

**ASPEN REGIONAL HEALTH AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2006**

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**ASPEN REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2006**

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]

Andrew Will
President and Chief Executive Officer

[Original Signed]

Shelly Pusch
Vice President Corporate Services

May 19, 2006

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, 2006 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, 2006 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

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

March 31, 2006
(in thousands)

	2006 <u>Actual</u>	2005 <u>Actual</u>
ASSETS		
Current:		
Cash and investments (Note 3)	47,061	50,582
Accounts receivable	5,675	4,317
Contributions receivable from Alberta Health and Wellness	3,472	3,774
Inventories	1,483	1,452
Prepaid expenses	1,420	1,399
	<u>59,111</u>	<u>61,524</u>
Non-current cash and investments (Note 3)	16,347	17,774
Capital assets (Note 4)	149,110	128,304
Other assets (Note 5)	2,464	2,547
TOTAL ASSETS	<u>\$ 227,032</u>	<u>\$ 210,149</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	19,757	19,848
Accrued vacation pay	10,180	9,369
Deferred contributions (Schedule 3)	11,512	9,274
	<u>41,449</u>	<u>38,491</u>
Deferred contributions (Schedule 3)	2,464	2,547
Deferred capital contributions (Note 6)	22,865	28,867
Unamortized external capital contributions (Note 7)	137,387	118,694
	<u>204,165</u>	<u>188,599</u>
Net assets:		
Accumulated surplus (Note 8)	11,144	11,940
Investment in capital assets (from internally funded sources)	11,723	9,610
	<u>22,867</u>	<u>21,550</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 227,032</u>	<u>\$ 210,149</u>

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

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2006
(in thousands)

	2006		2005
	Budget (Note 10)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 11)	202,584	202,584	190,316
Other government contributions (Note 12)	2,837	2,453	2,357
Fees and charges (Note 13)	20,909	22,077	20,556
Ancillary operations, net (Note 14)	180	291	303
Donations	350	354	368
Investment and other income (Note 15)	5,970	6,378	6,441
Amortized external capital contributions (Note 7)	8,098	7,891	7,818
TOTAL REVENUE	240,928	242,028	228,159
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	36,167	36,138	34,038
Facility-based emergency and outpatient services	21,539	22,331	18,935
Facility-based continuing care services	30,834	28,915	29,730
Community-based care	14,261	13,647	12,028
Home care	13,233	12,980	12,372
Diagnostic and therapeutic services	46,658	44,728	41,144
Promotion, prevention and protection services	10,788	10,364	9,463
Administration (Note 16)	9,543	9,513	8,779
Information technology	3,959	3,960	3,864
Support services (Note 17)	53,544	52,945	51,869
Amortization of facilities and improvements	5,253	5,190	5,207
TOTAL EXPENSES	245,779	240,711	227,429
Excess (deficiency) of revenue over expense	\$ (4,851)	\$ 1,317	\$ 730

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ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2006
(in thousands)

	2006		2005
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources Total	Total
Excess of revenue over expense	1,317	-	1,317
Capital assets purchased with internal funds	(3,815)	3,815	-
Amortization on internally funded capital assets	1,702	(1,702)	-
Net change	\$ (796)	\$ 2,113	\$ 1,317
Balance at beginning of year	11,940	9,610	21,550
Balance at end of year	\$ 11,144	\$ 11,723	\$ 22,867

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ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expense	(4,851)	1,317	730
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	1,866	1,603	1,787
- externally funded	3,053	2,761	2,686
- ancillary operations	4	4	4
Amortization of facilities and improvements:			
- internally funded	239	99	99
- externally funded	5,014	5,130	5,127
- ancillary operations	27	27	27
Amortized external capital contributions (Note 7)	(8,067)	(7,891)	(7,818)
- ancillary operations (Note 7)	(31)	(31)	(31)
Amortization of advances under long term care partnerships (Note 5)	83	83	82
Amortized long term care partnership contributions	(83)	(83)	(82)
Loss on disposal of capital equipment:			
- internally funded	-	-	28
- externally funded	-	-	5
Gain on disposal of investments	-	(669)	(1,041)
Transferred to deferred contributions	-	2,295	1,708
Changes in non-cash working capital account	(288)	1,850	5,223
Cash generated from (used) by operations	(3,034)	6,495	8,534
Investing activities:			
Purchase of investments	(20,000)	(53,086)	(52,074)
Purchase of capital assets:			
- internally funded equipment	(2,600)	(1,057)	(388)
- internally funded facilities & improvements	-	(2,758)	(318)
- externally funded equipment (Note 7)	(2,180)	(2,925)	(3,471)
- externally funded facilities & improvements (Note 7)	(7,800)	(23,690)	(5,918)
Proceeds on sale of investments	19,848	51,606	50,426
Allocations from (to) non-current cash	-	3,577	(635)
Cash used by investing activities	(12,732)	(28,333)	(12,379)
Financing activities:			
Capital contributions received	7,535	18,317	30,950
Cash generated from financing activities	7,535	18,317	30,950
Increase (decrease) in cash and investments	(8,231)	(3,521)	27,105
Cash and investments, beginning of year	24,748	50,582	23,477
Cash and investments, end of year	\$ 16,517	\$ 47,061	\$ 50,582

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ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006
(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	Slave Lake Healthcare Centre
Barhead 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 - Barhead Continuing Care Centre	Wabasca-Desmarais Healthcare Centre
Edson Healthcare Centre	Westlock Healthcare Centre
ER Point Healthcare Centre	Westlock Continuing Care Centre
George McDougall - Smoky Lake Healthcare Centre	Whitecourt Healthcare Centre
Hinton Healthcare Centre	William J. Cadore - 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 Notes 9, 18(d), 19 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 26 issued by Alberta Health and Wellness. Following are the significant accounting policies:

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Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

(1) 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.
- (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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

- (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)

(c) 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:

	Useful Life
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) Trust Funds received by the Authority for Non-owned facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the statements but disclosed in Note 19.

(j) 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

	2006	2005
Cash	45,509	51,752
Treasury bills	337	378
Money market securities	463	450
Bonds (market value 2006 - \$11,668, 2005 - \$10,760)	11,675	10,618
Equities (market value 2006- \$7,476, 2005 - \$6,232)	5,424	5,158
Total current & non-current cash and investments	\$ 63,408	\$ 68,356
Classified as:		
Current	47,061	50,582
Non current	16,347	17,774
Total cash and investments	\$ 63,408	\$ 68,356

- (i) Treasury bills mature between May 4, 2006 and June 15, 2006 and bear interest at an average of 3.70% paid annually.
- (ii) Money market securities bear interest at 3.88% 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 4.475% per annum based on the market for securities maturing in a year, and 4.956% per annum for securities maturing between one and twenty-seven years. As at March 31, 2006, the securities have the following maturity structure:

	%
Under 1 year	14%
1 to 5 years	26%
5 to 10 years	23%
Over 10 years	37%
- (v) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Note 3 Cash and Investments (continued)

Non-current cash and investments represent the following:

Externally restricted for capital acquisitions	922	2,150
Internally restricted for capital acquisitions	8,485	8,485
Unrestricted non-current investments	6,940	7,139
	<u>\$ 16,347</u>	<u>\$ 17,774</u>

Note 4 Capital Assets

Capital Asset	Cost				Closing Balance March 31, 2006
	Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	
Land	2,532	-	65	-	2,597
Land improvements	5,674	-	11	-	5,685
Buildings	192,439	588	35	-	193,062
Building service equipment	11,913	-	-	-	11,913
Equipment	56,385	-	3,982	(183)	60,184
Construction in progress	7,239	(588)	26,337	-	32,988
	<u>\$ 276,182</u>	<u>\$ -</u>	<u>\$ 30,430</u>	<u>\$ (183)</u>	<u>\$ 306,429</u>

Capital Asset	Accumulated Amortization				Net Book Value 2006	Net Book Value 2005
	Opening Balance April 1, 2005	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2006		
Land	-	-	-	-	2,597	2,532
Land improvements	3,994	237	-	4,231	1,454	1,680
Buildings	92,141	4,776	-	96,917	96,145	100,298
Building service equipment	9,841	243	-	10,084	1,829	2,072
Equipment	41,902	4,368	(183)	46,087	14,097	14,483
Construction in progress	-	-	-	-	32,988	7,239
	<u>\$ 147,878</u>	<u>\$ 9,624</u>	<u>\$ (183)</u>	<u>\$ 157,319</u>	<u>\$ 149,110</u>	<u>\$ 128,304</u>

Capital assets were funded from the following sources:

	<u>2006</u>	<u>2005</u>
Externally funded	137,387	118,694
Internally funded	11,723	9,610
	<u>\$ 149,110</u>	<u>\$ 128,304</u>

Note 5 Other Assets

	<u>2006</u>	<u>2005</u>
Advances under long-term care partnership agreements	2,547	2,629
Amortized during the year	<u>(83)</u>	<u>(82)</u>
Balance, end of year	<u>\$ 2,464</u>	<u>\$ 2,547</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

	2006	2005
<i>Amounts received:</i>		
Restricted Alberta Health and Wellness contributions	4,803	3,082
Restricted other government contributions	13,514	27,383
Restricted other health authority contributions	-	440
Donations restricted for capital purposes	-	45
	<u>18,317</u>	<u>30,950</u>
<i>Transferred (to) from:</i>		
Unamortized external capital contributions (Note 7)	(26,615)	(9,390)
Deferred contributions (Schedule 3)	2,296	1,708
	<u>(24,319)</u>	<u>(7,682)</u>
Change during the year	(6,002)	23,268
Balance, beginning of year	28,867	5,599
Balance, end of year	<u>\$ 22,865</u>	<u>\$ 28,867</u>
 <i>Balance at the end of the year is restricted for the following purposes:</i>		
Betterment of capital assets	5,220	4,933
New Construction	17,645	23,934
	<u>\$ 22,865</u>	<u>\$ 28,867</u>

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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.

	2006	2005
Balance, beginning of year	118,694	117,153
Transfers from deferred capital contributions (Note 6)	26,615	9,390
<i>Less amounts recognized as revenue:</i>		
<i>Amortization of external capital contributions:</i>		
Equipment	(2,761)	(2,686)
Facilities & improvements	(5,130)	(5,127)
Ancillary operations equipment	(4)	(4)
Ancillary operations facilities & improvements	(27)	(27)
Write-down of externally funded equipment	-	(5)
	<u>(7,922)</u>	<u>(7,849)</u>
Balance, end of year	<u>\$ 137,387</u>	<u>\$ 118,694</u>

Note 8 Accumulated Surplus

The Authority's accumulated surplus comprises the following:

	2006	2005
Unrestricted net assets	2,659	3,455
<u>Internally restricted net assets</u>		
Future equipment replacement	8,485	8,485
	<u>\$ 11,144</u>	<u>\$ 11,940</u>

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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:

2007	178
2008	27
2009	22
2010	20
2011 and thereafter	13
	<u>\$ 260</u>

The leases expire at various dates from 2006 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, 2007 similar to those provided by these operators in 2006.

Note 10 Budget

	2005/06 Approved Budget (1)	Additional Funding (2)	2005/06 Reported Budget
Revenue			
Alberta Health and Wellness contributions	199,876	2,708	202,584
Other government contributions	2,837	-	2,837
Fees and charges	20,909	-	20,909
Ancillary operations, net	180	-	180
Donations	350	-	350
Investment and other income	5,970	-	5,970
Amortized external capital contributions	8,098	-	8,098
TOTAL REVENUE	<u>238,220</u>	<u>2,708</u>	<u>240,928</u>
Expenses			
Facility-based inpatient acute nursing services	36,167	-	36,167
Facility-based emergency and outpatient services	20,229	1,310	21,539
Facility-based continuing care services	30,834	-	30,834
Community-based care	13,909	352	14,261
Home care	13,233	-	13,233
Diagnostic and therapeutic services	46,658	-	46,658
Promotion, prevention and protection services	10,788	-	10,788
Administration	9,397	146	9,543
Information technology	3,959	-	3,959
Support services	52,644	900	53,544
Amortization of facilities and improvements	5,253	-	5,253
TOTAL EXPENSES	<u>243,071</u>	<u>2,708</u>	<u>245,779</u>
Deficiency of revenue over expense	<u>\$ (4,851)</u>	<u>\$ -</u>	<u>\$ (4,851)</u>

- (1) The budget was approved by the Board of the Authority on April 28, 2005 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

	2006	2005
Unrestricted contributions	194,570	183,332
Transfers from deferred contributions (Schedule 3)	7,383	6,340
AlH&W payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	631	644
	<u>\$ 202,584</u>	<u>\$ 190,316</u>

Note 12 Other Government Contributions

	2006	2005
Alberta Government		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	737	817
Transfers from deferred contributions (Schedule 3)	1,164	988
Fair value to use non-owned acute care facilities	531	531
Other Alberta Government	21	21
	<u>\$ 2,453</u>	<u>\$ 2,357</u>

Note 13 Fees and charges

	Inpatient/Resident		Outpatient		Total	
	2006	2005	2006	2005	2006	2005
Acute Care						
Out-of-province	1,816	1,393	2,575	1,817	4,391	3,210
Out-of-country base amount	85	81	118	108	203	189
Out-of-country surcharge	118	88	162	130	280	218
WCB standard charges	425	346	2,355	2,139	2,780	2,485
Federal	108	115	483	355	591	470
Uninsured medical services	16	70	222	181	238	251
Preferred accommodation	10	10	-	-	10	10
Continuing care semi-private	318	323	-	-	318	323
	<u>2,896</u>	<u>2,426</u>	<u>5,915</u>	<u>4,730</u>	<u>8,811</u>	<u>7,156</u>
Continuing Care						
Continuing care standard ward	119	205	-	-	119	205
Continuing care semi-private	7,269	7,433	-	-	7,269	7,433
Continuing care private	5,647	5,583	-	-	5,647	5,583
Day program	54	63	-	-	54	63
Out of province	55	2	-	-	55	2
WCB standard charges	63	58	-	-	63	58
Uninsured medical services	53	53	-	-	53	53
	<u>13,260</u>	<u>13,397</u>	<u>-</u>	<u>-</u>	<u>13,260</u>	<u>13,397</u>
Home care fees						
Other	-	-	6	3	6	3
	<u>-</u>	<u>-</u>	<u>6</u>	<u>3</u>	<u>6</u>	<u>3</u>
	<u>\$ 16,156</u>	<u>\$ 15,823</u>	<u>\$ 5,921</u>	<u>\$ 4,733</u>	<u>\$ 22,077</u>	<u>\$ 20,556</u>

Note 14 Ancillary Operations

	2006			2005
	Non-patient Food Services	Rental Operations	Total	Total
Revenue				
Revenue	955	427	1,382	1,328
Amortized deferred capital contributions	26	5	31	31
	<u>981</u>	<u>432</u>	<u>1,413</u>	<u>1,359</u>
Expenses				
Other expenses	909	182	1,091	1,025
Amortization	26	5	31	31
	<u>935</u>	<u>187</u>	<u>1,122</u>	<u>1,056</u>
Excess of revenue over expense	<u>\$ 46</u>	<u>\$ 245</u>	<u>\$ 291</u>	<u>\$ 303</u>

Note 15 Investment and other income

	2006	2005
Investment income	1,916	2,058
Other income	4,462	4,383
	<u>\$ 6,378</u>	<u>\$ 6,441</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

	2006	2005
General administration	3,815	3,324
Finance	1,222	1,191
Payroll	860	867
Human Resources	1,997	1,840
Administration - contract operators (Schedule 4)	1,619	1,557
	<u>\$ 9,513</u>	<u>\$ 8,779</u>

Note 17 Support services

	2006	2005
Building maintenance, operations and security	13,337	13,220
Communications	1,479	1,611
Education	876	628
Housekeeping	5,003	5,136
Laundry and Linen	2,365	2,291
Materials management	2,467	2,389
Patient food services	8,174	8,148
Patient health records	3,344	3,280
Patient registration	2,443	2,302
Patient transportation	5,262	5,020
Support services - contract operators (Schedule 4)	8,195	7,844
	<u>\$ 52,945</u>	<u>\$ 51,869</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

(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.

(ii) The Authority has entered into a partnership agreement with the other six non-metro regional health authorities in Alberta to develop and implement a common, integrated information system. 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

The partnership agreement functions under the name: Regional Shared Health Information Program (RSHIP), and is jointly controlled by the seven participating regions. RSHIP is currently intended to provide two services to the regions. The first service relates to the development and implementation of software through a provincial project management office. The second service represents the operations of a common data processing facility.

Funding of RSHIP activity has been provided partly through Alberta Health and Wellness grants, with the balance being funded by the regions directly. Each region is to take responsibility for the portion of total costs not funded by Alberta Health and Wellness. The amounts are determined annually based on costs expected to be incurred by the Provincial Project Management Office and the Shared Data Centre. The Provincial Project Management Office is expected to require funding from the Authority for the next two fiscal years. The Shared Data Centre will be an ongoing program funded by the Authority and its partners.

Note 18 Related Parties (continued)

(b) Health Authorities (continued)

Costs of RSHIP have been accounted for using the proportionate consolidation method. Summarized financial information of the proportionate share of the assets and liabilities and net assets of the joint venture is as follows:

	2006	2005
Cash and investments	(2,782)	(350)
Accounts receivable	1,715	-
Prepaid expenses	114	77
Capital assets	6,909	2,124
Total assets	<u>5,956</u>	<u>1,851</u>
Deferred contributions	-	77
Unamortized external capital contributions	5,956	1,774
Accumulated surplus	(953)	(350)
Investment in capital assets	953	350
Total liabilities and net assets	<u>5,956</u>	<u>1,851</u>

(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, 2006	
	2006	2005	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	49	2	0	110
Hinon Health Care Foundation	114	167	43	44
Jasper Health Care Foundation	15	3	163	0
	<u>\$ 178</u>	<u>\$ 172</u>	<u>\$ 206</u>	<u>\$ 154</u>

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

Note 18 Related Parties (continued)

(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 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 \$1,996 (2005 \$0) and disbursed \$304 (2005 \$0) for capital and facility repairs for non-owned facilities. The balance held by the Authority is \$1,692 (2005 \$0).

Note 20 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 \$6,819 for the year ended March 31, 2006 (2005 \$5,946).

At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficit of \$863,558 (2004 \$1,288,924).

Note 21 Comparative Figures

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

Note 22 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, 2006
(in thousands)

Schedule 1

	Budget	2006	2005
Salaries and Benefits (Schedule 2)	149,491	141,941	135,902
Contracts with health service operators (Schedule 4)	32,219	31,847	29,164
Drugs and gases	3,764	3,879	3,626
Medical and surgical supplies	4,041	4,454	3,761
Other contracted services	12,682	14,028	11,947
Other *	34,525	36,099	34,374
Amortization:			
Capital equipment - internally funded	1,866	1,603	1,787
Capital equipment - externally funded	3,057	2,765	2,690
Facilities and improvements - internally funded	239	99	99
Facilities and improvements - externally funded	5,041	5,157	5,154
Net (gain)/loss on disposal	-	(39)	(19)
	<u>246,925</u>	<u>241,833</u>	<u>228,485</u>
Less amounts reported in ancillary operations (Note 14)	<u>(1,146)</u>	<u>(1,122)</u>	<u>(1,056)</u>
	<u>\$ 245,779</u>	<u>\$ 240,711</u>	<u>\$ 227,429</u>
* Other			
Utilities	5,046	5,193	5,164
Patient travel	5,050	5,156	4,886
Food	2,525	2,610	2,464
Minor equipment	1,350	2,002	1,943
Equipment maintenance - external	1,981	2,330	1,814
Lab supplies	1,726	1,900	1,674
Other fees	1,094	967	1,518
Renovations	1,915	1,290	1,363
Staff travel	1,321	1,513	1,360
Rental/lease of equipment	1,368	1,490	1,294
Building/ground maintenance - external	876	1,109	1,018
Self managed care fees	1,348	1,084	985
Rental/lease of land/building	1,054	1,038	1,064
Miscellaneous	7,871	8,417	7,827
	<u>\$ 34,525</u>	<u>\$ 36,099</u>	<u>\$ 34,374</u>



**ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006**

(in thousands)

	2006						2005				
	Number of Individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Severance		Number of Individuals ⁽¹⁾	Salaries Honoraria, Benefits ⁽²⁾⁽³⁾	Severance	Total	
					Number of Individuals	Amount					Total
Authority/Board Compensation											
RHA Chairperson - Robert Jackson	1.00	34	-	34	-	-	34	1.00	22	-	22
RHA Vice Chairperson - Gary Pollock	1.00	9	-	9	-	-	9	1.00	6	-	6
Allan Buck	1.00	6	-	6	-	-	6	1.00	6	-	6
Hazel Hart	1.00	4	-	4	-	-	4	1.00	8	-	8
Ernie Halun	1.00	6	-	6	-	-	6	1.00	5	-	5
Ernie Isley	1.00	11	-	11	-	-	11	1.00	8	-	8
Dale Johnson	1.00	11	-	11	-	-	11	1.00	7	-	7
Judy Kidd	1.00	8	-	8	-	-	8	1.00	5	-	5
Shirley Mahon	1.00	8	-	8	-	-	8	1.00	5	-	5
Ellen McGladdery	1.00	7	-	7	-	-	7	1.00	5	-	5
Andrew Oer	1.00	6	-	6	-	-	6	1.00	6	-	6
John Pilipchuk	1.00	8	-	8	-	-	8	1.00	7	-	7
Gary Ruecker	1.00	2	-	2	-	-	2	1.00	2	-	2
Floyd Thompson	1.00	11	-	11	-	-	11	1.00	9	-	9
Marian Wolitski	1.00	11	-	11	-	-	11	1.00	7	-	7
Sub-total	15.00	142	-	142	-	-	142	15.00	108	-	108
Staff											
President & Chief Executive Officer	0.89	257	46	303	-	-	303	1.00	285	-	285
Management person(s) reporting to the President & CEO:											
Vice Presidents	3.99	586	104	690	-	-	690	3.99	643	-	643
Other management person(s) reporting directly to those above	21.24	1,901	394	2,295	-	-	2,295	21.31	2,121	(120)	2,001
Other management	43.14	3,727	822	4,549	2.00	143	4,692	40.66	4,094	43	4,137
Regulated nurses not included above											
- RNs, Reg. Psych. Nurses, Grad nurses	517.32	40,193	7,558	47,751	1.63	43	47,794	508.94	45,953	-	45,953
- LPNs	199.46	8,096	1,486	9,582	-	-	9,582	197.87	9,548	-	9,548
Other health technical and professionals	346.57	23,528	4,447	27,975	-	-	27,975	343.86	27,075	-	27,075
Unregulated health service providers	340.40	10,425	1,901	12,326	-	-	12,326	336.00	12,120	-	12,120
Other staff	859.28	29,928	6,205	36,133	1.73	9	36,142	839.73	34,074	(42)	34,032
Sub-total	2,332.29	118,641	22,963	141,604	5.36	195	141,799	2,293.36	135,913	(119)	135,794
Grand Total	2,347.29	\$ 118,783	\$ 22,963	\$ 141,746	5.36	\$ 195	\$ 141,941	2,308.36	\$ 136,021	\$ (119)	\$ 135,902

**SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006**

Schedule 2 (continued)

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: 3,795 (2005 3,729).
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, 2006
(in thousands)

	Opening Balance April 1, 2005	Amounts received or receivable				Amounts recognized as revenue				Transfers		Closing Balance March 31, 2006
		Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Between Projects/Regions	To Deferred Capital Contributions	
Alberta Health and Wellness:												
Innovation fund - Aspen alzheimer cottage	628	-	-	-	-	(226)	-	-	-	-	-	402
Telehealth - clinical and other projects	4	100	-	-	-	-	-	-	-	-	-	104
Children's health initiative	-	125	-	-	-	(125)	-	-	-	-	-	-
Early childhood development	391	562	-	-	-	(701)	-	-	-	-	-	252
Telehealth - operating	-	40	-	-	-	(40)	-	-	-	-	-	-
Rural on call program	11	2,484	-	-	-	(2,495)	-	-	-	-	-	-
Specialist on call program	1,469	2,669	-	-	-	(3,035)	-	-	-	-	-	1,103
Vaccine administration	-	424	-	-	-	(424)	-	-	-	-	-	-
Smallpox planning preparedness	-	9	-	-	-	(8)	-	-	-	-	-	1
Security of systems	275	251	-	-	-	-	-	-	-	-	-	526
Innovation fund - primary care diabetes	271	175	-	-	-	(153)	-	-	(40)	-	-	253
Chipewyan Lake CHR education project	35	-	-	-	-	-	-	-	-	-	-	35
Chipewyan Lake CHR project	100	50	-	-	-	-	-	-	-	-	-	150
Regional shared health information program	349	1,206	-	-	-	-	-	-	-	(1,272)	-	283
Primary care initiative	100	-	-	-	-	(34)	-	-	-	-	-	66
Transfer of governance of ground ambulance	267	-	-	-	-	(107)	-	-	-	-	-	160
Wabasca prenatal nutrition program	31	31	-	-	-	(30)	-	-	-	-	-	32
Trout/Peerless home visitation	-	43	-	-	-	-	-	-	-	-	-	43
Enhanced surveillance	-	250	-	-	-	(5)	-	-	-	-	-	245
Mental Health Innovation	-	910	-	-	-	-	-	-	-	-	-	910
Safe Lifting for Residents	-	440	-	-	-	-	-	-	-	-	-	440
InterRAI Tools for Assessment	-	176	-	-	-	-	-	-	-	-	-	176
Other contributors:												
Alberta Infrastructure upgrade projects	3,994	-	1,856	-	-	-	(1,081)	-	-	-	20	4,789
Restricted - long term care partnerships	2,547	-	-	-	-	-	(83)	-	-	-	-	2,464
Cervical screening project	-	-	-	-	55	-	-	-	(55)	-	-	-
Alzheimer and dementia project	17	-	-	-	-	-	-	-	(17)	-	-	-
Stroke Strategy	-	-	-	-	612	-	-	-	(1)	-	-	611
Restricted - donations	1,231	-	-	1,009	8	-	-	(354)	-	-	(1,044)	850
Long term care fees received in advance	101	-	-	-	81	-	-	-	(101)	-	-	81
Total 2005/06	\$11,821	\$ 9,945	\$ 1,856	\$ 1,009	\$ 756	\$(7,383)	\$(1,164)	\$ (354)	\$ (174)	\$ (40)	\$(2,296)	\$13,976

Schedule 3 (continued)

Unspent amounts at year end are as follows:

	2006	2005
Current:		
Innovation fund - Aspen alzheimer cottage	402	628
Telehealth - clinical and other projects	104	4
Early childhood development	252	391
Rural on call program	-	11
Specialist on call program	1,103	1,469
Smallpox planning & preparedness	1	-
Security of systems	526	275
Innovation fund - primary care diabetes	253	271
Chipewyan Lake CHR education project	35	35
Chipewyan Lake CHR project	150	100
Regional shared health information program	283	349
Primary care initiative	66	100
Transfer of governance of ground ambulance	160	267
Wabasca prenatal nutrition program	32	31
Trou/Peerless Lake home visitation	43	-
Enhanced surveillance	245	-
Mental health innovation	910	-
Safe lifting devices for residents	440	-
InferAI tools for assessment	176	-
Alberta Infrastructure upgrade projects	4,789	3,994
Alzheimer and dementia project	-	17
Stroke Strategy	611	-
Restricted - donations	850	1,231
Long term care fees received in advance	81	101
	<u>11,512</u>	<u>9,274</u>
Non-current:		
Restricted - long term care partnerships	2,464	2,547
Total	<u><u>\$ 13,976</u></u>	<u><u>\$ 11,821</u></u>

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2006
(in thousands)

Facility name	Direct	Direct	Approved	Full cost Adjust- ments	Total Revenue	Facility-	Facility-	Facility-	Community -based services	Diagnostic	Promotion,	Admin- istration	Support Services	Total Expenditures
	Region Funding	Alberta and Wellness Funding	Patient Fees and Charges			Health and Patient Fees	based inpatient acute nursing services	based emergency and outpatient services		based continuing care services	and therapeutic services			
A. Voluntary														
Bonnyville Healthcare Centre	12,622	-	1,135	531	14,288	2,636	2,533	1,104	-	4,106	-	280	3,629	14,288
B. Private														
Extendicare Athabasca	1,954	149	800	-	2,903	-	-	1,435	-	211	-	317	940	2,903
Extendicare Bonnyville	1,770	171	826	-	2,767	-	-	1,360	-	192	-	253	962	2,767
Extendicare Mayerthorpe	1,959	151	776	-	2,886	-	-	1,496	-	190	-	275	925	2,886
Extendicare St. Paul	3,085	160	1,215	-	4,460	-	-	2,465	-	333	-	363	1,299	4,460
Good Samaritan Hinton	1,018	-	429	83	1,530	-	-	-	915	44	-	131	440	1,530
Vilna Villa	226	-	-	-	226	-	-	-	226	-	-	-	-	226
Other Mental Health Agencies	989	-	-	-	989	-	-	-	989	-	-	-	-	989
Other Public Health Agencies	26	-	-	-	26	-	-	-	-	-	26	-	-	26
Other Private Diagnostic Clinics	11	-	-	-	11	-	-	-	-	11	-	-	-	11
C. Other														
Capital Health Authority	1,754	-	-	-	1,754	-	-	-	-	1,754	-	-	-	1,754
Other Health Authorities	7	-	-	-	7	-	-	-	-	7	-	-	-	7
Total 2005/06	\$25,421	\$ 631	\$ 5,181	\$ 614	\$31,847	\$ 2,636	\$ 2,533	\$ 7,860	\$ 2,130	\$ 6,848	\$ 26	\$ 1,619	\$ 8,195	\$ 31,847
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

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).