

**ASPEN REGIONAL HEALTH AUTHORITY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007**

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

**ASPEN REGIONAL HEALTH AUTHORITY**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

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 to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which include 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]

Andrew Will  
President and Chief Executive Officer

[Original Signed]

Shelly Pusch  
Vice President Corporate Services

June 28, 2007

PricewaterhouseCoopers LLP  
Chartered Accountants  
Suite 1501, TD Tower  
10088 - 102 Avenue NW  
Edmonton, Alberta  
Canada T5J 3N5  
Telephone +1 (780) 441 6700  
Facsimile +1 (780) 441 6776

**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, 2007 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, 2007 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**

- 3 -

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.

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

**March 31, 2007**  
(in thousands)

	2007 Actual	2006 Actual
<b>ASSETS</b>		
Current:		
Cash and investments (Note 3)	53,059	47,061
Accounts receivable	4,956	5,675
Contributions receivable from Alberta Health and Wellness	5,146	3,472
Inventories	1,662	1,483
Prepaid expenses	1,506	1,420
	<u>66,329</u>	<u>59,111</u>
Non-current cash and investments (Note 3)	20,047	16,347
Capital assets (Note 4)	155,464	149,110
Other assets (Note 5)	2,381	2,464
<b>TOTAL ASSETS</b>	<u>\$ 244,221</u>	<u>\$ 227,032</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current:		
Accounts payable and accrued liabilities	19,049	19,757
Accrued vacation pay	11,077	10,180
Deferred contributions (Note 6)	13,915	11,512
	<u>44,041</u>	<u>41,449</u>
Deferred contributions (Note 6)	2,381	2,464
Deferred capital contributions (Note 7)	28,757	22,865
Unamortized external capital contributions	142,333	137,387
	<u>217,512</u>	<u>204,165</u>
Net assets:		
Accumulated surplus (Note 8)	13,578	11,144
Investment in capital assets (from internally funded sources)	13,131	11,723
	<u>26,709</u>	<u>22,867</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 244,221</u>	<u>\$ 227,032</u>

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

- 4 -

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**March 31, 2007**  
(in thousands)

	2007		2006
	Budget (Note 10)	Actual	Actual
<b>Revenue</b>			
Alberta Health and Wellness contributions (Note 11)	223,093	224,839	203,665
Other government contributions (Note 12)	1,291	1,150	1,372
Fees and charges	22,675	23,402	22,077
Ancillary operations, net (Note 13)	245	240	291
Donations	350	533	354
Investment and other income (Note 14)	6,621	7,874	6,378
Amortized external capital contributions	7,891	8,403	7,891
<b>TOTAL REVENUE</b>	<b>262,166</b>	<b>266,441</b>	<b>242,028</b>
<b>Expenses (Schedule 1)</b>			
Facility-based inpatient acute nursing services	38,100	38,855	35,124
Facility-based emergency and outpatient services	22,859	22,283	22,331
Facility-based continuing care services	33,165	31,056	28,915
Community-based care	15,317	15,323	13,647
Home care	14,216	13,546	12,980
Diagnostic and therapeutic services	49,523	49,302	44,728
Promotion, prevention and protection services	11,181	11,061	10,364
Administration	10,934	10,913	10,527
Information technology	4,837	6,038	3,960
Support services	55,419	59,007	52,945
Amortization of facilities and improvements	5,229	5,215	5,190
<b>TOTAL EXPENSES</b>	<b>260,780</b>	<b>262,599</b>	<b>240,711</b>
Excess (deficiency) of revenue over expense	\$ 1,386	\$ 3,842	\$ 1,317

**STATEMENT OF CHANGES IN NET ASSETS**  
**March 31, 2007**  
(in thousands)

	2007		2006
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources	Total
Balance at beginning of year	11,144	11,723	22,867
Excess of revenue over expense	3,842	-	3,842
Capital assets purchased with internal funds	(3,315)	3,315	-
Amortization on internally funded capital assets	1,907	(1,907)	-
Balance at end of year	\$ 13,578	\$ 13,131	\$ 26,709

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**March 31, 2007**  
(in thousands)

	2007		2006
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expense	1,386	3,842	1,317
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	1,603	1,802	1,603
- externally funded	2,761	3,271	2,761
- ancillary operations	4	4	4
Amortization of facilities and improvements:			
- internally funded	99	100	99
- externally funded	5,130	5,132	5,130
- ancillary operations	27	32	27
Amortized external capital contributions	(7,891)	(8,403)	(7,891)
- ancillary operations	(31)	(36)	(31)
Amortization of advances under long term care partnerships	-	83	83
Amortized long term care partnership contributions	-	(83)	(83)
Loss on disposal of capital equipment:			
- internally funded	-	5	-
Gain on disposal of investments	-	(553)	(669)
Transferred to deferred contributions	39	731	2,295
Changes in non-cash working capital account	-	1,372	1,850
Cash generated from (used) by operations	3,127	7,299	6,495
Investing activities:			
Purchase of investments	(50,000)	(45,292)	(53,086)
Purchase of capital assets:			
- internally funded equipment	(3,887)	(951)	(1,057)
- internally funded facilities & improvements	-	(2,364)	(2,758)
- externally funded equipment	(5,771)	(1,871)	(2,925)
- externally funded facilities & improvements	(16,784)	(11,514)	(23,690)
Proceeds on sale of investments	50,000	44,608	51,606
Allocations from (to) non-current cash	-	(2,463)	3,577
Cash used by investing activities	(26,442)	(19,847)	(28,333)
Financing activities:			
Capital contributions received	5,732	18,546	18,317
Cash generated from financing activities	5,732	18,546	18,317
Increase (decrease) in cash and investments	(17,583)	5,998	(3,521)
Cash and investments, beginning of year	47,061	47,061	50,582
Cash and investments, end of year	\$ 29,478	\$ 53,059	\$ 47,061

- 7 -

**ASPEN REGIONAL HEALTH AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**  
(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. The Authority is a registered charity under the Income Tax Act and exempt from payment of income taxes.

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

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

Athabasca Healthcare Centre	Slave Lake Healthcare Centre
Barrhead Healthcare Centre	Smoky Lake Continuing Care Centre
Boyle Healthcare Centre	St. Therese - St. Paul Healthcare Centre
Cold Lake Healthcare Centre	Swan Hills Healthcare Centre
Dr W.R. Keir - Barrhead Continuing Care Centre	Wabasca/Desmarais Healthcare Centre
Edson Healthcare Centre	Westlock Healthcare Centre
Elk Point Healthcare Centre	Westlock Continuing Care Centre
George McDougall - Smoky Lake Healthcare Centre	Whitecourt Healthcare Centre
Hinton Healthcare Centre	William J. Cadzow - Lac La Biche Healthcare Centre
Mayerthorpe Healthcare Centre	Aspen Community Services Sites
Radway Continuing Care Centre	Aspen Mental Health Sites
Seton - Jasper Healthcare Centre	Aspen Corporate and Administrative Offices

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 Note 15(e).

**Note 2 Significant Accounting Policies and Reporting Practices**

(a) Basis of Presentation

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 29 issued by Alberta Health and Wellness. Following are the significant accounting policies:

- 8 -

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

(a) Basis of Presentation (continued)

(2) The authority participates in the Regional Shared Health Information Program (RSHIP), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta as disclosed in note 15(c). The Authority accounts for its 16% interest in RSHIP on a proportionate consolidation basis.

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

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (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 of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn 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.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as these payments represent part of the cost of the Authority's health program costs.

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

(b) Full cost (continued)

- (iii) Fair value to use 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) 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 a health authority would otherwise purchase are recorded as revenue and expense, 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 because 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 participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where 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

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.

(e) Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

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

(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 work 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

Work in progress is not amortized until the project is complete.

(h) 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**

	<u>2007</u>	<u>2006</u>
Cash	54,014	45,509
Treasury bills	104	337
Money market securities	391	463
Bonds (market value 2007 - \$12,973, 2006 - \$11,668)	12,864	11,675
Equities (market value 2007 - \$8,074, 2006 - \$7,476)	5,733	5,424
<b>Total current &amp; non-current cash and investments</b>	<b>\$ 73,106</b>	<b>\$ 63,408</b>
Classified as:		
Current	53,059	47,061
Non current	20,047	16,347
<b>Total cash and investments</b>	<b>\$ 73,106</b>	<b>\$ 63,408</b>

- (i) Treasury bills mature between June 14, 2007 and June 28, 2007 and bear interest at an average of 4.16% paid annually.
- (ii) Money market securities bear interest at 4.16% 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 4.715% per annum based on the market for securities maturing in a year, and 4.60% per annum for securities maturing between one and twenty-six years. As at March 31, 2007, the securities have the following maturity structure:

	%
Under 1 year	12%
1 to 5 years	7%
5 to 10 years	61%
Over 10 years	20%
- (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	3,000	922
Internally restricted for capital acquisitions	8,485	8,485
Unrestricted non-current investments	8,562	6,940
	<b>\$ 20,047</b>	<b>\$ 16,347</b>

**Note 4 Capital Assets**

Capital Asset	Cost				
	Opening Balance April 1, 2006	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2007
Land	2,597	-	187	-	2,784
Land improvements	5,685	-	25	-	5,710
Buildings	193,062	938	-	-	194,000
Building service equipment	11,913	-	-	(11)	11,902
Equipment	60,184	9,531	2,822	(1,215)	71,322
Construction in progress	32,988	(10,469)	13,666	-	36,185
	\$ 306,429	\$ -	\$ 16,700	\$ (1,226)	\$ 321,903

Capital Asset	Accumulated Amortization				Net Book Value 2007	Net Book Value 2006
	Opening Balance April 1, 2006	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2007		
Land	-	-	-	-	2,784	2,597
Land improvements	4,231	218	-	4,449	1,261	1,454
Buildings	96,917	4,809	-	101,726	92,274	96,145
Building service equipment	10,084	237	(11)	10,310	1,592	1,829
Equipment	46,087	5,077	(1,210)	49,954	21,368	14,097
Construction in progress	-	-	-	-	36,185	32,988
	\$ 157,319	\$ 10,341	\$ (1,221)	\$ 166,439	\$ 155,464	\$ 149,110

Capital assets were funded from the following sources:

	2007	2006
Externally funded	142,333	137,387
Internally funded	13,131	11,723
	<u>\$ 155,464</u>	<u>\$ 149,110</u>

**Note 5 Other Assets**

	2007	2006
Advances under long-term care partnership agreements	2,464	2,547
Amortized during the year	(83)	(83)
Balance, end of year	<u>\$ 2,381</u>	<u>\$ 2,464</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 Contributions**

The balance at the end of the year is restricted for the following purposes:

	2007	2006
Current		
AHW - Continuing Care	1,633	616
AHW - Mental Health Innovation	1,229	910
AHW - Specialist On Call	1,186	1,103
AHW - Health Promotion	294	252
AHW - Aboriginal Health Strategies	248	260
AHW - Telehealth	400	104
AHW - Immunization	716	246
AHW - Security of Systems	413	526
AHW - RSHIP	-	283
AHW - Health Innovation	170	655
AHW - Other	75	226
AHW - Infrastructure Maintenance	5,659	4,789
Stroke Strategy	887	611
Donations	898	850
Other	107	81
	<u>13,915</u>	<u>11,512</u>
Non-current		
Alberta Infrastructure - Long term care partnerships	2,381	2,464
Total	<u>\$ 16,296</u>	<u>\$ 13,976</u>

**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

	2007	2006
Equipment replacement	4,075	-
Equipment replacement - RSHIP	348	-
Betterment of capital assets	6,877	5,220
New Construction	<u>17,457</u>	<u>17,645</u>
	<u>\$ 28,757</u>	<u>\$ 22,865</u>

**Note 8 Accumulated Surplus**

The Authority's accumulated surplus comprises the following:

	2007	2006
Unrestricted net assets	5,093	2,659
<b>Internally restricted net assets</b>		
Future equipment replacement	8,485	8,485
	<u>\$ 13,578</u>	<u>\$ 11,144</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:

2008	144
2009	144
2010	144
2011	140
2012 and thereafter	41
	<u>\$ 613</u>

The leases expire at various dates from 2010 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 15(d)). The Authority has contracted for services in the year ending March 31, 2008 similar to those provided by these operators in 2007.

**Note 10 Budget (un-audited)**

	2006/07 Approved Budget (1)	Additional Funding -2	2006/07 Reported Budget
<b>Revenue</b>			
Alberta Health and Wellness contributions	215,626	7,467	223,093
Other government contributions	1,291	-	1,291
Fees and charges	22,675	-	22,675
Ancillary operations, net	245	-	245
Donations	350	-	350
Investment and other income	6,621	-	6,621
Amortized external capital contributions	7,891	-	7,891
<b>TOTAL REVENUE</b>	<b>254,699</b>	<b>7,467</b>	<b>262,166</b>
<b>Expenses</b>			
Facility-based inpatient acute nursing services	38,100	-	38,100
Facility-based emergency and outpatient services	22,859	-	22,859
Facility-based continuing care services	31,137	2,028	33,165
Community-based care	15,317	-	15,317
Home care	14,216	-	14,216
Diagnostic and therapeutic services	49,523	-	49,523
Promotion, prevention and protection services	11,181	-	11,181
Administration	10,934	-	10,934
Information technology	4,837	-	4,837
Support services	54,419	1,000	55,419
Amortization of facilities and improvements	5,229	-	5,229
<b>TOTAL EXPENSES</b>	<b>257,752</b>	<b>3,028</b>	<b>260,780</b>
Deficiency of revenue over expense	<b>\$ (3,053)</b>	<b>\$ 4,439</b>	<b>\$ 1,386</b>

- (1) The budget was approved by the Board of the Authority on May 25, 2006 and submitted to the Minister of Health and Wellness for approval. A revised budget was approved by the Board of the Authority on November 23, 2006 and submitted to the Minister of Health and Wellness.
- (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**

	2007	2006
Unrestricted contributions	212,497	194,570
Transfers from deferred contributions	10,225	8,464
<b>AHW payments to contract operators</b>		
Legacy Mortgage Assistance Program for nursing home upgrades	2,117	631
	<b>\$ 224,839</b>	<b>\$ 203,665</b>

**Note 12 Other Government Contributions**

	2007	2006
<b>Alberta Government</b>		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	707	737
Transfers from deferred contributions	83	83
Fair value to use non-owned acute care facilities	340	531
Other Alberta Government	20	21
	<b>\$ 1,150</b>	<b>\$ 1,372</b>

**Note 13 Ancillary Operations**

	2007			2006
	Non-patient Food Services	Rental Operations	Total	Total
<b>Revenue</b>				
Revenue	1,101	526	1,627	1,382
Amortized deferred capital contributions	26	10	36	31
	1,127	536	1,663	1,413
<b>Expenses</b>				
Other expenses	1,083	304	1,387	1,091
Amortization	26	10	36	31
	1,109	314	1,423	1,122
Excess of revenue over expenses	<b>\$ 18</b>	<b>\$ 222</b>	<b>\$ 240</b>	<b>\$ 291</b>

**Note 14 Investment and other income**

	2007	2006
Investment income	2,361	1,916
Other income	5,513	4,462
	<u>\$ 7,874</u>	<u>\$ 6,378</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 15 Related Parties**

(a) Province of Alberta

The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Ministry are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

(i) 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) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative. The other partners to the agreement are:

Chinook Regional Health Authority	Palliser Health Region
David Thompson Regional Health Authority	East Central Health
Peace Country Health	Northern Lights Health Region

**Note 15 Related Parties (continued)**

(c) Regional Shared Health Information Program (RSHIP) (continued)

	2007	2006
AHW Funding	7,414	5,956
Health Authority contribution	1,227	953
Total	<u>\$ 8,641</u>	<u>\$ 6,909</u>
<b>Reported as follows:</b>		
Expenses	-	-
Capital assets	8,641	6,909
Total	<u>\$ 8,641</u>	<u>\$ 6,909</u>

(d) 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, 2007	
	2007	2006	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	9	49	58	45
Hinton Health Care Foundation	52	114	39	116
Jasper Health Care Foundation	0	15	160	0
	<u>\$ 61</u>	<u>\$ 178</u>	<u>\$ 257</u>	<u>\$ 161</u>

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

**Note 15 Related Parties (continued)**

(e) Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2007			2006		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	14,640	10,848	25,488	13,640	10,009	23,649
Direct AHW funding	-	2,116	2,116	-	631	631
Fees and charges	1,975	3,564	5,539	1,564	3,617	5,181
Full cost adjustments	423	-	423	614	-	614
Total	\$ 17,038	\$ 16,528	\$ 33,566	\$ 15,818	\$ 14,257	\$ 30,075

**Note 16 Trust Funds**

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the statements. During the year the Authority received \$297 (2006 \$1,996) and disbursed \$31 (2006 \$304) for capital and facility repairs for non-owned facilities. The balance held by the Authority is \$266 (2006 \$1,692).

**Note 17 Pension Costs**

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of \$7,648 for the year ended March 31, 2007 (2006 \$6,819).

At December 31, 2006, the Local Authorities Pension Plan reported an actuarial deficit of \$746,651 (2005 \$863,558).

**Note 18 Comparative Figures**

Certain 2006 figures have been reclassified to match their 2007 presentation.

**Note 19 Approval of Financial Statements**

These financial statements have been approved by the Authority

**ASPEN REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR YEAR ENDED MARCH 31, 2007**  
(in thousands)

**Schedule 1**

	Budget	2007	2006
Salaries and Benefits (Schedule 2)	158,252	152,931	141,941
Contracts with health service operators (Note 15)	32,894	33,566	30,075
Drugs and gases	4,059	4,420	3,879
Medical and surgical supplies	4,430	5,044	4,454
Other contracted services	13,456	15,139	14,028
Other *	39,362	42,598	37,871
Amortization:			
Capital equipment - internally funded	1,603	1,802	1,603
Capital equipment - externally funded	2,765	3,275	2,765
Facilities and improvements - internally funded	99	100	99
Facilities and improvements - externally funded	5,157	5,164	5,157
Net (gain)/loss on disposal	-	(17)	(39)
	262,077	264,022	241,833
Less amounts reported in ancillary operations (Note 13)	(1,297)	(1,423)	(1,122)
	\$ 260,780	\$ 262,599	\$ 240,711
* Other			
Utilities	5,430	5,370	5,193
Patient travel	5,163	5,421	5,156
Food	2,730	2,822	2,610
Minor equipment	1,671	2,334	2,002
Equipment maintenance - external	2,465	2,284	2,330
Lab supplies	1,946	2,164	1,900
Other fees	856	1,840	967
Renovations	2,915	3,138	1,290
Staff travel	1,538	1,652	1,513
Rental/lease of equipment	1,405	1,441	1,490
Building/ground maintenance - external	920	1,276	1,109
Self managed care fees	1,250	1,040	1,084
Rental/lease of land/building	1,022	1,062	1,038
Referred out lab services	1,744	1,898	1,729
Miscellaneous	8,307	8,856	8,460
	\$ 39,362	\$ 42,598	\$ 37,871

**Schedule 2**

**ASPEN REGIONAL HEALTH AUTHORITY  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2007**  
(in thousands)

	2007						2006					
	Number of Individuals <sup>(1)</sup>	Salaries, and Honoraria <sup>(2)</sup>	Benefits and Allowances <sup>(3)</sup>	Sub-total	Number of Individuals <sup>(1)</sup>	Amount	Total	Number of Individuals <sup>(1)</sup>	Salaries, Honoraria, Benefits <sup>(2)(3)</sup>	Severance	Total	
<b>Authority/Board Compensation</b>												
RHA Chairperson - Robert Jackson	1	33	-	33	0	-	33	1	34	-	34	
RHA Vice Chairperson - Gary Pollock	1	7	-	7	0	-	7	1	9	-	9	
Allan Buck	1	8	-	8	0	-	8	1	6	-	6	
Bill Bulger	1	4	-	4	0	-	4	1	4	-	4	
Ernie Halun	1	7	-	7	0	-	7	1	6	-	6	
Ernie Isley	1	7	-	7	0	-	7	1	11	-	11	
Dale Johnson	1	9	-	9	0	-	9	1	11	-	11	
Judy Kidd	1	7	-	7	0	-	7	1	8	-	8	
Shirley Mahon	1	5	-	5	0	-	5	1	8	-	8	
Ellen McGladdery	1	7	-	7	0	-	7	1	7	-	7	
Andrew Orr	1	3	-	3	0	-	3	1	6	-	6	
John Pilipchuk	1	7	-	7	0	-	7	1	8	-	8	
Gary Ruecker	1	1	-	1	0	-	1	1	2	-	2	
Floyd Thompson	1	10	-	10	0	-	10	1	11	-	11	
Marian Wolitski	1	8	-	8	0	-	8	1	11	-	11	
<b>Sub-total</b>	<b>15</b>	<b>123</b>	<b>-</b>	<b>123</b>	<b>0</b>	<b>-</b>	<b>123</b>	<b>15</b>	<b>142</b>	<b>-</b>	<b>142</b>	
<b>Staff</b>												
President & Chief Executive Officer	1	242	47	289	0	-	289	1	303	-	303	
Management person(s) reporting to the President & CEO:												
Vice President Health Services	-	8	2	10	0	-	10	1	155	-	155	
Vice President Health Services	1	152	29	181	0	-	181	1	178	-	178	
Vice President Corporate Services	1	148	29	177	0	-	177	1	174	-	174	
Vice President Medical/Legal/Quality	1	151	29	180	0	-	180	1	183	-	183	
Other management person(s) reporting directly to those above	21	2,067	415	2,482	1	17	2,499	21	2,295	-	2,295	
Other management	43	3,843	823	4,666	0	-	4,666	43	4,549	143	4,692	
Regulated nurses not included above												
- RNs, Psych. Nurses, Grad nurses	530	41,677	7,520	49,197	0	-	49,197	517	47,751	43	47,794	
- LPNs	205	9,331	1,901	11,232	0	-	11,232	199	9,582	-	9,582	
Other health technical and professionals	373	26,473	4,986	31,459	1	6	31,465	347	27,975	-	27,975	
Unregulated health service providers	342	11,516	2,408	13,924	0	-	13,924	340	12,326	-	12,326	
Other staff	892	32,517	6,451	38,968	2	20	38,988	859	36,133	9	36,142	
<b>Total Staff Compensation</b>	<b>2,410</b>	<b>128,125</b>	<b>24,640</b>	<b>152,765</b>	<b>4</b>	<b>43</b>	<b>152,808</b>	<b>2,331</b>	<b>141,604</b>	<b>195</b>	<b>141,799</b>	
<b>Grand Total</b>	<b>2,425</b>	<b>\$ 128,248</b>	<b>\$ 24,640</b>	<b>\$ 152,888</b>	<b>4</b>	<b>\$ 43</b>	<b>\$ 152,931</b>	<b>2,346</b>	<b>\$ 141,746</b>	<b>\$ 195</b>	<b>\$ 141,941</b>	

**Schedule 2 (continued)**

**SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2007**

1. Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 3,739 (2006 3,795). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
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 the employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
4. Severance includes direct or indirect payments to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.
5. The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.