

ASPEN REGIONAL HEALTH AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2005

Aspen Regional Health Authority

Financial Statements
March 31, 2005

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers



ASPEN REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

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

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

The Authority carries out its responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP, to review financial matters, and recommends the financial statements to the Aspen Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed]

Robert B. Cable
President and Chief Executive Officer

[Original Signed]

Shelly Pusch
Vice President Corporate Services

- 2 -



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June 15, 2005

Auditors' Report

**To the Members of
Aspen Regional Health Authority and the Minister of Alberta Health and Wellness**

We have audited the statement of financial position of Aspen Regional Health Authority (the "Authority") as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed]

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

- 3 -



**ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION**

March 31, 2005

(in thousands)

	<u>2005</u>	<u>2004</u>
	Actual	Actual
ASSETS		
Current:		
Cash and investments (Note 3)	50,582	23,477
Accounts receivable	4,317	5,853
Contributions receivable from Alberta Health and Wellness	3,774	2,115
Inventories	1,452	1,489
Prepaid expenses	1,399	864
	<u>61,524</u>	<u>33,798</u>
Non-current cash and investments (Note 3)	17,774	14,450
Capital assets (Note 4)	128,304	127,971
Other assets (Note 5)	2,547	2,629
TOTAL ASSETS	<u>\$ 210,149</u>	<u>\$ 178,848</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	19,848	16,912
Accrued vacation pay	9,369	8,463
Deferred contributions (Schedule 3)	9,274	7,272
	<u>38,491</u>	<u>32,647</u>
Deferred contributions (Schedule 3)	2,547	2,629
Deferred capital contributions (Note 6)	28,867	5,599
Unamortized external capital contributions (Note 7)	118,694	117,153
	<u>188,599</u>	<u>158,028</u>
Net assets:		
Accumulated surplus (Note 8)	11,940	10,002
Investment in capital assets (Note 4)	9,610	10,818
	<u>21,550</u>	<u>20,820</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 210,149</u>	<u>\$ 178,848</u>

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

**ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS**

March 31, 2005

(in thousands)

	<u>2005</u>		<u>2004</u>
	Budget	Actual	Actual
	(Note 10)		
Revenue			
Alberta Health and Wellness contributions (Note 11)	190,316	190,316	174,585
Other government contributions (Note 12)	2,222	2,357	2,431
Fees and charges (Note 13)	19,734	20,556	17,521
Ancillary operations, net (Note 14)	196	303	191
Donations	400	368	262
Investment and other income (Note 15)	5,392	6,441	5,954
Amortized external capital contributions (Note 7)	8,018	7,818	7,273
TOTAL REVENUE	<u>226,278</u>	<u>228,159</u>	<u>208,217</u>
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	32,926	34,038	31,443
Facility-based emergency and outpatient services	20,633	18,935	17,276
Facility-based continuing care services	30,893	29,730	28,265
Community-based care	11,995	12,028	11,111
Home care	12,546	12,372	11,175
Diagnostic and therapeutic services	41,035	41,144	36,122
Promotion, prevention and protection services	10,034	9,463	8,421
Administration (Note 16)	8,946	8,779	8,279
Information technology	2,845	3,864	1,903
Support services (Note 17)	49,706	51,869	49,080
Amortization of facilities and improvements	5,190	5,207	5,239
TOTAL EXPENSES	<u>226,749</u>	<u>227,429</u>	<u>208,314</u>
Excess (deficiency) of revenue over expense	<u>\$ (471)</u>	<u>\$ 730</u>	<u>\$ (97)</u>



**ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS**

March 31, 2005

(in thousands)

	2005		2004	
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenue over expense	730	-	730	(97)
Capital assets purchased with internal funds	(706)	706	-	-
Amortization on internally funded capital assets	1,914	(1,914)	-	-
Net change	\$ 1,938	\$ (1,208)	\$ 730	\$ (97)
Balance at beginning of year	10,002	10,818	20,820	20,917
Balance at end of year	\$ 11,940	\$ 9,610	\$ 21,550	\$ 20,820

**ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS**

March 31, 2005

(in thousands)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expense	(471)	730	(97)
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	1,947	1,787	1,894
- externally funded	2,939	2,686	2,147
- ancillary operations	43	4	4
Amortization of facilities and improvements:			
- internally funded	163	99	98
- externally funded	5,026	5,127	5,126
- ancillary operations	68	27	32
Amortized external capital contributions (Note 7)	(8,018)	(7,818)	(7,273)
- ancillary operations (Note 7)	(111)	(31)	(36)
Amortization of advances under long term care partnerships	83	82	83
Amortized long term care partnership contributions	(83)	(82)	(83)
Loss on disposal of capital equipment:			
- internally funded	-	28	13
- externally funded	-	5	-
Gain on disposal of investments	-	(1,041)	(755)
Transferred to deferred contributions	-	1,708	1,444
Changes in non-cash working capital account	(1,713)	5,223	4,138
Cash generated from (used) by operations	(127)	8,534	6,735
Investing activities:			
Purchase of investments	(20,000)	(52,074)	(22,770)
Purchase of capital assets:			
- internally funded equipment	(500)	(388)	(2,041)
- internally funded facilities & improvements	-	(318)	(250)
- externally funded equipment (Note 7)	(2,140)	(3,471)	(2,994)
- externally funded facilities & improvements (Note 7)	(1,307)	(5,919)	(2,613)
Proceeds on sale of investments	20,000	50,426	23,342
Proceeds on sale of capital assets	-	-	219
Allocations (to) non-current cash	-	(635)	(2,397)
Cash used by investing activities	(3,947)	(12,379)	(9,504)
Financing activities:			
Capital contributions received	2,780	30,950	9,131
Cash generated from financing activities	2,780	30,950	9,131
Increase (decrease) in cash and investments	(1,294)	27,105	6,362
Cash and investments, beginning of year	23,477	23,477	17,115
Cash and investments, end of year	\$ 22,183	\$ 50,582	\$ 23,477



**ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

MARCH 31, 2005

(in thousands)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

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

Athabasca Healthcare Centre	Seton Hospital - Jasper
Barrhead Healthcare Centre	Slave Lake Health Complex
Boyle Healthcare Centre	Smoky Lake Nursing Home
Cold Lake Health Centre	St. Therese Health Centre
Dr W.R. Keir Care Centre	Swan Hills Healthcare Centre
Edson and District Health Care Centre	Wabasca/Desmarais General Hospital
Elk Point Health Centre	Westlock Healthcare Centre
George McDougall Memorial Health Centre	Westlock Long Term Care Centre
Glendon Community Clinic	Whitecourt Healthcare Centre
Hinton General Hospital	William J. Cadzow Health Centre
J.P. Decosse Auxiliary	Aspen Community Services Sites
Mayerthorpe Healthcare Centre	Aspen Mental Health Sites
Our Lady's Community Clinic	Aspen Corporate and Administrative Offices
Radway Continuing Care Centre	

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Notes 9, 18(d) and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 24 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

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

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.
- (ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.
- (iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.
- (iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
- (v) Unrestricted investment income is recognized in the year earned.
- (vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.
- (vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

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

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.



Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts and contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Land improvements	8-20 years
Buildings	15-45 years
Building service equipment	10-20 years
Equipment	3-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Measurement Uncertainty

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



Note 3 Cash and Investments

	2005	2004
Cash	51,752	22,995
Treasury bills	378	95
Money market securities	450	-
Bonds (market value \$10,760)	10,618	10,296
Equities (market value \$6,232)	5,158	4,541
Total current & non-current cash and investments	\$ 68,356	\$ 37,927
Classified as:		
Current	50,582	23,477
Non current	17,774	14,450
Total cash and investments	\$ 68,356	\$ 37,927

- (i) Treasury bills mature on June 16, 2005 and bear interest at 2.46% paid annually.
- (ii) Money market securities bear interest at 2.57% paid annually.
- (iii) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.
- (iv) Fixed-income securities, such as bonds, have an average effective yield of 6.75% per annum based on the market for securities maturing in a year, and 5.54% per annum for securities maturing between one and twenty-eight years. As at March 31, 2005, the securities have the following maturity structure:

	%
Under 1 year	1%
1 to 5 years	21%
5 to 10 years	41%
Over 10 years	37%
- (v) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Non-current cash and investments represent the following:

Externally restricted for capital acquisitions	2,150	5,599
Internally restricted for capital acquisitions	8,485	8,486
Unrestricted non-current investments	7,139	365
	\$ 17,774	\$ 14,450

Note 4 Capital Assets

Capital Asset	Cost				
	Opening Balance April 1, 2004	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2005
Land	2,532	-	-	-	2,532
Land improvements	5,421	-	253	-	5,674
Buildings	191,260	1,179	-	-	192,439
Building service equipment	11,913	-	-	-	11,913
Equipment	54,289	-	3,858	(1,762)	56,385
Construction in progress	2,433	(1,179)	5,985	-	7,239
	\$ 267,848	\$ -	\$ 10,096	\$ (1,762)	\$ 276,182

Capital Asset	Accumulated Amortization				Net Book Value 2005	Net Book Value 2004
	Opening Balance April 1, 2004	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2005		
Land	-	-	-	-	2,532	2,532
Land improvements	3,742	252	-	3,994	1,680	1,679
Buildings	87,396	4,745	-	92,141	100,298	103,864
Building service equipment	9,585	256	-	9,841	2,072	2,328
Equipment	39,154	4,477	(1,729)	41,902	14,483	15,135
Construction in progress	-	-	-	-	7,239	2,433
	\$ 139,877	\$ 9,730	\$ (1,729)	\$ 147,878	\$ 128,304	\$ 127,971

Capital assets were funded from the following sources:

	2005	2004
Externally funded	118,694	117,153
Internally funded	9,610	10,818
	\$ 128,304	\$ 127,971

Note 5 Other Assets

	<u>2005</u>	<u>2004</u>
Advances under long-term care partnership agreements	2,629	2,712
Amortized during the year	<u>(82)</u>	<u>(83)</u>
Balance, end of year	<u>\$ 2,547</u>	<u>\$ 2,629</u>

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Authority and private organizations by providing a one-time, up-front capital grant to the Authority. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Authority provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 40 years, which is equivalent to the term of the partnership agreement plus a renewable option period. The Authority does not accrue interest on the loan as the Authority will forgive the balance of the loan following the expiry of the term of the agreement.

Note 6 Deferred Capital Contributions

	<u>2005</u>	<u>2004</u>
Amounts received:		
Restricted Alberta Health and Wellness contributions	3,082	1,890
Restricted other government contributions	27,383	7,241
Restricted other health authority contributions	440	-
Donations restricted for capital purposes	<u>45</u>	<u>-</u>
	30,950	9,131
Transferred (to) from:		
Unamortized external capital contributions (Note 7)	(9,390)	(5,607)
Deferred contributions	<u>1,708</u>	<u>1,445</u>
Change during the year	23,268	4,969
Balance, beginning of year	<u>5,599</u>	<u>630</u>
Balance, end of year	<u>\$ 28,867</u>	<u>\$ 5,599</u>

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

Equipment replacement	-	360
Betterment of capital assets	4,933	407
New Construction	<u>23,934</u>	<u>4,832</u>
	<u>\$ 28,867</u>	<u>\$ 5,599</u>



Note 7 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2(a)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2005	2004
Balance, beginning of year	117,153	118,855
Transfers from deferred capital contributions (Note 6)	9,390	5,607
Less amounts recognized as revenue:		
Amortization of external capital contributions:		
Equipment	(2,686)	(2,147)
Facilities & improvements	(5,127)	(5,126)
Ancillary operations equipment	(4)	(4)
Ancillary operations facilities & improvements	(27)	(32)
Writedown of externally funded facilities and equipment	-	-
Writedown of externally funded equipment	(5)	-
	<u>(7,849)</u>	<u>(7,309)</u>
Balance, end of year	<u>\$ 118,694</u>	<u>\$ 117,153</u>

Note 8 Accumulated Surplus

The Authority's accumulated surplus comprises the following:

	2005	2004
Unrestricted net assets	3,455	1,516
<u>Internally restricted net assets</u>		
Future equipment replacement	8,485	8,486
	<u>\$ 11,940</u>	<u>\$ 10,002</u>

Note 9 Commitments and Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

The Authority is committed to operating lease payments in future years as follows:

2006	271
2007	51
2008	11
2009	11
2010 and thereafter	11
	<u>\$ 355</u>

The leases expire at various dates from 2005 to 2012.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 18(d)). The Authority has contracted for services in the year ending March 31, 2006 similar to those provided by these operators in 2005.



Note 10 Budget

	2004/05 Approved Budget (1)	Additional Funding (2)	2004/05 Reported Budget
Revenue			
Alberta Health and Wellness contributions	189,101	1,215	190,316
Other government contributions	2,222	-	2,222
Fees and charges	19,734	-	19,734
Ancillary operations, net	196	-	196
Donations	400	-	400
Investment and other income	5,392	-	5,392
Amortized external capital contributions	8,018	-	8,018
TOTAL REVENUE	225,063	1,215	226,278
Expenses			
Facility-based inpatient acute nursing services	32,695	231	32,926
Facility-based emergency and outpatient services	20,644	(11)	20,633
Facility-based continuing care services	30,639	254	30,893
Community-based care	11,995	-	11,995
Home care	12,546	-	12,546
Diagnostic and therapeutic services	40,985	50	41,035
Promotion, prevention and protection services	9,820	214	10,034
Administration	8,946	-	8,946
Information technology	2,501	344	2,845
Support services	49,573	133	49,706
Amortization of facilities and improvements	5,190	-	5,190
TOTAL EXPENSES	225,534	1,215	226,749
Deficiency of revenue over expense	\$ (471)	\$ -	\$ (471)

- (1) The budget was approved by the Board of the Authority on April 22, 2004 and submitted to the Minister of Health and Wellness for approval. An updated budget was approved by the Board of the Authority August 25, 2004 as a result of additional funding announced June 30, 2004 and submitted to the Minister of Health and Wellness for approval.
- (2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

Note 11 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions	183,332	168,992
Transfers from deferred contributions (Schedule 3)	6,340	4,941
AH&W payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	644	652
	\$ 190,316	\$ 174,585

Note 12 Other Government Contributions

	2005	2004
Alberta Government		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	817	813
Transfers from deferred contributions (Schedule 3)	988	806
Fair value to use non-owned acute care facilities	531	531
Other Alberta Government	21	281
	\$ 2,357	\$ 2,431



Note 13 Fees and charges

	<u>Inpatient/Resident</u>		<u>Outpatient</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
Acute Care						
Out-of-province	1,393	1,227	1,817	1,145	3,210	2,372
Out-of-country base amount	81	56	108	67	189	123
Out-of-country surcharge	88	71	130	83	218	154
WCB standard charges	346	277	2,139	1,664	2,485	1,941
Federal	115	72	355	212	470	284
Uninsured medical services	70	44	181	62	251	106
Preferred accomodation	10	22	-	-	10	22
Continuing care semi-private	323	191	-	-	323	191
	<u>2,426</u>	<u>1,960</u>	<u>4,730</u>	<u>3,233</u>	<u>7,156</u>	<u>5,193</u>
Continuing Care						
Continuing care standard ward	205	267	-	-	205	267
Continuing care semi-private	7,433	6,876	-	-	7,433	6,876
Continuing care private	5,583	5,093	-	-	5,583	5,093
Day program	63	-	-	-	63	-
Out of province	2	-	-	-	2	-
WCB standard charges	58	-	-	-	58	-
Uninsured medical services	53	91	-	-	53	91
	<u>13,397</u>	<u>12,327</u>	<u>-</u>	<u>-</u>	<u>13,397</u>	<u>12,327</u>
Home care fees						
Homemaking fees	-	-	3	1	3	1
	<u>-</u>	<u>-</u>	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>
	<u>\$ 15,823</u>	<u>\$ 14,287</u>	<u>\$ 4,733</u>	<u>\$ 3,234</u>	<u>\$ 20,556</u>	<u>\$ 17,521</u>

Note 14 Ancillary Operations

	2005			2004
	Non-patient Food Services	Rental Operations	Total	Total
Revenue				
Revenue	824	504	1,328	1,249
Amortized deferred capital contributions	27	4	31	36
	<u>851</u>	<u>508</u>	<u>1,359</u>	<u>1,285</u>
Expenses				
Other expenses	867	158	1,025	1,058
Amortization	27	4	31	36
	<u>894</u>	<u>162</u>	<u>1,056</u>	<u>1,094</u>
Excess (deficiency) of revenue over expense	<u>\$ (43)</u>	<u>\$ 346</u>	<u>\$ 303</u>	<u>\$ 191</u>

Note 15 Investment and other income

	2005	2004
Investment income	2,058	1,663
Other income	4,383	4,291
	<u>\$ 6,441</u>	<u>\$ 5,954</u>

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

Other income comprises recoveries from sources external to the Authority for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 16 Administration

	2005	2004
General administration	3,324	3,135
Finance	1,191	1,179
Payroll	867	980
Human Resources	1,840	1,323
Administration - contract operators (Schedule 4)	1,557	1,662
	<u>\$ 8,779</u>	<u>\$ 8,279</u>

Note 17 Support services

	2005	2004
Building maintenance, operations and security	13,220	12,662
Communications	1,611	1,611
Education	628	570
Housekeeping	5,136	4,922
Laundry and Linen	2,291	2,247
Materials management	2,389	2,286
Patient food services	8,148	7,774
Patient health records	3,280	2,892
Patient registration	2,302	2,234
Patient transportation	5,020	4,471
Support services - contract operators (Schedule 4)	7,844	7,411
	<u>\$ 51,869</u>	<u>\$ 49,080</u>

Note 18 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(c) Foundations

The Authority has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	2	1	0	56
Lakeland Regional Health Authority Foundation	0	0	0	2
Hinton Health Care Foundation	167	15	94	32
Jasper Health Care Foundation	3	0	180	0
	<u>\$ 172</u>	<u>\$ 16</u>	<u>\$ 274</u>	<u>\$ 90</u>

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 19 Pension Costs

The Authority participates in the Local Authorities Pension Plans, which are multi-employer defined benefit plans. Pension expense in these financial statements is equal to the Authority's annual contributions payable of \$5,946 for the year ended March 31, 2005 (2004 \$4,707).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficit of \$1,288,924 (2003 \$1,453,487).

Note 20 Comparative Figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Authority



Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

	<u>Budget</u>	<u>2005</u>	<u>2004</u>
Salaries and Benefits (Schedule 2)	139,079	135,902	125,268
Contracts with health service operators (Schedule 4)	28,254	29,164	26,681
Drugs and gases	3,754	3,626	3,413
Medical and surgical supplies	3,460	3,761	3,181
Other contracted services	11,118	11,947	10,174
Other *	32,066	34,374	31,375
Amortization:			
Capital equipment - internally funded	1,947	1,787	1,894
Capital equipment - externally funded	2,982	2,690	2,151
Facilities and improvements - internally funded	163	99	98
Facilities and improvements - externally funded	5,094	5,154	5,158
Net (gain)/loss on disposal	-	(19)	15
	<u>227,917</u>	<u>228,485</u>	<u>209,408</u>
Less amounts reported in ancillary operations (Note 14)	<u>(1,168)</u>	<u>(1,056)</u>	<u>(1,094)</u>
	<u>\$ 226,749</u>	<u>\$ 227,429</u>	<u>\$ 208,314</u>
* Other			
Utilities	5,771	5,164	5,634
Patient travel	4,514	4,886	4,472
Food	2,384	2,464	2,355
Minor equipment	1,430	1,943	986
Equipment maintenance - external	1,474	1,814	1,703
Lab supplies	1,470	1,674	1,782
Other fees	983	1,518	1,072
Renovations	1,700	1,363	846
Staff travel	894	1,360	984
Rental/lease of equipment	1,452	1,294	1,492
Miscellaneous	9,994	10,894	10,049
	<u>\$ 32,066</u>	<u>\$ 34,374</u>	<u>\$ 31,375</u>

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005				Severance			2004			
	Number of Individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Number of Individuals	Amount	Total	Number of Individuals ⁽¹⁾	Salaries Honoraria, Benefits ⁽²⁾⁽³⁾	Severance	Total
Authority/Board Compensation											
RHA Chairperson - Robert Jackson	1.00	22	-	22	-	-	22	1.00	26	-	26
RHA Vice Chairperson - Gary Pollock	1.00	6	-	6	-	-	6	1.00	7	-	7
Allan Buck	1.00	6	-	6	-	-	6	1.00	6	-	6
Hazel Hart	1.00	8	-	8	-	-	8	1.00	10	-	10
Ernie Halun	1.00	5	-	5	-	-	5	1.00	5	-	5
Ernie Isley	1.00	8	-	8	-	-	8	1.00	8	-	8
Dale Johnson	1.00	7	-	7	-	-	7	1.00	9	-	9
Judy Kidd	1.00	5	-	5	-	-	5	1.00	7	-	7
Shirley Mahon	1.00	5	-	5	-	-	5	1.00	6	-	6
Ellen McGladdery	1.00	5	-	5	-	-	5	1.00	7	-	7
Andrew Orr	1.00	6	-	6	-	-	6	1.00	7	-	7
John Pilipchuk	1.00	7	-	7	-	-	7	1.00	6	-	6
Gary Ruecker	1.00	2	-	2	-	-	2	1.00	4	-	4
Floyd Thompson	1.00	9	-	9	-	-	9	1.00	10	-	10
Marian Wolitski	1.00	7	-	7	-	-	7	1.00	8	-	8
Sub-total	15.00	108	-	108	-	-	108	15.00	126	-	126
Staff											
President & Chief Executive Officer	1.00	240	45	285	-	-	285	1.01	272	-	272
Management person(s) reporting to the President & CEO:											
Vice Presidents	3.99	542	101	643	-	-	643	3.83	542	-	542
Other management person(s) reporting directly to those above	21.31	1,755	366	2,121	1.00	(120)	2,001	20.37	1,866	16	1,882
Other management	40.66	3,384	710	4,094	1.00	43	4,137	39.50	3,730	1	3,731
Regulated nurses not included above											
- RNs, Reg. Psych. Nurses, Grad nurses	535.90	38,562	7,391	45,953	-	-	45,953	526.36	41,877	2	41,879
- LPNs	199.86	8,042	1,506	9,548	-	-	9,548	198.04	9,428	-	9,428
Other health technical and professionals	358.20	22,779	4,296	27,075	-	-	27,075	349.38	23,872	-	23,872
Unregulated health service providers	346.63	10,251	1,869	12,120	-	-	12,120	335.50	11,601	12	11,613
Other staff	855.07	28,315	5,759	34,074	12.00	(42)	34,032	822.36	31,870	53	31,923
Sub-total	2,362.62	113,870	22,043	135,913	14.00	(119)	135,794	2,296.35	125,058	84	125,142
Grand Total	2,377.62	\$ 113,978	\$ 22,043	\$ 136,021	14.00	\$ (119)	\$ 135,902	2,311.35	\$ 125,184	\$ 84	\$ 125,268

**SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005**

1. Full time equivalent (FTE) is determined at the rate of 2,022.75 for all employees except those who are part of the United Nurses of Alberta employment contract where a FTE is based on 1,921 hours and employees of Aspen Community Health Services where a FTE is based on 1,827 hours. Total actual discrete number of individuals employed: 3,729 (2004 3,538).
2. Salaries include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation and other remuneration.
3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
4. The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.
5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.



ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR YEAR ENDED MARCH 31, 2005
(in thousands)

	Opening Balance April 1, 2004	Amounts received or receivable				Amounts recognized as revenue				Transfers between projects	Closing Balance March 31, 2005	
		Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Donors	Investments and other			
Alberta Health and Wellness:												
Innovation fund - shared remote DI	51	-	-	-	-	(51)	-	-	-	-	-	-
Innovation fund - Aspen alzheimer cottage	628	-	-	-	-	-	-	-	-	-	-	628
Telehealth - clinical and other projects	26	12	-	-	-	(22)	-	-	-	(12)	-	4
Children's health initiative	-	125	-	-	-	(125)	-	-	-	-	-	-
Early childhood development	472	561	-	-	-	(642)	-	-	-	-	-	391
Telehealth - operating	-	50	-	-	-	(50)	-	-	-	-	-	-
Rural on call program	-	2,464	-	-	-	(2,453)	-	-	-	-	-	11
Specialist on call program	793	2,664	-	-	-	(1,988)	-	-	-	-	-	1,469
Vaccine administration	-	474	-	-	-	(474)	-	-	-	-	-	-
Security of systems	168	275	-	-	-	(168)	-	-	-	-	-	275
IT system transition	115	-	-	-	-	(115)	-	-	-	-	-	-
Innovation fund - primary care diabetes	224	176	-	-	-	(119)	-	-	-	(10)	-	271
Chipewyan Lake CHR education project	35	-	-	-	-	-	-	-	-	-	-	35
Chipewyan Lake CHR project	50	50	-	-	-	-	-	-	-	-	-	100
Regional shared health information program	-	727	-	-	-	-	-	-	-	(378)	-	349
Primary care initiative	-	100	-	-	-	-	-	-	-	-	-	100
Transfer of governance of ground ambulance	-	400	-	-	-	(133)	-	-	-	-	-	267
Wabasca prenatal nutrition program	-	31	-	-	-	-	-	-	-	-	-	31
Other contributors:												
Alberta Infrastructure upgrade projects	3,284	-	1,616	-	-	-	(906)	-	-	-	-	3,994
Restricted - long term care partnerships	2,629	-	-	-	-	-	(82)	-	-	-	-	2,547
Alberta heritage foundation search project	1	-	-	-	-	-	-	-	(1)	-	-	-
Breast cancer infolink	1	-	-	-	-	-	-	-	(1)	-	-	-
Cervical screening project	-	-	-	-	55	-	-	-	(55)	-	-	-
Alzheimer and dementia project	-	-	-	-	17	-	-	-	-	-	-	17
Restricted - donations	1,297	-	-	1,621	-	-	-	(368)	-	(1,319)	-	1,231
Long term care fees received in advance	127	-	-	-	101	-	-	-	(127)	-	-	101
Total 2004/05	\$ 9,901	\$ 8,109	\$ 1,616	\$ 1,621	\$ 173	\$ (6,340)	\$ (988)	\$ (368)	\$ (184)	\$ (1,719)	\$ 11,821	

Schedule 3 (continued)

Unspent amounts at year end are as follows:

	<u>2005</u>	<u>2004</u>
Current:		
Innovation fund - shared remote DI	-	51
Innovation fund - Aspen alzheimer cottage	628	628
Telehealth - clinical and other projects	4	26
Early childhood development	391	472
Rural on call program	11	-
Specialist on call program	1,469	793
Security of systems	275	168
IT system transition	-	115
Innovation fund - primary care diabetes	271	224
Chipewyan Lake CHR education project	35	35
Chipewyan Lake CHR project	100	50
Regional shared health information program	349	-
Primary care initiative	100	-
Transfer of governance of ground ambulance	267	-
Wabasca prenatal nutrition program	31	-
Alberta Infrastructure upgrade projects	3,994	3,284
Alberta heritage foundation search project	-	1
Breast cancer infolink	-	1
Alzheimer and dementia project	17	-
Restricted - donations	1,231	1,297
Long term care fees received in advance	101	127
	<u>9,274</u>	<u>7,272</u>
Non-current:		
Restricted - long term care partnerships	2,547	2,629
	<u>9,274</u>	<u>7,272</u>
Total	<u><u>\$ 11,821</u></u>	<u><u>\$ 9,901</u></u>

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

Facility name	Direct Alberta Health and Wellness					Facility-based services							
	Direct Region Funding	and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community-based services	Diagnostic and therapeutic services	Administration	Support Services	Total Expenditures
A. Voluntary													
Bonnyville Healthcare Centre	10,986	-	1,020	531	12,537	2,139	1,667	1,084	-	3,974	236	3,437	12,537
B. Private													
Extencicare Athabasca	1,837	155	807	-	2,799	-	-	1,361	-	184	278	976	2,799
Extencicare Bonnyville	1,506	171	817	-	2,494	-	-	1,169	-	175	271	879	2,494
Extencicare Mayerthorpe	1,854	152	772	-	2,778	-	-	1,430	-	204	295	849	2,778
Extencicare St. Paul	3,032	165	1,215	-	4,412	-	-	2,434	-	332	357	1,289	4,412
Good Samaritan Hinton	988	-	400	82	1,470	-	-	860	-	76	120	414	1,470
Other Mental Health Agencies	886	-	-	-	886	-	-	-	886	-	-	-	886
Other Private Diagnostic Clinics	14	-	-	-	14	-	-	-	-	14	-	-	14
C. Other													
Capital Health Authority	1,769	-	-	-	1,769	-	-	-	-	1,769	-	-	1,769
Other Health Authorities	5	-	-	-	5	-	-	-	-	5	-	-	5
Total 2004/05	\$ 22,877	\$ 643	\$ 5,031	\$ 613	\$ 29,164	\$ 2,139	\$ 1,667	\$ 8,338	\$ 886	\$ 6,733	\$ 1,557	\$ 7,844	\$ 29,164
Total 2003/04	\$ 21,056	\$ 652	\$ 4,442	\$ 531	\$ 26,681	\$ 1,736	\$ 1,782	\$ 8,113	\$ 901	\$ 5,076	\$ 1,662	\$ 7,411	\$ 26,681

Note: Total Revenue must equal Total Expenditures

Note: Full cost adjustments are required to reflect the full cost of services in situations where a health authority does not pay full cost. Reference: Note 2(b).