



**Chinook Regional
Health Authority**

Financial Statements

March 31, 2007

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2007

Auditor's Report

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The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2007

Auditor's Report

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 that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide 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 members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, the Auditor General of Alberta, 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.

To the Members of the Chinook Regional Health Authority

I have audited the statement of financial position of the Chinook Regional Health Authority ("the Authority") as at March 31, 2007 and the statements of operations and changes in net assets and cash flows for the year then ended. The financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my 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 by Fred J. Dunn, FCA]

Auditor General

Edmonton, Alberta
April 24, 2007

[Original Signed]

Pam Whitnack
Chief Executive Officer

Date: *April 24, 2007*

[Original Signed]

Robert Stratyckuk
Chief Operating Officer

Date: *April 24, 2007*

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2007
(in thousands)

	2007	2006
	<u>Actual</u>	<u>Actual</u>
ASSETS		
Current:		
Cash and investments (Note 3)	\$ 29,149	\$ 9,401
Accounts receivable	5,210	4,522
Contributions receivable from Alberta Health and Wellness	9,863	6,322
Inventories	3,273	2,897
Prepaid expenses	1,220	4,540
	<u>48,715</u>	<u>27,682</u>
Non-current cash and investments (Note 3)	26,925	27,026
Contributions receivable	2,507	3,398
Capital assets (Note 4)	191,302	185,550
Other assets (Note 5)	7,841	8,463
	<u>\$ 277,290</u>	<u>\$ 252,119</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 27,105	\$ 20,337
Accrued vacation pay	12,252	11,433
Deferred contributions (Note 6)	17,776	9,132
Current portion of long-term debt (Note 8)	121	121
	<u>57,254</u>	<u>41,023</u>
Deferred capital contributions (Note 7)	26,384	26,380
Long-term debt (Note 8)	27	149
Deferred Contributions - Healthy Aging Partnership	3,150	3,400
Unamortized external capital contributions	172,655	168,693
Other liabilities	2,420	2,467
	<u>204,636</u>	<u>201,089</u>
Net assets		
Accumulated deficit	(3,249)	(6,730)
Investment in capital assets from internally funded sources	18,499	16,587
	<u>15,250</u>	<u>9,857</u>
Operating net assets		
Endowments	150	150
	<u>15,400</u>	<u>10,007</u>
	<u>\$ 277,290</u>	<u>\$ 252,119</u>

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

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

	2007	2006	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 10)		
Revenue			
Alberta Health and Wellness contributions (Note 11)	\$ 280,797	\$ 281,008	\$ 259,866
Other government contributions (Note 12)	4,582	4,156	4,382
Fees and charges	18,502	17,881	17,637
Ancillary operations, net (Note 13)	405	426	361
Donations	286	280	278
Investment and other income (Note 14)	8,604	10,377	7,565
Amortized external capital contributions	12,084	12,395	11,464
	<u>325,260</u>	<u>326,523</u>	<u>301,553</u>
TOTAL REVENUE			
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	76,200	75,754	70,229
Facility-based emergency and outpatient services	18,723	18,479	18,894
Facility-based continuing care services	36,463	36,253	35,055
Community-based care	23,959	24,058	19,514
Home care	15,909	16,173	15,359
Diagnostic and therapeutic services	57,365	57,719	51,671
Promotion, prevention and protection services	12,293	12,834	12,918
Administration	13,145	13,856	12,457
Information technology	10,344	9,143	5,990
Support services	49,135	49,265	47,831
Amortization of facilities and improvements	7,946	7,771	8,130
	<u>321,482</u>	<u>321,305</u>	<u>298,048</u>
TOTAL EXPENSES			
Excess of revenue over expense	<u>\$ 3,778</u>	<u>\$ 5,218</u>	<u>\$ 3,505</u>

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS

March 31, 2007

(in thousands)

	2007					2006
	Accumulated deficit	Investment in capital assets from internally funded sources	Total Operating	Endowments	Total	Total
Balance at beginning of year	\$ (6,730)	\$ 16,587	\$ 9,857	\$ 150	\$ 10,007	\$ 6,404
Excess of revenue over expense	5,218	-	5,218	-	5,218	3,505
Contributed Assets	-	1,475	1,475	-	1,475	98
Capital assets purchased with internal funds	(4,445)	4,445	-	-	-	-
Proceeds from Sale of Land	-	(1,300)	(1,300)	-	(1,300)	-
Amortization of internally funded capital assets	2,829	(2,829)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(121)	121	-	-	-	-
Balance at end of year	<u>\$ (3,249)</u>	<u>\$ 18,499</u>	<u>\$ 15,250</u>	<u>\$ 150</u>	<u>\$ 15,400</u>	<u>\$ 10,007</u>

CHINOOK 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 of revenue over expenses	\$ 3,778	\$ 5,218	\$ 3,505
Non-cash transactions:			
Amortization of capital equipment - internally funded	2,978	2,419	2,552
- externally funded	3,576	4,872	3,624
Amortization of facilities and improvements	7,949	7,814	7,924
Gross amortization of external capital contributions	(11,138)	(12,401)	(11,471)
Loss (gain) on disposal of capital equipment	13	(40)	(74)
Loss (gain) on disposal of facilities and improvements	(900)	-	260
	6,256	7,882	6,320
Changes in non-cash working capital account (Note 15)	2,251	18,487	(3,329)
Cash generated from operations	8,507	26,369	2,991
Investing activities:			
Purchase of capital assets:			
internally funded	(4,910)	(4,445)	(7,388)
externally funded - equipment	(3,050)	(7,340)	(2,162)
externally funded - facility and improvements	(7,647)	(7,132)	(7,675)
Proceeds on sale of investments	2,200	165	89
Capital assets transferred	-	(4,265)	(5,742)
Change in other assets	684	622	(645)
Change in non-current cash	3,156	992	(13,715)
Cash used by investing activities	(9,567)	(21,403)	(37,238)
Financing activities:			
Capital contributions received	8,434	14,476	20,242
Change in non-cash working capital accounts (Note 15)	(205)	(3,541)	(2,901)
Principal payments on long-term debt	(219)	(121)	(252)
Proceeds from long-term debt	-	-	289
Capital assets transferred	-	4,265	5,742
Changes in other liabilities	92	(47)	2,100
Change in deferred contributions - Health Aging Partnership	-	(250)	(270)
Cash generated from financing activities	8,102	14,782	24,950
Increase (decrease) in cash and temporary investments	7,042	19,748	(9,297)
Cash and temporary investments, beginning of year	9,401	9,401	18,698
Cash and temporary investments, end of year (Note 3)	\$ 16,443	\$ 29,149	\$ 9,401

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007
(Thousands of dollars)

Note 1 Authority, Purpose and Operations

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

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities:

Rural Hospital/Health Centre Sites

- Chinook Health – Milk River Health Centre
- Chinook Health – Pincher Creek Health Centre
- Chinook Health – Taber Health Centre
- Chinook Health – Fort Macleod Health Centre
- Chinook Health – Crowsnest Pass Health Centre
- Chinook Health – Raymond Health Centre
- Chinook Health – Cardston Health Centre
- Chinook Health – Magrath Health Centre
- Chinook Health – Coaldale Health Centre
- Chinook Health – Piyami Health Centre

Community Health Sites:

- Chinook Health – Lethbridge Community Health Site
- Chinook Health – Vauxhall Community Health Site
- Chinook Health – Taber Community Health Site
- Chinook Health – Coaldale Community Health Site
- Chinook Health – Raymond Community Health Site
- Chinook Health – Crowsnest Pass Community Health Site
- Chinook Health – Magrath Community Health Site
- Chinook Health – Pincher Creek Community Health Site

Note 1 Authority, Purpose and Operations (continued)

Other Sites/Locations:

- Chinook Regional Hospital
- Chinook Health – Children’s CARE Centre
- Chinook Health – Raymond Care Centre
- Chinook Health – Lethbridge Community Care Services
- Chinook Health – Community Mental Health
- Chinook Health – Population Health
- Chinook Health – Seniors’ Health Bridges/Geriatric Community Rehab

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 16(e). The Authority accounts for its interest in the Regional Shared Health Information Program (RSHIP) on a proportionate consolidation basis in Note 16 (f). The Authority’s interest is 50% in the Chinook Primary Care Network, a joint venture, is included in the financial statements under the proportionate consolidation method in Note 16 (g).

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 29 issued by Alberta Health and Wellness. Following are the significant accounting policies:

- (a) **Basis of Presentation**
These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.
- (b) **Revenue Recognition**
 - (i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.
 - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.
 - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is 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 periods in which the related amortization expense of the funded capital asset is recorded.
 - (iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.
 - (v) Unrestricted investment income is recognized in the year it is earned.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is 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.
- (c) **Full cost**
The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:
 - (i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
 - (ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority’s health programs.
 - (iii) The fair value for the 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 expenses.
 - (iv) Other assets, supplies and service contributions 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. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.
- (d) **Employee Future Benefits**

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority’s participating employees, based on years of service and earnings.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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 included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority participates in a defined benefit plan for a prescribed class of employees. Benefits are based on years of service and 1.75% of the excess of the average of full calendar year earnings over a consecutive five year period for which such average is highest over the average of maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the same consecutive five year period multiplied by the member's total years of healthcare (LAPP) eligible service after December 31, 1991. The plan is unfunded. The Authority accrues its obligation for the defined benefit pension plan as the employee renders the service necessary to earn benefits.

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

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2007 because of the short-term maturity of these items.

The carrying value of long-term debt approximates fair value.

(g) Inventories

Inventories are valued at the lower of cost, determined on a moving average, or net realizable value.

(h) Capital Assets

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

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	<u>Useful Life</u>
Land improvements	10 - 25 years
Buildings	20 - 40 years
Building Service Equipment	10 - 25 years
Equipment	3 - 15 years

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

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

The Authority is subject to regulations requiring the repair, removal and disposal of friable asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation.

As a result of the longevity of the Authority's facilities, due in part to the Authority's maintenance procedures, and the fact that the Authority does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Authority's facilities is indeterminate as at March 31, 2007. As a result, the Authority is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts when they can be estimated.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Capital assets are amortized over their estimated useful lives. The 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

	2007		2006	
	Market Value	Carrying Value	Market Value	Carrying Value
Cash and equivalents	\$ 30,604	\$ 30,897	\$ 24,046	\$ 24,046
Term deposits ⁽⁶⁾	12,812	12,812	647	647
Fixed income securities ⁽⁶⁾	10,713	10,415	9,747	9,654
Equities ⁽⁶⁾	3,120	1,950	3,118	2,080
	<u>\$ 57,249</u>	<u>56,074</u>	<u>\$ 37,558</u>	<u>36,427</u>
Amount held for non-current purposes		<u>(26,925)</u>		<u>(27,026)</u>
		<u>\$ 29,149</u>		<u>\$ 9,401</u>

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

- i) Term deposits with Alberta Treasury Branches maturing as follows:
 - Maturing May 2007 and bearing interest at 4.25%.
 - Maturing July, 2009 and bearing interest at 4.27% paid annually.
- ii) Fixed-income securities have an average effective yield of 4.73% per annum for securities maturing between 1 and 10 years. As at March 31, 2007, the securities have the following term structure based on par:

	%
1 to 5 years	29.02
5 to 10 years	38.18
Over 10 years	32.79

- iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2007	2006
Endowments	\$ 150	\$ 150
Externally restricted for capital acquisitions	26,309	26,380
Externally restricted for specific purposes	466	496
	<u>\$ 26,925</u>	<u>\$ 27,026</u>

Note 4 Capital Assets

	Opening Balance	Cost Transfers	Additions	Disposals	Closing Balance	Opening Balance	Current Year Amortization	Amortization on Disposals	Closing Balance	Net Book Value 2007	Net Book Value 2006
Land	\$ 3,712	\$ 1,475	\$ -	\$ 1,300	\$ 3,887	\$ -	\$ -	\$ -	\$ -	\$ 3,887	\$ 3,712
Other Non-depreciable Assets	46	-	-	2	44	-	-	-	-	44	46
Land Improvements	4,300	167	-	-	4,467	3,853	112	-	3,965	502	447
Buildings and Improvements	251,236	9,314	-	1,030	259,520	107,793	6,910	130	114,573	144,947	143,443
Building Service Equipment	10,778	1,336	-	-	12,114	3,822	698	-	4,520	7,594	6,956
Leasehold Improvements	1,209	-	-	-	1,209	229	93	-	322	887	980
Major Equipment - Other	62,259	-	7,013	4,017	85,255	46,731	5,182	3,886	48,027	17,228	15,528
Major Equipment - Informatica Systems	13,422	-	292	196	13,518	12,302	470	196	12,576	942	1,120
Major Equipment - Software Licenses	947	10,387	43	71	11,306	546	1,641	-	2,187	9,119	401
Construction in Progress (CIP)	12,917	(18,422)	11,657	-	6,152	-	-	-	-	6,152	12,917
	<u>\$ 360,826</u>	<u>\$ 4,257</u>	<u>\$ 19,005</u>	<u>\$ 6,616</u>	<u>\$ 377,472</u>	<u>\$ 175,276</u>	<u>\$ 15,106</u>	<u>\$ 4,212</u>	<u>\$ 186,170</u>	<u>\$ 191,302</u>	<u>\$ 185,550</u>

Assets acquired from the Province which are included in the above transferred amounts:

	Net Book Value 2007
Land	\$ 1,475
Buildings & Improvements	2,790
	<u>\$ 4,265</u>

(a) Land

Land at the Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value.

(b) Leased Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and Improvements ⁽¹⁾	\$ 39,995	\$10,397	\$29,598	\$ 23,437
Major Equipment - Other	414	204	210	281
	<u>\$ 40,409</u>	<u>\$10,601</u>	<u>\$29,808</u>	<u>\$ 23,718</u>

⁽¹⁾ The building and improvements under capital lease pertain to the transfer of assets from St. Michael's Health Centre and Coaldale Health Care Centre to Alberta Infrastructure. Alberta Infrastructure subsequently leased these assets to the Authority.

Note 4 Capital Assets (continued)

Capital assets have been funded from the following sources:

	2007	2006
Externally funded	\$ 172,655	\$ 168,693
Internally funded	18,499	16,587
Financed by debt	148	270
	<u>\$ 191,302</u>	<u>\$ 185,550</u>

Note 5 Other Assets

	2007	2006
Long-term receivable		
Supportive Living Options	\$ 7,812	\$ 8,402
Participating Physicians	29	61
	<u>\$ 7,841</u>	<u>\$ 8,463</u>

The amounts included in the Supportive Living Options are forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for a term of 20 years effective from the date of commencement of operations, unless otherwise terminated.

The Chinook Health Region provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea clinic. These costs will be reimbursed to the Chinook Health Region over the term of the existing agreement of 5 years.

Note 6 Deferred Contributions

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

	2007	2006
Childrens	\$ 737	\$ -
Donations	466	496
Immunization Programs	668	260
Mental Health-Innovation Funds	2,540	1,638
Palliative Care	500	-
Physician On Call	1,859	1,969
Primary Care Network	3,456	-
Seniors' Health	2,110	173
Stanford Management Training	300	188
Stroke Strategy	797	611
Telehealth Programs	466	177
Other	3,877	3,620
	<u>\$ 17,776</u>	<u>\$ 9,132</u>

Note 7 Deferred Capital Contributions

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

	2007	2006
Equipment replacement	\$ 5,045	\$ 3,581
New construction	21,339	22,799
	<u>\$ 26,384</u>	<u>\$ 26,380</u>

Note 8 Long-term Debt

	2007	2006
Obligations under capital leases	\$ 148	\$ 270
Less: current portion	121	121
Long-term portion	<u>\$ 27</u>	<u>\$ 149</u>

Note 8 Long-term Debt (continued)

Future payments	<u>Capital Leases</u>	
For the year ended March 31:		
2008	\$	121
2009		27
	<u>\$</u>	<u>148</u>

Capital leases expire on various dates to June 2008.

Note 9 Deferred Contributions – Healthy Aging Partnership

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Region's residents are recorded as long-term deferred contributions.

During the year the Authority amortized \$218 (2006 - \$238) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

Note 10 Budget

	2007 Approved Budget ⁽¹⁾	Additional Funding ⁽²⁾	2007 Reported Budget
Revenue:			
Alberta Health and Wellness contributions	\$ 274,598	\$ 6,199	\$ 280,797
Other government contributions	4,582	-	4,582
Fees and charges	18,502	-	18,502
Net ancillary operations	405	-	405
Donations	286	-	286
Investment and other income	8,604	-	8,604
Amortization of external capital contributions	12,084	-	12,084
Total revenue	<u>319,061</u>	<u>6,199</u>	<u>325,260</u>
Expenses:			
Facility-based inpatient acute nursing care services	76,200	-	76,200
Facility-based emergency and outpatient services	18,723	-	18,723
Facility-based continuing care services	36,463	-	36,463
Community-based care	23,959	-	23,959
Home care	15,909	-	15,909
Diagnostic and therapeutic services	57,365	-	57,365
Promotion, prevention and protection services	12,293	-	12,293
Administration	13,145	-	13,145
Information technology	10,344	-	10,344
Support services	49,135	-	49,135
Amortization of facilities and improvements	7,946	-	7,946
Total expenses	<u>321,482</u>	<u>-</u>	<u>321,482</u>
Excess of revenue over expense	<u>\$ (2,421)</u>	<u>\$ 6,199</u>	<u>\$ 3,778</u>

- (1) The budget was approved by the members of the Authority on July 12, 2006 and submitted to the Minister of Health and Wellness.
- (2) On August 24, 2006, Alberta Health & Wellness announced additional funding to address cost pressures (\$4,364) and the impact of the licensed practical nurses' mediated settlement (\$1,835).

Note 11 Alberta Health and Wellness Contributions

	2007	2006
Unrestricted contributions	\$ 270,402	\$ 251,155
Transfers from deferred contributions	8,076	8,295
Healthy Aging Partnership (Note 9)	218	238
Primary Care Network (Note 16 g)	1,513	-
Alberta Health and Wellness payments to contract operators		
Non-district nursing home capital upgrade program	799	178
	<u>\$ 281,008</u>	<u>\$ 259,866</u>

Note 12 Other Government Contributions

	2007	2006
Person's with Developmental Disabilities		
South Alberta Board	\$ 2,289	\$ 2,297
Transfers from deferred contributions	783	1,017
Alberta Infrastructure	170	110
	<u>3,242</u>	<u>3,424</u>
Fair value of rent less rent charges for non-acute care facilities used by the Authority	914	958
	<u>\$ 4,156</u>	<u>\$ 4,382</u>

Note 13 Ancillary Operations

	2007				2006		
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	\$ 1,274	\$ 89	\$ 391	\$ 209	\$ 1,963	\$ 2,048	\$ 1,969
Amortization of deferred capital contributions	-	1	5	-	6	-	7
	<u>\$ 1,274</u>	<u>\$ 90</u>	<u>\$ 396</u>	<u>\$ 209</u>	<u>\$ 1,969</u>	<u>\$ 2,048</u>	<u>\$ 1,976</u>
Expenses							
Other expenses	1,132	89	56	214	1,491	1,597	1,562
Amortization	5	1	46	-	52	46	53
	<u>\$ 1,137</u>	<u>\$ 90</u>	<u>\$ 102</u>	<u>\$ 214</u>	<u>\$ 1,543</u>	<u>\$ 1,643</u>	<u>\$ 1,615</u>
Excess (deficiency) of revenues over expenses	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 294</u>	<u>\$ (5)</u>	<u>\$ 426</u>	<u>\$ 405</u>	<u>\$ 361</u>

Note 14 Investments and Other Income

	2007	2006
Investment Income Earned		
Unrestricted resources	\$ 1,771	\$ 1,193
Restricted resources for capital assets	21	14
Resources held for endowment	7	7
	<u>1,799</u>	<u>1,214</u>
Other Income		
Transfers from deferred contributions	1,970	1,611
Other	6,629	4,754
	<u>10,398</u>	<u>7,579</u>
Less amounts deferred:		
Restricted for capital asset acquisition	(21)	(14)
	<u>\$ 10,377</u>	<u>\$ 7,565</u>

Investment income is comprised of interest and dividends and gains or losses on the sale of investments.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 15 Changes in Non-Cash Working Capital Accounts

	2007	2006
Accounts receivable	\$ (4,229)	\$ (2,653)
Inventories	(376)	(583)
Prepaid expenses	3,320	(2,962)
Accounts payable and accrued liabilities	6,768	(3,699)
Accrued vacation pay	819	1,170
Current portion of deferred contributions	8,644	2,497
	<u>\$ 14,946</u>	<u>\$ (6,230)</u>
Reflected in the Statement of Cash Flows as:		
Operating activities	\$ 18,487	\$ (3,329)
Financing activities	(3,541)	(2,901)
	<u>\$ 14,946</u>	<u>\$ (6,230)</u>

Note 16 Related Parties

(a) Provincial Government

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 Minister of Health and Wellness since the viability of its on-going operations depends on contributions from the Minister. Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Transactions between the Authority and the Province of Alberta are disclosed in the Statement of Operations and in the notes and Schedule 3 to the financial statements.

(b) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

Note 16 Related Parties (continued)

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2007	2006
Total assets	\$ 241	\$ 216
Total liabilities	(14)	(3)
Net assets	<u>\$ 227</u>	<u>\$ 213</u>
Revenue	251	\$ 165
Expenses	(236)	(132)
Excess of revenue over expenses	<u>\$ 15</u>	<u>\$ 33</u>

The resources of the Foundation amounting to \$27 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2007	2006
Total assets	\$ 30	\$ 25
Total liabilities	-	(12)
Net assets	<u>\$ 30</u>	<u>\$ 13</u>
Revenue	\$ 150	\$ 54
Expenses	(133)	(67)
Excess (deficiency) of revenue over expenses	<u>\$ 17</u>	<u>\$ (13)</u>

The resources of the Foundation amounting to \$1 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

Note 16 Related Parties (continued)

(iii) North County Health Foundation (established October 16, 1997)

	<u>2007</u>	<u>2006</u>
Total assets	\$ 49	\$ 41
Total liabilities	<u>(4)</u>	<u>-</u>
Net assets	<u>\$ 45</u>	<u>\$ 41</u>
Revenue	\$ 48	\$ 28
Expenses	<u>(43)</u>	<u>(53)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 5</u>	<u>\$ (25)</u>

The resources of the Foundation amounting to \$3 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	<u>2007</u>	<u>2006</u>
Total assets	\$ 63	\$ 63
Total liabilities	<u>(1)</u>	<u>(1)</u>
Net assets	<u>\$ 62</u>	<u>\$ 62</u>
Revenue	\$ 31	\$ 31
Expenses	<u>(3)</u>	<u>(3)</u>
Excess of revenue over expenses	<u>\$ 28</u>	<u>\$ 28</u>

The resources of the Foundation amounting to \$nil have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

Note 16 Related Parties (continued)

(v) Windy Slopes Health Foundation (established April 28, 1998)

	<u>2007</u>	<u>2006</u>
Total assets	\$ 109	\$ 72
Total Liabilities	<u>(5)</u>	<u>(6)</u>
Net assets	<u>\$ 104</u>	<u>\$ 66</u>
Revenue	\$ 249	\$ 145
Expenses	<u>(211)</u>	<u>(134)</u>
Excess of revenue over expenses	<u>\$ 38</u>	<u>\$ 11</u>

The resources of the Foundation amounting to \$26 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

Note 16 Related Parties (continued)

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2007	
	2007	2006	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	\$ 177	\$ 107	\$ 27	\$ 200
Cardston and District Health Foundation	93	42	1	29
North County Health Foundation	22	36	3	42
Fort Macleod and District Health Foundation	-	-	-	-
Windy Slopes Health Foundation	123	103	26	78
	<u>\$ 415</u>	<u>\$ 288</u>	<u>\$ 57</u>	<u>\$ 349</u>

Note 16 Related Parties (continued)

(c) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the Income Tax Act. Financial information for these 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
Lethbridge Regional Hospital Foundation	\$ 658	\$ 581	\$ 5,053	\$ 336
Taber and District Health Foundation	367	65	422	389
	<u>\$ 1,025</u>	<u>\$ 646</u>	<u>\$ 5,475</u>	<u>\$ 725</u>

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

Note 16 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		As at March 31	
	2007	2006	2007	2006
Controlled Foundations:				
Crowsnest Pass				
Health Foundation	\$ 20	\$ 19	\$ 14	\$ 3
Cardston and District				
Health Foundation	20	19	-	12
North County				
Health Foundation	15	15	4	-
Fort Macleod and District				
Health Foundation	-	-	-	-
Windy Slopes				
Health Foundation	20	19	3	-
Other Foundations:				
Lethbridge Regional Hospital Foundation				
	303	258	575	80
Taber and District Health Foundation				
	13	12	9	44
	<u>\$ 391</u>	<u>\$ 342</u>	<u>\$ 605</u>	<u>\$ 139</u>

(d) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2007, \$44 (2006 - \$19) was due to the Authority for net inter-entity transactions.

Note 16 Related Parties (Continued)

(e) Voluntary and Private Health Service Operations

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services 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	\$11,354	\$33,839	\$45,193	\$11,827	\$30,304	\$42,131
Direct Alberta Health & Wellness funding	-	799	799	-	178	178
Fees and charges	2,610	4,508	7,118	3,234	4,208	7,442
Total	<u>\$ 13,964</u>	<u>\$ 39,146</u>	<u>\$ 53,110</u>	<u>\$ 15,061</u>	<u>\$ 34,690</u>	<u>\$ 49,751</u>

(f) Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions: Palliser Health Region, David Thompson Health Region, Aspen Health Region, Northern Lights Health Region, Peace Country Health Region, Chinook Health Region, East Central Health Region, 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.

	2007	2006
Alberta Health & Wellness Funding	\$ 2,049	\$ 2,898
Health Authority contribution	2,650	6,152
Total	<u>\$ 4,699</u>	<u>\$ 9,050</u>

The Authority's proportionate share of expenditures and costs incurred directly are as follows:

	2007	2006
Expenses	\$ 1,581	\$ 958
Capital assets	3,118	8,092
Total	<u>\$ 4,699</u>	<u>\$ 9,050</u>

The Authority accounts for its interest in RSHIP on a proportionate consolidation basis.

Note 16 Related Parties (continued)

g) Primary Care Network

The Authority's interest in the Chinook Primary Care Network, a joint venture, is included in the financial statements under the proportionate consolidation method.

	<u>Authority's 50% Share 2007</u>
Statement of Financial Position:	
Cash	<u>\$ 3,456</u>
Deferred Contributions:	
Opening Balance	\$ 1,061
Contributions from AHW	3,908
Amounts recognized as revenue	<u>(1,513)</u>
	<u>\$ 3,456</u>
Statement of Operations:	
Revenue (Note 11)	\$ 1,513
Expenses	<u>1,513</u>
	<u>\$ -</u>

Note 17 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness for the Chinook Primary Care Network. This initiative is a trilateral agreement between the Alberta Medical Association, the Regional Health Authority, and Alberta Health and Wellness. Family physicians in communities in Southwestern Alberta are identifying ways to strengthen the services and care they've always delivered to their patients through the Chinook Primary Care Network. These amounts are not reported in the statements.

During the year, the Authority received \$7,817 and disbursed \$5,776. The balance of the funds held by the Authority is \$3,163.

Note 18 Pension Costs

- a) The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of \$8,812 for the year ended March 31, 2007 (2006 - \$8,090).

At December 31, 2006, the Local Authorities Pension Plan reported a deficiency of \$746,651 (2005 - deficiency of \$863,558).

Note 18 Pension Costs (continued)

- b) The Authority established a defined benefit pension plan for a prescribed class of employees effective March 3, 2004. The pension plan is unfunded. At March 31, 2007 the unamortized accrued benefit obligation is \$415. The significant actuarial assumptions in measuring the Authority's accrued benefit obligation is valued as of March 31, 2004 and the amounts are extrapolated to March 31, 2007 as follows:

Discount Rate	6.00%
Increase in pensionable earnings	3.50%
Increase in maximum pension permitted Under income tax act	3.50%

Note 19 Commitments and Contingencies

- a) The Authority is committed to future capital upgrade projects in the amount of \$8,981.
- b) The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to June, 2008.
- c) The Authority has not recognized a liability of certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value cannot be reasonable estimated as the settlement dates are unknown.
- d) The Authority, in the conduct of its normal activities, is named a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that adequate provision for these proceedings have been made in the Authority's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the Authority, however, should any loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the Authority.
- e) The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

Note 20 Comparative Figures

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

Note 21 Accumulated Deficit

Funding announced in the amount of \$4.2 million relating to the replacement of plant equipment was not received by March 31, 2007. Chinook Health expects these dollars in the March 31, 2008 operating year, which will eliminate the accumulated deficit carried forward from March 31, 2007.

Note 22 Approval of Financial Statements

These financial statements have been approved by the Board of the Authority.

Schedule 1

**CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT**

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

	Budget	2007	2006
Salaries and Benefits (Schedule 2)	\$ 182,593	\$ 180,875	\$ 169,715
Contracts with health service providers (Note 16 e)	52,793	53,110	49,751
Drugs and gases	5,790	6,209	5,610
Medical and surgical supplies	8,365	8,807	7,581
Other contracted services	22,827	20,662	19,411
Interest on long-term debt	34	11	41
Other *	36,174	38,108	33,278
Amortization:			
Capital equipment - internally funded	2,978	2,379	2,478
Capital equipment - externally funded	3,576	4,873	3,624
Facilities and improvements	7,949	7,814	8,174
	<u>323,079</u>	<u>322,848</u>	<u>299,663</u>
Less amounts reported in ancillary operations (Note 13)	<u>(1,597)</u>	<u>(1,543)</u>	<u>(1,615)</u>
	<u>\$ 321,482</u>	<u>\$ 321,305</u>	<u>\$ 298,048</u>
*Included in other expense are the following:			
Supplies	\$ 15,895	\$ 16,012	\$ 14,781
Minor equipment and maintenance	7,489	7,159	6,653
Travel	4,008	3,948	3,667
Utilities	5,546	5,674	5,463
Other	3,236	5,315	2,714
	<u>\$ 36,174</u>	<u>\$ 38,108</u>	<u>\$ 33,278</u>

HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2007
(in thousands)

		2007							2006						
		Number of Individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Supplemental Executive Retirement Plan ⁽⁴⁾	Sub Total	Severance		Total	Number of Individuals ⁽¹⁾	Salaries, Honoraria, Benefits ⁽²⁾⁽³⁾	Supplemental Executive Retirement Plan ⁽⁴⁾	Severance		Total
							Number of Individuals	Amount					Number of Individuals	Amount	
Health Authority Chairperson	Ady, Jack	1	\$ 32	\$ -	\$ -	\$ 32	-	\$ -	\$ 32	1	\$ 35	\$ -	\$ -	\$ 35	
Board members (list)															
	Bier, Donna	1	15	1	-	16	-	-	16	1	14	-	-	14	
	Bishoff, Phyllis	1	11	1	-	12	-	-	12	1	9	-	-	9	
	Farr, James	1	13	-	-	13	-	-	13	1	15	-	-	15	
	Hickman, Lloyd	1	10	1	-	11	-	-	11	1	13	-	-	13	
	Kelly, Inez	1	14	-	-	14	-	-	14	1	9	-	-	9	
	Marra, Sam	1	18	-	-	18	-	-	18	1	11	-	-	11	
	Olsen, Thaine	1	12	-	-	12	-	-	12	1	11	-	-	11	
	Paterson, Beverley	1	11	-	-	11	-	-	11	1	13	-	-	13	
	Reil, Roy	1	13	-	-	13	-	-	13	1	10	-	-	10	
	Sanford, Arthur	1	12	1	-	13	-	-	13	1	12	-	-	12	
	Schindeler, Douglas J.	1	10	-	-	10	-	-	10	1	12	-	-	12	
Sub-total		12	171	4	-	175	-	-	175	12	164	-	-	164	
Staff															
Chief Executive Officer		1.00	262	22	28	312	-	-	312	1.00	287	28	-	315	
Management reporting to CEO:															
	Chief Clinical Officer	1.00	303	-	-	303	-	-	320	1.00	304	-	-	304	
	Chief Operating Officer	1.00	197	22	17	236	-	-	219	1.00	214	17	-	231	
	Director People Strategies	0.42	41	10	-	51	-	-	51	-	-	-	-	-	
	Executive Director Fund Development	1.00	96	19	-	115	-	-	115	1.00	132	-	-	132	
	Director Corporate Communications	1.00	106	19	-	125	-	-	125	1.00	107	-	-	107	
	Director Corporate Planning & Support	1.00	113	15	-	128	-	-	128	1.00	116	-	-	116	
	Director Issues Management	1.00	116	23	-	139	-	-	139	1.00	125	-	-	125	
	Director of Planning	1.00	118	24	-	142	-	-	142	1.00	133	-	-	133	
	Manager of Executive Suite	1.00	75	17	-	92	-	-	92	1.00	86	-	-	86	
	Executive Director Special Projects	1.00	124	25	-	149	-	-	149	0.16	23	-	-	23	
Other management reporting to those above		11.68	1,584	263	-	1,847	-	-	1,847	10.84	1,567	-	-	1,567	
Other management		87.55	8,056	1,734	-	9,790	4	44	9,834	111.88	11,883	-	-	11,883	
Medical doctors not included above		4.93	1,420	93	-	1,513	-	-	1,513	5.83	1,997	-	-	1,997	
Regulated nurses not included above - RN's, Reg, Psych, Nurses, Grad Nurses		738.56	56,221	10,431	-	66,652	-	-	66,652	733.75	64,383	-	6	64,389	
- LPNs		168.47	7,602	1,438	-	9,040	-	-	9,040	170.42	8,183	-	3	8,186	
Other health technical & professionals		541.50	35,404	6,636	-	42,040	3	16	42,056	448.28	36,328	-	-	36,328	
Unregulated health service providers		165.19	5,773	1,105	-	6,878	1	3	6,881	159.56	5,791	-	84	5,791	
Other staff		861.05	33,901	7,134	-	41,035	9	50	41,085	840.99	37,754	-	-	37,838	
Total Staff Compensation		2,587.35	151,512	29,030	45	180,587	17	113	180,700	2,490.71	169,413	45	93	169,551	
Grand Total		2,599	\$ 151,883	\$ 29,034	\$ 45	\$ 180,762	17	\$ 113	\$ 180,875	2,502.71	\$ 169,577	\$ 45	\$ 93	\$ 169,715	

**CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
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: 4,237 (2006 - 4,210).

“Individuals” are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.

- (2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

- (3) Benefits and allowances include the employer’s share of all employee benefits and contributions or payments paid or payable 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, car allowance, professional memberships, recruitment and relocation expenses and tuition.

- (4) Supplemental Executive Retirement Plans (SERPs) refer to future supplemental retirement payments to executive officers. The accrued obligation for each executive under the SERP is as follows:

	2007	2006
Chief Executive Officer	\$ 86	\$ 58
Chief Operating Officer	53	36
	139	94
Retired Executive	276	297
	\$ 415	\$ 391

- (5) Severance includes all monies paid or payable directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severance’s disclosed in the schedule is the discrete number of individuals.

- (6) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

