (Note 5)	161,000	184,870	195,980
Investment and other income (Note 6)	179,000	199,519	226,752
TOTAL REVENUES	15,374,000	16,789,086	15,468,535
Expenses:			
Continuing care	1,175,000	1,318,533	1,176,468
Community care	1,537,000	1,666,107	1,525,789
Home care	717,000	680,119	716,561
Acute care	4,876,000	5,221,569	5,065,807
Ambulance services	535,000	542,463	530,662
Diagnostic and therapeutic services	2,454,000	2,719,600	2,539,566
Population and public health	349,000	754,294	357,117
Research and education	352,000	333,133	344,634
Information technology	643,000	626,792	597,005
Support services (Note 7)	2,270,000	2,330,557	2,287,205
Administration (Note 8)	466,000	492,247	473,544
TOTAL EXPENSES (Schedules 1 and 3)	15,374,000	16,685,414	15,614,358
ANNUAL OPERATING SURPLUS (DEFICIT)	-	103,672	(145,823)
Accumulated surplus, beginning of year	1,132,000	1,132,601	1,278,424
Accumulated surplus, end of year (Note 20)	\$ 1,132,000	\$ 1,236,273	\$ 1,132,601

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31		
	2021	2020
	Actual	Actual
Financial Assets:		
Cash and cash equivalents	\$ 477,148	\$ 538,778
Portfolio investments (Note 10)	2,231,069	1,472,195
Accounts receivable (Note 11)	665,415	610,571
	3,373,632	2,621,544
Liabilities:		
Accounts payable and accrued liabilities (Note 12)	1,932,777	1,611,914
Employee future benefits (Note 13)	760,786	711,995
Unexpended deferred operating revenue (Note 14)	641,469	405,951
Unexpended deferred capital revenue (Note 15)	165,111	108,823
Debt (Note 17)	455,659	481,551
	3,955,802	3,320,234
NET DEBT	(582,170)	(698,690)
Non-Financial Assets:		
Tangible capital assets (Note 18)	9,355,263	8,855,960
Inventories for consumption (Note 19)	563,928	127,298
Prepaid expenses, deposits, and other non-financial assets	209,366	211,480
	10,128,557	9,194,738
NET ASSETS BEFORE EXPENDED DEFERRED REVENUE	9,546,387	8,496,048
Expended deferred revenue (Note 16)	8,254,337	7,359,615
NET ASSETS	1,292,050	1,136,433
Net Assets is comprised of:		
Accumulated surplus (Note 20)	1,236,273	1,132,601
Accumulated remeasurement gains	55,777	3,832
	\$ 1,292,050	\$ 1,136,433

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

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

Approved by the Alberta Health Services Board:

[Original Signed By]

David Weyant, Q.C.
Board Chair

[Original Signed By]

David Carpenter, FCPA, FCA
Audit & Risk Committee Chair

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT YEAR ENDED MARCH 31			
	2021		2020
	Budget (Note 3)	Actual	Actual
Annual operating surplus (deficit)	\$ -	\$ 103,672	\$ (145,823)
Effect of changes in tangible capital assets:			
Acquisition of tangible capital assets (Note 18):			
Purchased tangible capital assets	(611,000)	(455,920)	(502,732)
Leased tangible capital assets	-	(63,214)	(30,751)
Contributed tangible capital assets	(627,000)	(543,751)	(523,196)
Amortization and loss on disposals/write-downs of tangible capital assets (Note 18)	586,000	563,582	581,723
Effect of other changes:			
Net increase in expended deferred capital revenue	591,000	467,277	434,497
Net increase in expended deferred operating revenue	-	427,445	-
Net decrease (increase) in inventories for consumption	50,000	(436,630)	(20,789)
Net decrease (increase) in prepaid expenses, deposits and other non-financial assets	30,000	2,114	(43,758)
Net remeasurement gains (losses) for the year	17,000	51,945	(30,637)
Decrease (increase) in net debt for the year	36,000	116,520	(281,466)
Net debt, beginning of year	(698,000)	(698,690)	(417,224)
Net debt, end of year	\$ (662,000)	\$ (582,170)	\$ (698,690)

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

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES			
YEAR ENDED MARCH 31			
	2021		2020
	Budget (Note 3)	Actual	Actual
Unrestricted unrealized gains (losses) attributable to:			
Derivatives	\$ -	\$ (1,245)	\$ 539
Portfolio investments	38,000	82,973	(5,933)
Amounts reclassified to the Consolidated Statement of Operations:			
Portfolio investments	(21,000)	(29,783)	(25,243)
Net remeasurement gains (losses) for the year	17,000	51,945	(30,637)
Accumulated remeasurement gains, beginning of year	4,000	3,832	34,469
Accumulated remeasurement gains, end of year (Note 10)	\$ 21,000	\$ 55,777	\$ 3,832

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

CONSOLIDATED STATEMENT OF CASH FLOWS		
YEAR ENDED MARCH 31		
	2021	2020
	Actual	Actual
Operating transactions:		
Annual operating surplus (deficit)	\$ 103,672	\$ (145,823)
Non-cash items:		
Amortization and loss on disposals/write-downs of tangible capital assets	563,582	581,723
Recognition of expended deferred capital revenue	(385,639)	(404,405)
Contributed inventories for consumption	107,460	-
Recognition of expended deferred operating revenue	(67,930)	-
Gain on disposal of portfolio investments	(36,946)	(28,057)
Change in employee future benefits	48,791	23,499
Decrease (increase) in:		
Accounts receivable related to operating transactions	(54,844)	(243,849)
Inventories for consumption	(436,630)	(20,789)
Prepaid expenses, deposits, and other non-financial assets	2,114	(43,758)
Increase (decrease) in:		
Accounts payable and accrued liabilities	281,460	98,823
Unexpended deferred operating revenue	235,518	(47,268)
Expended deferred operating revenue	387,915	-
Cash provided by (applied to) operating transactions	748,523	(229,904)
Capital transactions:		
Purchased tangible capital assets	(455,920)	(502,732)
Cash applied to capital transactions	(455,920)	(502,732)
Investing transactions:		
Purchase of portfolio investments	(2,339,784)	(2,686,092)
Proceeds on disposals of portfolio investments	1,669,801	3,490,385
Cash (applied to) provided by investing transactions	(669,983)	804,293
Financing transactions:		
Restricted capital contributions received	366,649	300,533
Unexpended deferred capital revenue returned	(1,196)	(4,398)
Proceeds from debt	-	157,000
Principal payments on debt	(25,892)	(23,091)
Payments on obligations under capital leases	(22,327)	(23,814)
Net (repayment) receipt of life lease deposits	(1,484)	281
Cash provided by financing transactions	315,750	406,511
(Decrease) Increase in cash and cash equivalents	(61,630)	478,168
Cash and cash equivalents, beginning of year	538,778	60,610
Cash and cash equivalents, end of year	\$ 477,148	\$ 538,778

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 revenues and expenses associated with its responsibilities. These consolidated financial statements do not reflect the complete costs of provincial health care.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health (AH).

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

(i) Controlled Entities

AHS controls the following three entities:

- Alberta Precision Laboratories Ltd. - provides medical diagnostic services throughout Alberta. AHS owns 100% of the Class A voting shares.
- CapitalCare Group Inc. - manages continuing care programs and facilities in the Edmonton area. AHS owns 100% of the Class A voting shares.
- Carewest - manages continuing care programs and facilities in the Calgary area. AHS owns 99% of the Class A voting shares, and 1% of the Class A voting shares are held in trust for the benefit of AHS by an employee of AHS.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

- Foundations:

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

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

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, 2020. Significant transactions occurring between this date and March 31, 2021 have been recorded in these consolidated financial statements.

- Queen Elizabeth II Hospital Child Care Centre

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

(ii) Government Partnerships

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

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

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

(iii) Trusts under Administration

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

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

Deferred revenue consists of unexpended deferred operating revenue, unexpended deferred capital revenue, 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.

(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.

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

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

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

(d) Financial Instruments

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

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

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

AHS records equity investments quoted in an active market 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.

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

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

Purchased inventories for consumption are valued at lower of cost (defined as moving average cost) and replacement cost. Contributed inventories for consumption are recorded at fair value when such value can reasonably be determined. Inventories for consumption are assessed for obsolescence annually and write-downs are recorded in the Consolidated Statement of Operations.

(g) Tangible Capital Assets

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress as AI incurs costs.

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

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

	<u>Useful Life</u>
Facilities and improvements	10-70 years (2020 – 10-40 years)
Equipment	3-20 years
Information systems	3-15 years
Building service equipment	5-40 years
Land improvements	5-40 years

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

Leases 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 term of the lease. 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 expenses in the Consolidated Statement of Operations.

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.

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

AHS participates in 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.

(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.

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

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

(i) Liability for Contaminated Sites

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

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

(j) Foreign Currency Translation

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

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

(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 and Internally Restricted Surplus for Insurance Equity Requirements and Foundations.

(l) Measurement Uncertainty

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

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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(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.
- **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 – Intangible Assets (effective April 1, 2023)**
PSG-8 provides guidance on the recognition, accounting, and classification of purchased intangible assets.

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

Note 3 Budget

The 2020-21 annual budget was submitted to the Minister on February 3, 2020 and was included as part of the Minister's published budget submission that was approved by the Legislative Assembly on March 17, 2020.

Note 4 Other Government Transfers

	Budget	2021	2020
Recognition of expended deferred capital revenue	\$ 282,000	\$ 275,022	\$ 308,581
Restricted operating	105,000	154,063	92,152
Unrestricted operating	40,000	32,844	34,035
	\$ 427,000	\$ 461,929	\$ 434,768

Other government transfers include \$384,161 (2020 – \$425,845) transferred from the Province of Alberta, \$77,768 (2020 – \$8,923) 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	2021	2020
Unrestricted operating	\$ 3,000	\$ 12,162	\$ 3,940
Restricted operating (Note 14)	122,000	138,268	157,289
Recognition of expended deferred capital revenue (Note 16 (a))	36,000	34,210	34,470
Endowment contributions	-	230	281
	\$ 161,000	\$ 184,870	\$ 195,980

Note 6 Investment and Other Income

	Budget	2021	2020
Investment income	\$ 65,000	\$ 63,660	\$ 80,243
Other income:			
Province of Alberta (Note 22)	31,000	23,369	28,077
AH	11,000	12,520	12,562
Other ⁽ⁱ⁾	72,000	99,970	105,870
	\$ 179,000	\$ 199,519	\$ 226,752

⁽ⁱ⁾ The Other balance of \$99,970 (2020 - \$105,870) mainly relates to recoveries for services provided to third parties.

Note 7 Support Services

	Budget	2021	2020
Facilities operations	\$ 882,000	\$ 927,997	\$ 905,659
Patient health records, food services, and transportation	429,000	440,661	436,326
Housekeeping, laundry, and linen	217,000	231,855	220,500
Materials management	169,000	196,806	177,684
Support services expense of full-spectrum contracted health service providers	150,000	162,745	152,542
Ancillary operations	103,000	88,705	97,099
Fundraising expenses and grants awarded	49,000	46,861	48,635
Other	271,000	234,927	248,760
	\$ 2,270,000	\$ 2,330,557	\$ 2,287,205

Note 8 Administration

	Budget	2021	2020
General administration	\$ 213,000	\$ 234,448	\$ 220,679
Human resources	115,000	114,337	114,865
Finance	75,000	73,480	74,969
Communications	25,000	27,986	24,771
Administration expense of full-spectrum contracted health service providers	38,000	41,996	38,260
	\$ 466,000	\$ 492,247	\$ 473,544

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.

The COVID-19 pandemic and the measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on AHS is not known at this time.

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

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

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. Volatility is determined using a ten year average based on fixed income and equity market fluctuations and is applied to the total portfolio. Based on the volatility average of 3.10% (2020 – 3.24%) 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 \$50,016 (2020 – \$28,877).

Note 9 Financial Risk Management**(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 \$49,592 or 2.21% of total portfolio investments (March 31, 2020 – \$42,045 or 2.84%).

(ii) Interest Rate Risk

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

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

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

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately \$52,994 (March 31, 2020 – \$53,634).

Interest bearing securities have the following average maturity structure:

	2021	2020
0 – 1 year	58%	9%
1 – 5 years	20%	47%
6 – 10 years	10%	19%
Over 10 years	12%	25%

Asset Class	Average Effective Market Yield	
	2021	2020
Money market instruments	0.20%	0.83%
Fixed income securities	1.35%	2.03%

(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, 2021, investments in non-Canadian equities represented 13.1% (March 31, 2020 – 18.4%) of total portfolio investments.

Note 9 Financial Risk Management (continued)

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, 2021, AHS held derivatives in the form of forward contracts for future settlement of \$8,000 (2020 – \$12,000). The fair value of these forward contracts as at March 31, 2021 was \$8 (2020 – \$1,253) and is included in portfolio investments (Note 10).

(b) Credit Risk

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

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

Under the investment bylaw and policies governing the consolidated investment portfolio, money market securities are limited to a rating of R1 or equivalent or higher, and no more than 10% may be invested in any one issuer unless guaranteed by the Government of Canada or a Canadian province. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher and no more than 40% of the total fixed income securities. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. AHS holds unrated mortgage fund investments which are classified as part of AHS' fixed income securities. Short selling is not permitted.

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2021. The unrated securities consist of low volatility pooled mortgages that are not rated on an active market.

Credit Rating	2021	2020
Investment Grade (AAA to BBB)	96%	89%
Unrated	4%	11%
	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(b).

Note 10 Portfolio Investments

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash held for investing purposes	\$ 119,313	\$ 119,313	\$ 112,072	\$ 112,072
Interest bearing securities:				
Money market securities	818,910	818,910	38,076	38,076
Fixed income securities	786,459	783,669	891,544	876,913
	1,605,369	1,602,579	929,620	914,989
Equities:				
Canadian equity investments	54,802	43,885	44,554	47,368
Canadian equity funds	83,912	65,759	66,937	73,807
Global equity funds	327,050	235,030	278,175	256,183
	465,764	344,674	389,666	377,358
Real estate pooled funds	40,623	40,342	40,837	40,267
	\$ 2,231,069	\$ 2,106,908	\$ 1,472,195	\$ 1,444,686

	2021	2020
Items at fair value		
Portfolio investments designated to the fair value category	\$ 2,176,259	\$ 1,426,388
Portfolio investments in equity instruments that are quoted in an active market	54,802	44,554
Derivatives	8	1,253
	\$ 2,231,069	\$ 1,472,195

Included in portfolio investments is \$227,688 (2020 – \$233,282) 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 \$75,668 (2020 – \$75,438).

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

	2021	2020
Accumulated remeasurement gains	\$ 55,777	\$ 3,832
Restricted unrealized net gains attributable to unexpended deferred operating revenue (Note 14(b))	68,384	23,677
	\$ 124,161	\$ 27,509

Fair Value Hierarchy

	2021			
	Level 1	Level 2	Level 3	Total
Cash held for investing purposes	\$ 119,313	\$ -	\$ -	\$ 119,313
Interest bearing securities:				
Money market securities	-	818,910	-	818,910
Fixed income securities	-	734,874	51,585	786,459
Equities:				
Canadian equity investments	54,802	83,912	-	138,714
Global equity funds	-	327,050	-	327,050
Real estate pooled funds	-	-	40,623	40,623
	\$ 174,115	\$ 1,964,746	\$ 92,208	\$ 2,231,069
Percent of total	8%	88%	4%	100%

Note 10 Portfolio Investments (continued)

	2020			
	Level 1	Level 2	Level 3	Total
Cash held for investing purposes	\$ 112,072	\$ -	\$ -	\$ 112,072
Interest bearing securities:				
Money market securities	-	38,076	-	38,076
Fixed income securities	-	816,331	75,213	891,544
Equities:				
Canadian equity investments	44,554	66,937	-	111,491
Global equity funds	-	278,175	-	278,175
Real estate pooled funds	-	-	40,837	40,837
	\$ 156,626	\$ 1,199,519	\$ 116,050	\$ 1,472,195
Percent of total	11%	81%	8%	100%

Reconciliation of Investments classified as level 3

	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)
Loss (gain) 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

	2020		
	Fixed income securities	Real estate pooled funds	Total
Beginning of year	\$ 164,738	\$ -	\$ 164,738
Purchases	4,763	40,268	45,031
Sales	(94,716)	-	(94,716)
Loss included in the Consolidated Statement of Remeasurement Gains and Losses	447	569	1,016
Transfers out	(19)	-	(19)
End of year	\$ 75,213	\$ 40,837	\$ 116,050

Note 11 Accounts Receivable

	2021			2020
	Gross	Allowance for Doubtful Accounts	Net	Net
AH operating transfers receivable	\$ 317,233	\$ -	\$ 317,233	\$ 268,119
Other capital transfers receivable	74,409	-	74,409	62,716
Patient accounts receivable	104,341	34,490	69,851	99,976
Drugs rebates receivable	59,731	-	59,731	60,624
AH capital transfers receivable	55,822	-	55,822	40,707
Other operating transfers receivable	17,540	-	17,540	21,667
Other accounts receivable	71,230	401	70,829	56,762
	\$ 700,306	\$ 34,891	\$ 665,415	\$ 610,571

Accounts receivable are unsecured and non-interest bearing. At March 31, 2020, the total allowance for doubtful accounts was \$35,016.

Note 12 Accounts Payable and Accrued Liabilities

	2021	2020
Payroll payable and related accrued liabilities	\$ 796,747	\$ 611,513
Trade accounts payable and accrued liabilities	713,204	636,041
Provision for unpaid claims ^(a)	214,611	208,830
Obligations under capital leases ^(b)	144,877	103,990
Other liabilities	63,338	51,540
	\$ 1,932,777	\$ 1,611,914

Accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of \$338,379 (2020 – \$305,843). Of these amounts, \$11,518 (2020 – \$13,002) comprise life lease deposits received from tenants of certain AHS' long term care facilities, amounts payable to AI of \$97,050 (2020 – \$109,150) related to a project funded by debt.

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

The provision has been estimated using the discounted value of claim liabilities using a discount rate of 1.90% (2020 – 2.25%) plus a provision for adverse deviation, based on actuarial estimates.

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

The obligations will be settled between 2021 and 2039 and have an implicit interest rate payable ranging from 0.92% to 5.07% (2020 – 1.93% to 5.07%).

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

Year ended March 31	Minimum Contract Payments
2022	\$ 34,643
2023	21,627
2024	10,372
2025	9,434
2026	8,462
Thereafter	88,625
	173,163
Less: interest	(28,286)
	\$ 144,877

Note 13 Employee Future Benefits

	2021	2020
Accrued vacation pay	\$ 626,599	\$ 582,819
Accumulating non-vesting sick leave ^(a)	130,745	124,652
SERP/SPP pension plans	3,442	4,524
	\$ 760,786	\$ 711,995

- (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.

	2021	2020
Funded status – deficit	\$ 149,885	\$ 153,419
Unamortized net actuarial (loss) gain	(19,140)	(28,767)
Accrued benefit liability	\$ 130,745	\$ 124,652

Note 13 Employee Future Benefits (continued)

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

	2021	2020
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	2.14%	3.51%
Discount rate – end of year	1.77%	2.14%
Rate of compensation increase per year	2020-21 0.25%	2019-20 0.75%
	2021-22 0.25%	2020-21 0.75%
	Thereafter 2.25%	Thereafter 2.75%

(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% (2020-46%) of the total membership in LAPP. AHS is not responsible for future funding of the plan deficit other than through contribution increases. As AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

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

(ii) LAPP Surplus

The LAPP carried out an actuarial valuation as at December 31, 2019 and these results were then extrapolated to December 31, 2020.

	December 31, 2020	December 31, 2019
LAPP net assets available for benefits	\$ 53,599,237	\$ 50,520,461
LAPP pension obligation	48,637,900	42,607,200
LAPP surplus	\$ 4,961,337	\$ 7,913,261

The 2021 and 2020 LAPP contribution rates are as follows:

Calendar 2021		Calendar 2020	
Employer	Employees	Employer	Employees
9.39% of pensionable earnings up to the YMPE and 13.84% of the excess	8.39% of pensionable earnings up to the YMPE and 12.84% of the excess	9.39% of pensionable earnings up to the YMPE and 13.84% of the excess	8.39% of pensionable earnings up to the YMPE and 12.84% of the excess

(c) Pension Expense

	2021	2020
Local Authorities Pension Plan	\$ 536,504	\$ 547,168
Defined contribution pension plans and group RRSPs	43,561	45,029
Other pension plans	4,417	2,473
	\$ 584,482	\$ 594,670

Note 14 Unexpended Deferred Operating Revenue

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

	2021				2020
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 115,061	\$ 25,019	\$ 265,871	\$ 405,951	\$ 453,219
Received or receivable during the year, net of repayments	3,051,861	48,361	141,468	3,241,690	1,493,467
Unexpended deferred operating revenue returned	(4,170)	(56)	(690)	(4,916)	(14,134)
Restricted investment income	153	2,031	10,833	13,017	13,128
Transferred from unexpended deferred capital revenue ⁽ⁱⁱ⁾	4,499	40,680	1,486	46,665	32,253
Transferred to expended deferred operating revenue	(789,166)	-	-	(789,166)	-
Recognized as revenue	(2,079,395)	(86,133)	(138,268)	(2,303,796)	(1,539,743)
Miscellaneous other revenue recognized	(154)	178	(12,707)	(12,683)	(13,565)
	298,689	30,080	267,993	596,762	424,625
Changes in unrealized net gains attributable to portfolio investments related to endowments and unexpended deferred operating revenue	1,507	(519)	43,719	44,707	(18,674)
Balance, end of year	\$ 300,196	\$ 29,561	\$ 311,712	\$ 641,469	\$ 405,951

⁽ⁱ⁾ The balance at March 31, 2021 for other government includes \$677 (2020 – \$1,007) 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, see Note 22.

⁽ⁱⁱ⁾ 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:

	2021				2020
	AH	Other Government	Donors and Non-Government	Total	Total
Research and education	\$ 10,038	\$ 3,505	\$ 175,335	\$ 188,878	\$ 176,891
COVID-19 pandemic response and Support (Note 26)	108,040	-	374	108,414	-
Support services	1,298	383	56,487	58,168	62,622
Physician revenue and alternate relationship plans	47,842	374	-	48,216	36,684
Addiction and mental health	41,379	3,753	765	45,897	35,127
Cancer prevention, screening and treatment	43,704	11	1,676	45,391	6,473
Primary Care Networks	21,095	-	-	21,095	24,778
Promotion, prevention and community	16,081	1,022	259	17,362	3,929
Long term care partnerships	-	17,304	-	17,304	15,093
Others less than \$10,000	9,121	190	13,049	22,360	20,677
	298,598	26,542	247,945	573,085	382,274
Unrealized net gain attributable to portfolio investments related to endowments and unexpended deferred operating revenue (Note 10)	1,598	3,019	63,767	68,384	23,677
	\$ 300,196	\$ 29,561	\$ 311,712	\$ 641,469	\$ 405,951

Note 15 Unexpended Deferred Capital Revenue

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

	2021				2020
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 37,670	\$ 4,637	\$ 66,516	\$ 108,823	\$ 128,394
Received or receivable during the year	247,143	115,609	50,562	413,314	332,786
Unexpended deferred capital revenue returned	(1,196)	-	-	(1,196)	(4,398)
Transferred to expended deferred capital revenue	(204,524)	(75,359)	(29,282)	(309,165)	(315,706)
Transferred to unexpended deferred operating revenue ⁽ⁱⁱ⁾	(4,499)	(40,680)	(1,486)	(46,665)	(32,253)
Balance, end of year	\$ 74,594	\$ 4,207	\$ 86,310	\$ 165,111	\$ 108,823

⁽ⁱ⁾ The balance at March 31, 2021 for other government all relates to the Province of Alberta, see 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:

	2021	2020
AH		
COVID-19 related projects and equipment	\$ 29,380	\$ -
Continuing Care Beds	20,000	-
Information systems	4,214	11,118
Medical Equipment Replacement Upgrade Program	322	1,457
Diagnostic equipment	216	18,189
Other equipment	20,462	6,906
Total AH	74,594	37,670
Other government		
Facilities and improvements	4,207	4,637
Total other government	4,207	4,637
Donors and non-government		
Equipment	74,540	59,809
Facilities and improvements	11,764	6,707
COVID-19 related projects and equipment	6	-
Total donors and non-government	86,310	66,516
	\$ 165,111	\$ 108,823

Note 16 Expended Deferred Revenue

	2021	2020
Expended deferred capital revenue ^(a)	\$ 7,826,892	\$ 7,359,615
Expended deferred operating revenue ^(b)	427,445	-
	\$ 8,254,337	\$ 7,359,615

- (a) Expended deferred capital revenue

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

	2021			Total	2020 Total
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government		
Balance, beginning of year	\$ 459,415	\$ 6,698,991	\$ 201,209	\$ 7,359,615	\$ 6,925,118
Transferred from unexpended deferred capital revenue	204,525	75,358	29,282	309,165	315,706
Contributed tangible capital assets	-	543,418	333	543,751	523,196
Less: amounts recognized as revenue	(76,407)	(275,022)	(34,210)	(385,639)	(404,405)
Balance, end of year	\$ 587,533	\$ 7,042,745	\$ 196,614	\$ 7,826,892	\$ 7,359,615

⁽ⁱ⁾ The balance includes \$5 of expended deferred capital revenue received from government entities outside the Province of Alberta (2020 – \$20). The remaining balance relates to the Province of Alberta, see Note 22.

Note 16 Expended Deferred Revenue (continued)**(b) Expended deferred operating revenue**

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

	2021			2020
	AH	Other Government ⁽ⁱ⁾	Total	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Transferred from unexpended deferred operating revenue	789,166	-	789,166	-
Contributed inventories for consumption	-	107,460	107,460	-
Less: amounts recognized as revenue	(401,251)	(67,930)	(469,181)	-
Balance, end of year	\$ 387,915	\$ 39,530	\$ 427,445	\$ -

⁽ⁱ⁾ The balance relates to contributions received from a government entity outside the Province of Alberta (2020 – \$ nil)

The balance at March 31, 2021 of expended deferred operating revenue pertains to purchased or contributed but unused COVID-19 supplies of \$417,201 (2020 - \$ nil) (Note 19) and a related prepayment of \$10,244 (2020 - \$nil).

Note 17 Debt

	2021	2020
Debtures ^(a) :		
Parkade loan #1	\$ 20,257	\$ 23,447
Parkade loan #2	20,334	22,984
Parkade loan #3	28,493	31,338
Parkade loan #4	116,390	124,680
Parkade loan #5	28,498	30,388
Parkade loan #6	20,559	21,576
Parkade loan #7	45,388	47,479
Parkade loan #8	155,200	157,000
Energy savings initiative loan	20,540	22,336
Other	-	323
	\$ 455,659	\$ 481,551

- (a)** In November 2019, *the Reform of Agencies, Boards and Commissions and Government Enterprises Act, 2019* (Bill 22) received Royal Assent in the Legislative Assembly of Alberta. This legislation included the new *Local Authorities Capital Financing Act* allowing for the dissolution of the Alberta Capital Finance Authority (ACFA) and the transfer of ACFA's operations to the Province of Alberta.

Alberta Treasury Board and Finance (TBF), on behalf of the Province, became responsible for the administration of ACFA's lending program effective November 1, 2020 following dissolution of ACFA on October 31, 2020.

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 built, 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, 2021.

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%
Other	March 2021	4.6000%

- (b) As at March 31, 2021, AHS has access to a \$220,000 (2020 - \$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, 2021, AHS has \$nil (2020 - \$nil) draws against this facility.

AHS also has access to a \$33,000 (2020 - \$33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties. At March 31, 2021, AHS has \$3,772 (2020 - \$4,687) 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, 2021.

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

Year Ended March 31	Principal	Interest	Total
2022	26,666	17,866	44,532
2023	27,811	16,721	44,532
2024	29,008	15,524	44,532
2025	30,258	14,274	44,532
2026	31,565	12,967	44,532
Thereafter	310,351	131,906	442,257
	\$ 455,659	\$ 209,258	\$ 664,917

During the year, the total interest related to debt was \$18,827 (2020 - \$15,864). Accrued interest at March 31, 2021 amounted to \$3,006 (2020 - \$3,153).

Note 18 Tangible Capital Assets

Cost	2020	Additions ^(a)	Transfers	Disposals/write-downs ^(b)	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 ^(c)	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 ^(b)	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 ^(c)	-	-	-	-	-
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

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

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

Note 18 Tangible Capital Assets (continued)

	Net Book Value	
	2021	2020
Facilities and improvements	\$ 6,097,484	\$ 5,469,399
Work in progress	1,492,842	1,744,688
Equipment	593,527	588,905
Information systems	565,191	471,010
Building service equipment	393,810	363,142
Land ^(c)	116,840	116,926
Leased facilities and improvements	60,475	68,360
Land improvements	35,094	33,530
	\$ 9,355,263	\$ 8,855,960

(a) Additions

Additions include total contributed tangible capital assets of \$543,751 (2020 – \$523,196) consisting of \$543,417 from AI (2020 – \$523,196) and \$334 from other sources (2020 – \$nil). Also included in additions is \$45,525 (2020 - \$nil) (Note 26) of COVID-19 related tangible capital assets. Capital lease additions amounted to \$63,214 (2020 – \$30,751).

(b) Write-Downs

Write-downs include work in progress of \$nil (2020 - \$22,615)

(c) Leased Land

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

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

(d) Leased Tangible Capital Assets

Tangible capital assets acquired through capital leases includes equipment, information systems and facilities with a cost of \$258,813 (2020 – \$192,092) and accumulated amortization of \$56,357 (2020 – \$43,354).

Note 19 Inventories for consumption

Included in the March 31, 2021 inventory balance is \$417,201 (2020 - \$nil) (Note 26) of COVID-19 supplies such as personal protective equipment (PPE) and rapid test kits.

Note 20 Accumulated Surplus

Accumulated surplus is comprised of the following:

	2021					2020
	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	\$ 34,417	\$ 940,370	\$ 75,438	\$ 82,376	\$ 1,132,601	\$ 1,278,424
Annual operating surplus (deficit)	103,672	-	-	-	103,672	(145,823)
Net investment in tangible capital assets	14,807	(14,807)	-	-	-	-
Transfer of insurance equity requirements and foundations surpluses	(1,574)	-	-	1,574	-	-
Transfer of endowment contributions	(230)	-	230	-	-	-
Balance, end of year	\$ 151,092	\$ 925,563	\$ 75,668	\$ 83,950	\$ 1,236,273	\$ 1,132,601

(a) Invested in Tangible Capital Assets

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

Reconciliation of invested in tangible capital assets:

	2021	2020
Tangible capital assets (Note 18)	\$ 9,355,263	\$ 8,855,960
Less funded by:		
Expended deferred capital revenue (Note 16 (a))	(7,826,892)	(7,359,615)
Debt (Note 17)	(455,659)	(481,551)
Unexpended debt	9,246	42,568
Obligations under capital leases (Note 12b)	(144,877)	(103,990)
Life lease deposits (Note 12)	(11,518)	(13,002)
	\$ 925,563	\$ 940,370

(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 \$230 (2020 - \$281) of contributions received in the year (Note 5).

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

Insurance equity requirements comprise surpluses of \$20,912 (2020 - \$28,237) related to equity of the LPIP mainly relating to legislative requirements per the Insurance Act. Foundations comprise surpluses amounting to \$63,038 (2020 - \$54,139) 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
2022	\$ 3,361,378	\$ 494,204	\$ 62,635	\$ 223,898	\$ 4,142,115
2023	1,601,636	291,095	55,084	32,442	1,980,257
2024	1,192,785	169,780	45,978	2,331	1,410,874
2025	938,482	107,136	38,349	-	1,083,967
2026	811,574	70,342	28,136	-	910,052
Thereafter	7,803,650	101,449	97,951	-	8,003,050
March 31, 2021	15,709,505	1,234,006	328,133	258,671	17,530,315
March 31, 2020	\$ 14,162,596	\$ 1,167,818	\$ 297,858	\$ 211,492	\$ 15,839,764

- (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, acquisitions, and procurement of medical supplies and food.

(b) Contingent Liabilities**i. Legal Claims**

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

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2021, 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 314 legal claims (2020 – 262 claims) related to conditions in existence at March 31, 2021 where the likelihood of the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 258 claims have \$728,811 in specified amounts and 56 have no specified amounts (2020 – 222 claims with \$498,678 of specified claims and 40 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 19 (2020 – nil) collective agreements that have expired and are currently under negotiation at March 31, 2021. The outcome of these negotiations is not determinable at this time and no accrual has been made in the consolidated financial statements.

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. 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	
	2021	2020	2021	2020
Alberta Advanced Education	\$ 55,415	\$ 56,092	\$ 182,453	\$ 191,053
Alberta Infrastructure ^(c)	319,155	343,065	252	222
Other ministries ^(d)	35,040	58,326	57,497	29,794
Total for the year	\$ 409,610	\$ 457,483	\$ 240,202	\$ 221,069

	Receivable from		Payable to	
	2021	2020	2021	2020
Alberta Advanced Education ^(b)	\$ 6,115	\$ 6,545	\$ 32,561	\$ 33,967
Alberta Infrastructure ^(c)	43,834	25,477	97,050	109,150
Other ministries ^(d)	8,395	12,128	459,148	488,080
Balance, end of year	\$ 58,344	\$ 44,150	\$ 588,759	\$ 631,197

- (a) Revenues with Province of Alberta ministries include other government transfers of \$384,161 (2020 – \$425,845), (Note 4), other income of \$23,369 (2020 – \$28,077) (Note 6), and fees and charges of \$2,080 (2020 – \$3,561).
- (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 revenue and expense transactions 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 and funding of tangible capital assets. These transactions include operating transfers of \$44,614 (2020 – \$35,271) and recognition of expended deferred capital revenue of \$274,541 (2020 – \$307,794) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives. Not included in the table above but included in total amounts disclosed in Note 18(a) is the transfer of land and other tangible capital assets from AI of \$543,417 (2020 – \$523,196).
- (d) The payable transactions with other ministries include the debt payable to TBF (Note 17(a)).

At March 31, 2021, AHS has recorded deferred revenue from other ministries within the Province of Alberta, excluding AH, of \$28,884 (2020 – \$24,012) related to unexpended deferred operating revenue (Note 14), \$4,207 (2020 – \$4,637) related to unexpended deferred capital revenue (Note 15) and \$7,042,740 (2020 – \$6,698,971) 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.

	2021	2020
Financial assets (portfolio investments, accounts receivable, other assets)	\$ 67,275	\$ 74,273
Liabilities (trade accounts payable, unexpended deferred operating revenue)	67,275	74,273
Accumulated surplus	\$ -	\$ -
Total revenues	\$ 260,508	\$ 260,975
Total expenses	260,508	260,975
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:

	2021	2020
Financial assets	\$ 108,516	\$ 128,181
Liabilities	17,698	17,486
Net financial assets	\$ 90,818	\$ 110,695
Non-financial assets	12	4
Net assets	\$ 90,830	\$ 110,699

AHS has included in prepaid expenses \$57,179 (2020 – \$74,828) representing in substance a prepayment of future premiums to the HBTA. For the fiscal year ended March 31, 2021, AHS paid premiums of \$431,569 (2020 – \$407,512) which is approximately 98% (2020 – 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, 2021, the balance of funds held in trust by AHS for research and development is \$100 (2020 – \$100).

AHS holds funds in trust from continuing care residents for personal expenses. As at March 31, 2021, the balance of these funds is \$1,595 (2020 – \$1,390). 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, 2021, there are \$30,329 in plan assets (2020 - \$29,181). 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.

Note 25 Segment Disclosure**(i) Information technology**

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

(j) Support services

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

(k) Administration

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

Note 26 Impact of COVID-19

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

AHS continues to support Albertans with contact tracing, testing and treatment required in the response against COVID-19. AHS is working with the Province on deployment of the COVID-19 vaccine program as vaccine doses are received from AH.

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

- The provision of personal protective equipment for the overall safety of Albertans. AHS continues to enter into significant purchase commitments to secure essential supplies required for the delivery of healthcare services. At the direction of the Minister, AHS also acquired personal protective equipment to provide to other provinces;
- Increases in funding provided to third party service providers, including long term care providers which have been significantly impacted by COVID-19;
- The operation of assessment and treatments centers, including significantly higher laboratory testing relating to COVID-19;
- Increasing capacity at acute care sites for treatment of COVID-19 cases as a result of increased demand for hospital supplies and equipment;
- Delays or deferrals of certain health care related services;
- Programs such as the critical worker benefit, which provide one-time payments to support front line workers;
- Redeployment of parts of the AHS workforce as the organization responded with measures such as contact tracing and testing, and health link support;
- Vaccine deployment initiatives including staffing and operational and information technology costs relating to the setup of various vaccination facilities;
- Temporary suspension of parking fees at all sites for patients and staff;
- Delays in the implementation of certain information systems initiatives; and
- Receiving donated ventilators, supplies and personal protective equipment as Albertans came together to assist in the response to COVID-19.

Note 26 Impact of COVID-19 (continued)

In order to support COVID -19 initiatives, AHS received contributions totaling approximately \$2,042,730 during the year which were utilized as follows:

- \$817,213 for incremental operating expenditures arising from activities performed by AHS as described above;
- \$896,626 relating mainly to the purchase and contributions received of inventory items, of which \$417,201 remained on hand as at March 31, 2021 (see Note 19);
- \$145,566 for lost revenue resulting from reduced out of province and out of country patient billings, parking, self-pay medical fees, retail food services and rent abatements; and
- \$45,525 in the acquisition of tangible capital assets (see Note 18(a)).

The remaining unexpended contributions have been included in unexpended deferred operating revenue of \$108,414 (see Note 14(b)) and unexpended deferred capital revenue of \$29,386 (see Note 15(b)) and will be utilized in the next fiscal year.

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

Note 27 Corresponding Amounts

Certain amounts have been reclassified to conform to 2021 presentation.

Note 28 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the AHS Board on June 1, 2021 and submitted to the Minister for approval.

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

	2021		2020
	Budget (Note 3)	Actual	Actual
Salaries and benefits	\$ 8,315,000	\$ 8,836,269	\$ 8,530,683
Contracts with health service providers	2,805,000	3,078,611	2,823,741
Contracts under the Health Care Protection Act	28,000	21,828	20,041
Drugs and gases	501,000	592,640	560,661
Medical supplies	584,000	652,304	581,490
Other contracted services	1,341,000	1,368,110	1,319,640
Other ^(a)	1,214,000	1,572,070	1,196,379
Amortization and loss on disposals/write-downs of tangible capital assets (Note 18)	586,000	563,582	581,723
	\$ 15,374,000	\$ 16,685,414	\$ 15,614,358
(a) Significant amounts included in Other are:			
Housekeeping, laundry and linen, staff wearing apparel, plant maintenance and biomedical engineering supplies ⁽ⁱ⁾	\$ 81,000	\$ 439,087	\$ 86,877
Equipment expense	217,000	237,216	223,174
Utilities	114,000	129,022	115,577
Building rent	116,000	128,496	126,387
Building and ground expenses	124,000	95,966	85,683
Minor equipment purchases	47,000	74,794	51,922
Food and dietary supplies	77,000	69,530	80,855
Insurance and liability claims	39,000	58,180	42,439
Office supplies	51,000	57,701	60,311
Fundraising and grants awarded	49,000	47,323	52,298
Telecommunications	36,000	34,339	39,983
Travel	49,000	22,473	39,809
Licenses, fees and memberships	19,000	21,116	21,650
Education	18,000	8,325	11,893
Other	177,000	148,502	157,521
	\$ 1,214,000	\$ 1,572,070	\$ 1,196,379

⁽ⁱ⁾ Includes PPE, such as procedural masks, N95's, gowns, face shields and goggles, as well as other COVID-19 supplies such as hand sanitizers, disinfecting wipes and other cleaning supplies.

SCHEDULE 2 - CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31

SCHEDULE 2A – BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2021

	Term	2021 Committees	2021 Remuneration	2020 Remuneration
Board Chairs^(f)				
David Weyant	Since Aug 20, 2019	AOC, ARC, CEC, FC, GC, HRC, QSC	\$ 71	\$ 43
Linda Hughes	Nov 27, 2015 to Aug 19, 2019	-	-	26
Board Members				
Dr. Sayeh Zielke (Vice Chair)	Since Sep 28, 2020	ARC, CEC, FC, GC, HRC, QSC	21	-
Dr. Brenda Hemmelgarn (Vice Chair)	Nov 27, 2015 to Jan 22, 2021	CEC (Chair), FC, QSC	36	49
Deborah Apps	Since Jan 19, 2021	CEC, FC, QSC	6	-
David Carpenter	Since Nov 27, 2015	ARC (Chair), FC (Chair), HRC	37	34
Heather Crowshoe	Nov 3, 2016 to Nov 2, 2019	-	-	17
Tony Dagnone	Since Jan 19, 2021	FC, HRC, QSC	8	-
Richard Dicerni	Nov 27, 2015 to Aug 31, 2020	FC, HRC (Chair)	10	28
Sherri Fountain	Since Jan 19, 2021	AOC, FC, GC (Chair), HRC	8	-
Linda Hughes	Aug 20, 2019 to Sep 30, 2019	-	-	1
Stephen Mandel	Since Sep 25, 2019	AOC (Chair), CEC, FC, QSC	32	16
Heidi Overguard	Since Sep 25, 2019	AOC, CEC, FC, GC, HRC (Chair)	33	17
Natalia Reiman	Since Jan 19, 2021	CEC, FC, GC, HRC	8	-
Hugh Sommerville	Nov 27, 2015 to Jan 25, 2021	ARC, FC, GC (Chair)	24	32
Marliss Taylor	Nov 27, 2015 to Oct 24, 2019	-	-	18
Brian Vaasjo	Since Aug 20, 2019	AOC, ARC, FC, GC	32	19
Glenda Yeates	Since Nov 27, 2015	ARC, FC, QSC (Chair)	33	32
Vicki Yellow Old Woman	Since Sep 28, 2020	ARC, CEC (Chair), FC, GC, HRC	19	-
Board Committee Participants^(g)				
Dr. Brian Postl	Since Jan 1, 2018	QSC	3	2
Gord Winkel	Since Nov 27, 2015	QSC	3	2
Total Board			\$ 384	\$ 336

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 SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2021**

For the Current 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							
Andrea Beckwith-Ferraton – Chief Ethics and Compliance Officer ^(f)	0.57	\$ 121	\$ -	\$ 25	\$ 146	\$ -	\$ 146
Ronda White – Chief Audit Executive ^(j,s)	1.00	277	1	75	353	-	353
Dr. Verna Yiu – President and Chief Executive Officer ^(k,t)	1.00	574	-	119	693	-	693
CEO Direct Reports							
Dr. Francois Belanger – VP, Quality and Chief Medical Officer ^(l,s)	1.00	464	-	73	537	-	537
Dr. Ted Braun – VP and Medical Director, Clinical Operations ^(s)	1.00	397	-	92	489	-	489
Mauro Chies – VP, Cancer Care Alberta and Clinical Support Services ^(s)	1.00	330	-	81	411	-	411
Sean Chilton – VP, People, Health Professions and Information Technology ^(m,s)	1.00	330	1	68	399	-	399
Tina Giesbrecht – General Counsel ^(n,s)	0.43	109	3	30	142	-	142
Todd Gilchrist – VP, People ^(o,u)	0.57	255	-	39	294	-	294
Deb Gordon – VP and Chief Operating Officer, Clinical Operations ^(s)	1.00	370	-	135	505	-	505
Robert Hawes – Interim VP, Corporate Services and Chief Financial Officer ^(p,v)	0.27	96	9	4	109	-	109
Dr. Mark Joffe – VP and Medical Director, Cancer Care Alberta, Clinical Support Services and Provincial Clinical Excellence ^(q,w)	1.00	450	33	44	527	-	527
Colleen Purdy – VP, Corporate Services and Chief Financial Officer ^(r,s)	0.75	301	-	90	391	-	391
Dr. Kathryn Todd – VP, Provincial Clinical Excellence ^(q,w)	1.00	289	14	47	350	-	350
Colleen Turner – VP, Community Engagement and Communications ^(s)	1.00	330	-	72	402	-	402
Total Executive	12.59	\$ 4,693	\$ 61	\$ 994	\$ 5,748	\$ -	\$ 5,748

SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021

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

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.

	2021			2020		Account Balance ⁽³⁾ or Accrued Benefit Obligation March 31, 2020	Change During the Year ⁽⁴⁾	Account Balance ⁽³⁾ or Accrued Benefit Obligation March 31, 2021
	SPP	SERP						
	Current Period Benefit Costs ⁽¹⁾	Other Costs ⁽²⁾	Total	Total				
Andrea Beckwith-Ferraton - Chief Ethics and Compliance Officer	\$ 4	\$ -	\$ 4	\$ 6	\$ -	\$ 25	\$ 7	\$ 32
Dr. Francois Belanger - VP, Quality and Chief Medical Officer	35	-	35	36	-	326	66	392
Dr. Ted Braun - VP and Medical Director, Clinical Operations	-	11	11	-	-	206	12	218
SERP	27	-	27	28	-	189	43	232
Mauro Chies - VP, Cancer Care Alberta and Clinical Support Services	19	-	19	20	-	138	30	168
Sean Chilton - VP, People, Health Professions and Information Technology	19	-	19	20	-	198	35	233
Tina Giesbrecht - General Counsel	10	-	10	11	-	64	17	81
Todd Gilchrist - VP, People	19	-	19	34	-	191	(191)	-
Deb Gordon - VP and Chief Operating Officer, Clinical Operations	-	36	36	(1)	-	642	41	683
SERP	23	-	23	25	-	219	36	255
Robert Hawes - Interim VP, Corporate Services and Chief Financial Officer ^(v)	-	-	-	-	-	-	-	-
Dr. Mark Joffe - VP and Medical Director, Cancer Care Alberta, Clinical Support Services and Provincial Clinical Excellence ^(w)	-	-	-	-	-	-	-	-
Colleen Purdy - VP, Corporate Services and Chief Financial Officer	20	-	20	-	-	-	20	20
Dr. Kathryn Todd - VP, Provincial Clinical Excellence ^(w)	-	-	-	-	-	-	-	-
Colleen Turner - VP, Community Engagement and Communications	19	-	19	20	-	150	33	183
Ronda White - Chief Audit Executive	12	-	12	13	-	118	21	139
Dr. Verna Yiu - President and Chief Executive Officer	48	-	48	49	-	203	66	269

(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 CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2021

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, 2021, the number of work days at AHS is 261 (2020 – 262 work days).
- i. As a result of restructuring, the incumbent ceased to be a direct report to the Board effective October 26, 2020.
- j. The incumbent received a vacation payout of \$16 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- k. The incumbent is engaged in an employment agreement with AHS while on leave of absence from the University of Alberta. The contract term ends June 2, 2021.
- l. The incumbent received a vacation payout of \$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.
- m. The incumbent received vacation payouts totaling \$26 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. As a result of restructuring, the incumbent became a direct report to the President and Chief Executive Officer effective October 26, 2020.
- o. The incumbent held the position until October 23, 2020 at which time the incumbent left AHS. At this time, the incumbent received a vacation payout of \$49 for unused accrued vacation at the time of departure; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- p. The term of the temporary position ended July 8, 2020.
- q. 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.
- r. The incumbent was appointed to the position effective July 1, 2020.

Termination Obligations

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

**FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021**

- t. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to one month base salary for each completed month of service during the first year of the term or, after completion of one year of service of the term, 12 months base salary.
- u. Based on the provision of the applicable SPP, the following outlines the benefits received by the incumbent who terminated employment with AHS within the 2020-21 fiscal period. As a result of this termination, the incumbent is entitled to the benefits accrued to them up to the date of termination. For participants of SPP, the benefit includes the account balances as at March 31, 2020 and the current period benefit costs and investment gains or losses related to the account that were incurred during the current year.

Supplemental Plan Commencement Date	Benefit (not in thousands)	Frequency	Payment Terms
May 4, 2015	\$219,030	Once	November 2020

- v. There is no severance associated with the temporary position.
- w. 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

	2021								Total
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Care Protection Act	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	
Continuing care	\$ 330,419	\$ 930,329	\$ -	\$ 8,301	\$ 5,679	\$ 9,293	\$ 31,942	\$ 2,570	\$ 1,318,533
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	3,084,131	406,462	21,828	546,778	339,940	556,025	200,813	65,592	5,221,569
Ambulance services	311,550	172,407	-	2,001	4,878	1,499	31,427	18,701	542,463
Diagnostic and therapeutic services	1,665,709	300,123	-	25,632	246,237	313,965	117,549	50,385	2,719,600
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	120,234	19,653	119	333,133
Information technology	302,708	18,285	-	-	7	28,092	175,120	102,580	626,792
Support services	1,113,775	164,706	-	2,541	7,406	130,816	591,618	319,695	2,330,557
Administration	368,214	17,027	-	2	236	30,795	73,025	2,948	492,247
Total	\$ 8,836,269	\$ 3,078,611	\$ 21,828	\$ 592,640	\$ 652,304	\$ 1,368,110	\$ 1,572,070	\$ 563,582	\$ 16,685,414

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

	2020								
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Care Protection Act	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	Total
Continuing care	\$ 321,316	\$ 806,123	\$ -	\$ 7,881	\$ 4,533	\$ 5,802	\$ 28,489	\$ 2,324	\$ 1,176,468
Community care	698,728	698,918	-	4,445	3,451	52,003	67,693	551	1,525,789
Home care	338,741	257,699	-	187	9,308	88,298	22,244	84	716,561
Acute care	3,022,568	388,383	20,041	511,365	356,465	562,803	148,107	56,075	5,065,807
Ambulance services	305,282	173,494	-	2,018	3,945	1,472	27,322	17,129	530,662
Diagnostic and therapeutic services	1,595,207	289,472	-	24,473	188,168	286,529	106,626	49,091	2,539,566
Population and public health	305,676	14,620	-	7,704	4,809	10,225	13,825	258	357,117
Research and education	189,530	3,495	-	103	1,364	124,776	25,217	149	344,634
Information technology	298,101	735	-	-	29	40,667	166,852	90,621	597,005
Support services	1,102,401	152,542	-	2,481	9,167	115,228	541,106	364,280	2,287,205
Administration	353,133	38,260	-	4	251	31,837	48,898	1,161	473,544
Total	\$ 8,530,683	\$ 2,823,741	\$ 20,041	\$ 560,661	\$ 581,490	\$ 1,319,640	\$ 1,196,379	\$ 581,723	\$ 15,614,358