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ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2003

AUDITOR'S REPORT

To the Members of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the "Board") as at March 31, 2003, 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 Board's management. My responsibility is to express an opinion on these 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 Board as at March 31, 2003 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA] FCA
Auditor General

Edmonton, Alberta
May 31, 2003

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ALBERTA MENTAL HEALTH BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("AMHB"). 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 AMHB has established a code of ethics and corporate directives, which require communication of the code to employees.

The AMHB directors carry out their responsibility for the financial statements through the Resources Committee of the Board. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the AMHB for approval. The Auditor General has full and free access to the Resources Committee of the AMHB directors.

The Auditor General 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]

Ray Block
Acting Chief Executive Officer

[Original Signed]

Dave Buist
Chief Financial Officer

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash and temporary investments (Note 3)	\$ 46,205	\$ 42,596
Accounts receivable	2,677	2,876
Contributions receivable (Note 4)	566	1,229
Inventories	861	849
Prepaid expenses	540	4,006
	50,849	51,556
Non-current cash and temporary investments (Note 3)	15,825	11,665
Capital contributions receivable (Note 4)	-	40,405
Capital assets (Note 5)	123,625	97,863
	\$ 190,299	\$ 201,489
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 22,507	\$ 20,298
Accrued vacation pay	8,855	8,995
Deferred contributions (Note 6)	4,748	5,263
Accrued restructuring costs (Note 1b)	2,861	-
	38,971	34,556
Deferred capital contributions (Note 7)	14,709	47,987
Unamortized external capital contributions (Note 8)	116,616	88,345
	170,296	170,888
Commitments and contingencies (Note 9)		
Net assets:		
Unrestricted	6,278	2,725
Internally restricted (Note 10)	6,716	18,358
Investment in capital assets	7,009	9,518
	20,003	30,601
	\$ 190,299	\$ 201,489

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

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 11)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 12)	\$ 235,400	\$234,465	\$ 220,818
Other government contributions (Note 13)	11,854	13,702	11,565
Fees and charges (Note 14)	2,373	3,523	2,739
Ancillary operations, net (Note 15)	1,346	(336)	(163)
Donations	21	50	52
Investment and other income (Note 16)	4,391	4,238	5,167
Amortization of external capital contributions, current operations (Note 8)	3,067	3,380	3,086
Total revenues	<u>258,452</u>	<u>259,022</u>	<u>243,264</u>
Expenses (Schedule 1)			
Facility-based inpatient services	60,995	60,533	57,964
Facility-based emergency and outpatient services	9,723	10,578	9,215
Facility-based continuing care services	17,274	17,680	17,266
Community and home-based services	95,910	94,749	91,264
Diagnostic and therapeutic services	22,164	19,909	18,781
Promotion, prevention and protection services	2,410	2,323	2,990
Research and education	948	1,039	1,046
Administration (Note 17)	15,025	13,994	14,604
Information technology	5,526	5,506	5,456
Support services (Note 18)	34,214	34,180	30,210
Amortization of facilities and improvements	1,858	2,247	1,905
Total expenses prior to net restructuring costs	<u>266,047</u>	<u>262,738</u>	<u>250,701</u>
Deficiency of revenues over expenses prior to net restructuring costs	(7,595)	(3,716)	(7,437)
Restructuring costs, net (Note 1b)	-	6,882	-
Deficiency of revenues over expenses	<u>\$ (7,595)</u>	<u>\$ (10,598)</u>	<u>\$ (7,437)</u>

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ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003			2002	
	Unrestricted	Internally Restricted (Note 10)	Investment in Capital Assets	Total	Total
Balance at beginning of year	\$ 2,725	\$ 18,358	\$ 9,518	\$ 30,601	\$ 38,038
Deficiency of revenues over expenses	(10,598)	-	-	(10,598)	(7,437)
Capital assets purchased with internal funds	(2,080)	-	2,080	-	-
Amortization on internally funded capital assets	1,763	-	(1,763)	-	-
Net book value of disposals of internally funded capital assets	14	-	(14)	-	-
Write-down of internally funded capital assets	2,812	-	(2,812)	-	-
Transfer from internally restricted net assets, net (Note 10)	11,642	(11,642)	-	-	-
Balance at end of year	<u>\$ 6,278</u>	<u>\$ 6,716</u>	<u>\$ 7,009</u>	<u>\$ 20,003</u>	<u>\$ 30,601</u>

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ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	<u>2003</u>		<u>2002</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	
Cash generated from (used by):				
Operating activities:				
Deficiency of revenues over expenses	\$ (7,595)	\$ (10,598)	\$ (7,437)	
Non-cash transactions:				
Amortization of capital assets				
- internally funded	2,221	1,763	2,132	
- externally funded	1,209	1,133	1,181	
Amortization of facilities and improvements	1,858	2,247	1,905	
Amortization of external capital contributions (Note 8)	(3,067)	(3,380)	(3,086)	
Revenue recognized on write-down of externally funded capital assets (Note 8)	-	(2,270)	-	
Write-down of capital assets (Note 1b)				
- internally funded	-	2,812	-	
- externally funded	-	2,270	-	
Loss on disposal on internally funded capital assets	-	14	5	
Gain on sale of investments	-	(343)	(167)	
	<u>(5,374)</u>	<u>(6,352)</u>	<u>(5,467)</u>	
Change in non-cash working capital accounts (Note 19)	<u>(3,362)</u>	<u>8,731</u>	<u>724</u>	
Cash generated from (used by) operations	<u>(8,736)</u>	<u>2,379</u>	<u>(4,743)</u>	
Investing activities:				
Purchase of capital assets:				
Internally funded				
- equipment	(2,221)	(1,891)	(1,313)	
- facilities and improvement	-	(189)	(36)	
Externally funded (Note 8)				
- equipment	(1,876)	(3,110)	(481)	
- facilities and improvement	(42,198)	(30,811)	(37,417)	
Proceeds on sale of investments	11,665	12,599	8,759	
Purchase of investments	-	(591)	(9,569)	
Decrease in capital contributions receivable (Note 4)	40,406	40,405	3,417	
Cash restricted for non-current purposes (Note 3)	-	(15,825)	-	
Cash generated from (used by) investing activities	<u>5,776</u>	<u>587</u>	<u>(36,640)</u>	
Financing activities:				
Capital contributions received, net (Note 7)	-	643	38,998	
Cash generated from financing activities	<u>-</u>	<u>643</u>	<u>38,998</u>	
Increase (decrease) in cash and temporary investments	(2,960)	3,609	(2,385)	
Cash and temporary investments, beginning of the year	<u>41,738</u>	<u>42,596</u>	<u>44,981</u>	
Cash and temporary investments, end of the year (Note 3)	<u>\$ 38,778</u>	<u>\$ 46,205</u>	<u>\$ 42,596</u>	

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 Alberta Mental Health Board, Purpose and Restructuring of Mental Health Operations

(a) Purpose

The Alberta Mental Health Board ("the Board") was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). The regulation states that the Board shall carry out the following purposes on a province-wide basis:

- To promote, preserve and restore the mental health of Albertans and work towards the prevention of mental disorders;
- To assess the mental health of Albertans on an ongoing basis;
- To deliver or coordinate the delivery of mental health services in Alberta;
- To promote and act as an advocate for the provision of mental health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities;
- To develop and monitor standards for, and monitor performance in, the delivery of mental health services;
- To determine priorities in the provision of mental health services in Alberta and allocate resources accordingly;
- To ensure reasonable access to quality mental health services; and
- To engage in and promote research in matters related to mental health.

Prior to and including March 31, 2003, the Board was responsible for delivering appropriate, accessible and affordable mental health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Board include the following facilities and sites:

- Alberta Hospital Edmonton;
- Alberta Hospital Ponoka;
- Claresholm Care Centre;
- Raymond Care Centre; and
- Seventy-eight permanent community mental health clinics.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

(b) Restructuring of Mental Health Operations

Details of the Government's restructuring plan for mental health services were announced by the Minister of Alberta Health and Wellness on January 23, 2003, as follows:

- The majority of mental health programs and services are to be transferred to the regional health authorities ("RHAs") on a geographic basis. The four mental health facilities are to be transferred to and managed by their respective RHAs but retain their status as provincial resources;

- Current funding for mental health services will remain in place for the period April 1, 2003 to March 31, 2004 in order to maintain existing service levels; and
- The Board will retain governance of province wide services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. The Board will also work with the individually expanded health regions to establish provincial program councils to advocate and promote mental health through education and awareness.

As a result of the implementation of this restructuring plan, substantially all of the Board's operating assets and liabilities are to be transferred to the RHAs effective April 1, 2003. The Board's residual cash and net assets remaining after this transfer will be allocated amongst the Board and the RHAs according to a mutually agreed upon distribution formula. The Board expects the transfer of assets, liabilities and the remaining surplus to occur by June 30, 2003.

Schedule 3 presents the Board's results of operations for the year ended March 31, 2003 segregated into operations which are expected to continue under the Board in the future and operations that will not continue under the Board.

Accrued restructuring costs of \$2,861,000 comprises restructuring expenditures prior to March 31, 2003 and a provision for fiscal 2004 expenditures relating to the restructuring.

The net restructuring costs included in the Board's statement of operations for the year ended March 31, 2003 are comprised of the following:

	(thousands of dollars)
Write-down of capital assets ⁽¹⁾	\$ 5,082
Severance, and salaries of transitional personnel	2,910
Professional fees	968
Other restructuring expenses	192
	<u>\$ 9,152</u>
Amortization of external capital contributions on write-down of capital assets (Note 8) ⁽¹⁾	<u>\$ (2,270)</u>
Net restructuring costs	<u>\$ 6,882</u>

⁽¹⁾ In order to harmonize capitalization thresholds with the RHAs, the Board recorded a write-down on capital assets with an original cost less than \$5,000 that are to be transferred.

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

(a) Revenue Recognition

These financial statements have been prepared using the deferral method of accounting, which requires the following:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year becoming receivable.
- (ii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts subsequently invested in capital assets are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense, including write-downs of the funded capital assets is recorded.
- (iii) Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the same year the related expenses are incurred. When deferred contributions are invested in capital assets the related amounts are transferred to deferred capital contributions and then to unamortized external capital contributions. This allows the future amortization expense relating to the capital assets to be appropriately offset by the amortization of unamortized external capital contributions.
- (iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
- (v) Unrestricted investment income is recognized as revenue in the year it is earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Board accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded in the financial statements. Fair value transactions as recorded consist of the following:

- (i) 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 Board's programs.
- (ii) The fair value for use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expenses.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) 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 Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Board participates in the Local Authorities Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Board'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 Board has insufficient information to apply defined benefit plan accounting.

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

(d) Cash and Temporary Investments

Cash and temporary investments comprise cash and investments with maturity dates of less than one year from date of purchase.

Temporary investments are recorded at lower of cost and quoted market value.

(e) Investments

Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis and gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment, other than a temporary decline, the investment is written down to its net realizable value. The full-value of the write-down is recognized in the statement of operations in the period the write-down occurs.

(f) Inventories

Inventories are held for consumption and are valued at the lower of cost on a first-in first-out basis and replacement cost.

(g) Capital Assets

Capital assets and construction in progress are recorded at cost.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

	<u>Useful Life</u>
Facilities and improvements	10 to 40 years
Furniture and equipment	5 to 15 years

Construction in progress is not amortized until the project is complete and the asset is available for use.

(h) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accrued liabilities, accrued vacation pay, and accrued restructuring costs, approximates fair value because of the short-term maturity of these items.

The carrying value of capital contributions receivable approximates its fair value because the Board expects to collect these amounts in the next fiscal year.

The Board does not have any off-balance sheet financial instruments.

(i) Restructuring Costs (see Note 1b)

Restructuring costs and related revenues have been recorded in the period the restructuring plan was approved by the Minister of Alberta Health and Wellness. Revenues have been offset against the related restructuring expenses.

(j) Use of Estimates

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The effect on the financial statements of changes in estimates in future periods could be material.

Note 3 Cash and Temporary Investments

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
(a) Current		
Cash	\$ 46,205	\$ 20,353
Temporary investments	-	22,243
	<u>\$ 46,205</u>	<u>\$ 42,596</u>
(b) Non-current		
Cash	\$ 15,825	\$ -
Bonds	-	11,665
	<u>\$ 15,825</u>	<u>\$ 11,665</u>

Non-current cash and temporary investments represent the following:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Externally restricted for capital purposes (Note 7)	\$ 14,709	\$ 8,363
Internally restricted for capital purposes (Note 10)	1,116	2,897
Unrestricted funds invested in non-current investments	-	405
	<u>\$ 15,825</u>	<u>\$ 11,665</u>

Note 4 Contributions and Capital Contributions Receivable

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Non-capital		
Alberta Health and Wellness	\$ 561	\$ 1,029
Alberta Infrastructure - capital maintenance	-	200
Other	5	-
	<u>\$ 566</u>	<u>\$ 1,229</u>
Capital		
Alberta Infrastructure - AHP redevelopment	\$ -	\$ 38,530
Federal government	-	1,875
	<u>\$ -</u>	<u>\$ 40,405</u>

Note 5 Capital Assets

	<u>2003</u>			<u>2002</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	\$ 2,831	\$ -	\$ 2,831	\$ 2,831
Facilities and improvements	143,663	53,548	90,115	37,851
Furniture and equipment	22,531	16,660	5,871	8,909
Construction in progress	24,808	-	24,808	48,272
	<u>\$ 193,833</u>	<u>\$ 70,208</u>	<u>\$ 123,625</u>	<u>\$ 97,863</u>

In 2003, \$23,150,000 (2002 - \$47,385,000) of the construction in progress relates to the AHP Redevelopment Phase III in Ponoka.

Capital assets have been funded from the following sources:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Externally funded		
Land (<i>net asset invested in land</i>)	\$ 2,831	\$ 2,831
Other (<i>unamortized external capital contributions</i>)	116,616	88,345
Internally funded (<i>net assets invested in other capital assets</i>)	4,178	6,687
	<u>\$ 123,625</u>	<u>\$97,863</u>

Note 6 Deferred Contributions

The deferred contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (iii).

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Amounts received from:		
Alberta Health and Wellness contributions	\$ 980	\$ 1,432
Other government contributions	7,140	8,661
Other contributions	30	245
	<u>8,150</u>	<u>10,338</u>
Transferred from (to) deferred capital contributions (Note 7):		
Alberta Health and Wellness	-	(17)
Other government contributions		
Alberta Infrastructure - capital maintenance	(988)	(278)
Alberta Infrastructure - AHP redevelopment - demolition costs, etc.	1,420	765
Other	146	(4)
	<u>578</u>	<u>466</u>
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 12)	(1,385)	(2,252)
Other government contributions (Note 13)	(7,744)	(6,573)
Other contributions	(114)	(274)
	<u>(9,243)</u>	<u>(9,099)</u>
Change during the year	(515)	1,705
Balance, beginning of year	5,263	3,558
Balance, end of year	<u>\$ 4,748</u>	<u>\$ 5,263</u>

Deferred contributions are restricted for the following purposes:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Alberta Health and Wellness contributions		
Calgary Diversion project	\$ 682	\$ 624
we/net - Telemental Health - operational	36	-
Transition/security of systems	98	-
we/net - Telemental Health - scheduling	-	92
Early Childhood Development project	-	431
Eating Disorders	-	58
ICD-10-CA/CCI project	-	16
Other government contributions		
Alberta Infrastructure - capital maintenance	3,581	3,445
Student Health Initiative	235	396
Health and Welfare Canada	50	50
Alberta Learning - School of Nursing operations	33	34
Other contributions		
Research study	26	85
Legacy funding	-	22
Miscellaneous	7	10
	<u>\$ 4,748</u>	<u>\$ 5,263</u>

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (ii).

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Amounts received from (returned to):		
Other government contributions - AHP redevelopment	\$ 1,107	\$ -
Other government contributions - new equipment	114	366
Other government contributions - new construction	-	39,573
Returned to funding source - betterment of capital assets	-	(154)
Returned to funding source - new equipment	-	(321)
	<u>1,221</u>	<u>39,464</u>
Transferred from (to) deferred contributions:		
Alberta Health and Wellness (Note 6)	-	17
Capital maintenance (Note 6)	988	278
Alberta Infrastructure (Note 6)	(1,420)	(765)
Other (Note 6)	(146)	4
	<u>643</u>	<u>38,998</u>
Transferred to amortized external capital contributions (Note 8)	<u>(33,921)</u>	<u>(37,898)</u>
Change during the year	(33,278)	1,100
Balance, beginning of year	47,987	46,887
Balance, end of year	<u>\$ 14,709</u>	<u>\$ 47,987</u>

Deferred capital contributions are restricted for the following purposes:

New construction	\$ 14,469	\$ 46,653
Betterment of capital assets	232	238
New equipment	8	1,096
	<u>\$ 14,709</u>	<u>\$ 47,987</u>
Included as part of:		
Non-current cash and investments (Note 3)	\$ 14,709	\$ 8,363
Capital contributions receivable	-	39,624
	<u>\$ 14,709</u>	<u>\$ 47,987</u>

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (ii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 88,345	\$53,533
Add amounts transferred from:		
Deferred capital contributions (Note 7)	33,921	37,898
Less amortization of external capital contributions:		
Current operations	(3,380)	(3,086)
Write-down of capital assets (Note 1b)	<u>(2,270)</u>	<u>-</u>
	<u>\$ 116,616</u>	<u>\$88,345</u>

Note 9 Commitments and Contingencies

(a) Operating Leases

As a result of the restructuring activities described in Note 1b, commitments related to the transferred operations will be assumed by the RHAs on April 1, 2003.

The Board has operating leases which continue beyond April 1, 2003 for photocopiers, fax machines and vehicles as follows:

	<u>Leases</u>	
	(thousands of dollars)	
For the year ended March 31		
2004	\$ 171	
2005	41	
2006	3	
2007 and thereafter	-	
	<u>\$ 215</u>	

(b) AHP Redevelopment Phase III

The Board has committed to a capital upgrade project at the Alberta Hospital Ponoka site in the amount of \$101,000,000. Total costs to date are \$81,718,000 and contributions to date total \$96,187,000. The capital cost, the deferred capital contributions of \$14,469,000 (see Note 7), and the unfulfilled commitment are to be transferred to David Thompson Health Region on April 1, 2003.

(c) Contingencies

Action has been brought against the Board for payment of \$12,851,706, which the plaintiff believes is owed by the Board for providing additional services allegedly agreed to by the Board during the construction of the sewage treatment facility at Alberta Hospital Ponoka which was completed in fiscal 2001. There are also potential claims for severance to certain Board employees resulting from the divestiture on April 1, 2003 of mental health clinics from the Board to regional health authorities.

Management believes it has a valid defence against these existing and potential claims. It is not possible at this time to determine the amount, if any, for which the Board may eventually be liable and as such, no amounts have been recorded as liabilities at this time. If the Board expects to realize a loss, it will be accounted for in the period in which it is considered likely to be incurred.

Note 10 Internally Restricted Net Assets

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
The Board has internally restricted the following amounts for:		
Capital:		
Capital upgrades	\$ 1,116	\$ -
AHP Redevelopment Phase III	-	1,200
Future equipment replacement	-	733
Capital projects	-	964
	<u>1,116</u>	<u>2,897</u>
Non-capital:		
Non-recurring costs of 2004 resulting from the transfer of services	1,600	-
Telemental Health	1,500	1,500
Forensic Psychiatry	1,223	-
Research and administration	277	-
Sewage treatment facility	1,000	-
Indigent patients' comfort allowance	-	2,000
Staff development	-	3,000
Foundation operations	-	3,000
Information systems enhancement	-	2,500
Research and evaluation	-	1,500
Aboriginal Services	-	1,000
Homefront Project	-	420
Alberta Hospital Edmonton Research Fund	-	320
Young Offenders Demo Project	-	146
Operational commissioning tasks AHP	-	75
	<u>5,600</u>	<u>15,461</u>
	<u>\$ 6,716</u>	<u>\$18,358</u>

Note 11 Budget

The 2003 budget was approved by the Board on April 29, 2002, and approved by the Minister of Health and Wellness on June 27, 2002.

Note 12 Alberta Health and Wellness Contributions

	<u>2003</u>	<u>2002</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(thousands of dollars)</u>	
Unrestricted contributions	\$231,080	\$216,566
Transfers from deferred contributions (Note 6)	1,385	2,252
Restricted contribution paid directly by Alberta Health and Wellness to contract service operators (Note 20c)	2,000	2,000
	<u>\$234,465</u>	<u>\$220,818</u>

Note 13 Other Government Contributions

	<u>2003</u>	<u>2002</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(thousands of dollars)</u>	
Fair-value of use of non-owned facilities		
Mental health clinics and administration offices	\$ 3,754	\$ 3,040
Claresholm and Raymond Care Centres	2,204	1,952
	<u>5,958</u>	<u>4,992</u>
Restricted transfers from deferred contributions (Note 6)		
Alberta Infrastructure	1,734	1,249
Student Health Initiative	4,235	3,578
Service recoveries	1,674	1,350
Contracted service surplus funds	-	168
Sundry	101	228
	<u>\$ 7,744</u>	<u>\$ 6,573</u>
	<u>\$ 13,702</u>	<u>\$ 11,565</u>

Note 14 Fees and Charges

	<u>2003</u>	<u>2002</u>
	<u>(thousands of dollars)</u>	
Continuing care		
Non-residents charges	\$ 2,162	\$ 1,299
Accommodation charges	1,098	1,184
Preferred accommodation	25	-
Workers Compensation Board	180	114
Federal Government	58	142
	<u>\$ 3,523</u>	<u>\$ 2,739</u>

Note 15 Ancillary Operations

	<u>2003</u>			<u>2002</u>	
	<u>Non-Patient Food Services Operations</u>	<u>Rental and Laundry Operations</u>	<u>Parking and Other Operations</u>	<u>Total</u>	<u>Total</u>
	<u>(thousands of dollars)</u>				
Revenues	\$ 728	\$ 820	\$ 75	\$ 1,623	\$ 1,753
Expenses					
Direct expenses	1,141	772	46	1,959	1,899
Amortization	-	-	-	-	17
	<u>1,141</u>	<u>772</u>	<u>46</u>	<u>1,959</u>	<u>1,916</u>
Excess (deficiency) of revenues over expenses 2003	<u>\$ (413)</u>	<u>\$ 48</u>	<u>\$ 29</u>	<u>\$ (336)</u>	
Excess (deficiency) of revenues over expenses 2002	<u>\$ (279)</u>	<u>\$ 108</u>	<u>\$ 8</u>		<u>\$ (163)</u>

Note 16 Investment and Other Income

	<u>2003</u>	<u>2002</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(thousands of dollars)</u>	
Unrestricted investment income	\$ 1,726	\$ 2,330
Other income	2,512	2,837
	<u>\$ 4,238</u>	<u>\$ 5,167</u>

Investment income is comprised of interest income and net gains on the disposal of investments.

Other income comprises primarily revenues from vocational rehabilitation programs and cost recoveries from all mental health programs.

Note 17 Administration

	<u>2003</u>	<u>2002</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(thousands of dollars)</u>	
General administration	\$ 8,732	\$ 8,807
Finance	2,486	2,711
Personnel	2,776	3,086
	<u>\$ 13,994</u>	<u>\$ 14,604</u>

Note 18 Support Services

	<u>2003</u>	<u>2002</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(thousands of dollars)</u>	
Building maintenance, operations and security	\$ 16,149	\$ 12,665
Patient food services	6,580	6,554
Housekeeping	3,756	3,555
Laundry and linen	1,186	1,300
Materials management	1,381	1,336
Patient transportation	1,314	1,202
Patient services	657	684
Patient health records	1,083	1,024
Education	1,116	966
Communications	669	691
Volunteer services	214	171
Bio-medical	75	62
	<u>\$ 34,180</u>	<u>\$ 30,210</u>

Note 19 Change in Non-Cash Working Capital Accounts

	<u>2003</u>	<u>2002</u>
	<u>(thousands of dollars)</u>	
Accounts receivable	\$ 199	\$ 682
Contributions receivable	663	(764)
Inventories	(12)	(59)
Prepaid expenses	3,466	(3,405)
Accounts payable and accrued liabilities	2,209	2,414
Accrued vacation pay	(140)	151
Deferred contributions	(515)	1,705
Accrued restructuring costs	2,861	-
	<u>\$ 8,731</u>	<u>\$ 724</u>

Note 20 Related Parties

(a) Province of Alberta

The Board is established under the Regional Health Authorities Act. Transactions between the Board and the Province of Alberta are disclosed in the Statement of Operations and in Notes 4, 6, 7, 12 and 13.

(b) Alberta Hospital Edmonton Foundation

The Alberta Hospital Edmonton Foundation (the "Foundation") is not consolidated in the Board's financial statements as the Board cannot exercise control over the Foundation. The Board has the right to appoint a member to the Foundation's Board, which consists of 6 voting members.

During the year, the Board received \$15,108 (2002 - \$8,675) of contributions from the Foundation in the form of grants. The resources held by the Foundation comprise \$14,663 (2002 - \$2,136) of unrestricted funds, \$234,535 (2002 - \$234,535) of internally restricted funds and \$21,700 (2002 - \$21,700) of endowments to support mental health programs.

During the year the Board contributed \$58 (2002 - \$55,064) to support the operations of the Foundation.

In fiscal 2003, responsibility for the administration of \$12,878 in donations was transferred to the Board from the Foundation.

Note 20 Related Parties (continued)

(c) Contract Service Operators

The Board contracts with contract service operators to provide mental health services in the Province. The contract service operators and the amount of the contracted health services for the year are as follows:

	<u>2003</u>	<u>2002</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(thousands of dollars)</u>	
Contract service operators:		
Calgary Health Region	\$ 13,565	\$ 13,538
Capital Health Authority	5,153	5,020
Child and Adolescent Services Association	3,710	3,622
Canadian Mental Health Association	3,428	3,307
Wood's Homes	2,058	2,056
Other regional health authorities	1,953	1,761
Other contract service operators ⁽¹⁾	16,310	16,433
	<u>\$ 46,177</u>	<u>\$ 45,737</u>
Reported in the following expense categories:		
Facility-based inpatient services	\$ 7,160	\$ 7,084
Facility-based emergency and outpatient services	322	322
Community and home based services	38,695	38,331
	<u>\$ 46,177</u>	<u>\$ 45,737</u>

⁽¹⁾ Included as part of other contract service operators is \$2,000,000 paid directly by Alberta Health and Wellness (see Note 12).

Note 21 Pension Costs

The Board participates in the Local Authorities Pension Plan, Public Service Pension Plan and Management Employee Pension Plan, which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Board's annual contributions payable of \$12,185,060 for the year ended March 31, 2003 (2002 - \$10,976,415).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of \$444,980,000 (2001 - \$634,960,000 surplus). 99.00% of the Board's employees eligible for pension plan participation are registered in the Local Authorities Pension Plan.

At December 31, 2002, the Public Service Pension Plan reported a deficiency of \$175,528,000 (2001 - \$320,487,000 surplus). 0.90% of the Board's employees eligible for pension plan participation are registered in the Public Service Pension Plan.

At December 31, 2002, the Management Employee Pension Plan reported a deficiency of \$301,968,000 (2001 - \$5,338,000 surplus). 0.10% of the Board's employees eligible for pension plan participation are registered in the Management Employee Pension Plan.

Note 22 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 23 Approval of Financial Statements

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

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003				2002						
	Number of individuals ⁽¹⁾	Salaries and Honoraria (includes accrued vacation) ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Number of individuals	Amount	Total	Number of individuals	Salaries and Benefits ⁽⁴⁾	Severance ⁽⁵⁾	Total
Board Members											
Board Chairman	1	\$ 16	-	\$ 16	-	\$ -	\$ 16	1	\$ 8	\$ -	\$ 8
Board Members	1	4	-	4	-	-	4	1	5	-	5
Bunce, Neil	1	4	-	4	-	-	4	1	5	-	5
Mikkelsen, Dave	1	4	-	4	-	-	4	1	5	-	5
Stanimire, Sharon	1	4	-	4	-	-	4	1	5	-	5
Total board members	4	28	-	28	-	-	28	4	28	-	28
Staff											
Chief Executive Officer	-	101	142	243	1,000	252	495	075	263	-	263
Acting Chief Executive Officer ⁽¹⁾	016	44	5	49	1,000	211	260	025	40	-	40
Acting Chief Executive Officer ⁽²⁾	084	177	14	191	-	-	191	-	-	-	-
Management Services (reporting to the Acting CEO)	-	-	-	-	-	-	-	-	-	-	-
Executive Director - Provincial Services	1,000	152	15	167	1,000	172	339	075	159	-	159
Executive Director - Provincial Services	1,000	297	16	313	-	-	313	075	120	-	120
Executive Director - Provincial Services	1,000	148	10	158	1,000	94	252	1,000	304	-	304
Chief of Staff and Director, Provincial Programs	18,700	1,809	780	2,589	17,010	901	3,000	7,710	153	-	153
Other management services reporting to those above	(avg. 2003 \$112; avg. 2002 \$99; excl. severances)	18,908	12,843	23,058	14,000	483	16,031	16,046	108,779	-	108,779
(avg. 2003 \$82; avg. 2002 \$68; excl. severances)	699,238	46,362	7,080	53,442	-	-	53,442	696,688	50,000	-	80,000
Reimbursed nurses not included above	541,414	30,177	4,890	35,267	-	-	35,267	501,414	30,507	-	30,533
(avg. 2003 \$65; avg. 2002 \$61; excl. severances)	493,336	17,457	2,996	20,453	1,000	27	20,480	\$27,991	21,006	-	21,006
Other staff	(avg. 2003 \$43; avg. 2002 \$40; excl. severances)	767,931	27,820	\$407	9,010	49	37,838	798,611	34,047	148	35,105
Total staff	3,208,266	137,124	21,540	164,688	4,011	3,709	162,598	3,717,361	151,198	194	151,392
Total		\$ 137,124	\$ 21,540	\$ 164,688		\$ 3,709	\$ 162,598	\$ 3,717,361	\$ 151,198	194	\$ 151,392

See accompanying information on the following page.

(1) The Executive Director, Provincial Services, was acting Chief Executive Officer for the period January, 2002 to May, 2002. The Executive Director, Provincial Services position was not filled by another individual during this time period.

(2) The Executive Director, Administrative Services, was acting Chief Executive Officer for the period June, 2002 to March, 2003. The Executive Director, Administrative Services position was filled by another individual during this time period.

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Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$ 166,125	\$ 162,927	\$ 151,463
Contracts with health service operators (Note 20 (c))	44,586	46,177	45,737
Drugs, gases, medical and surgical supplies	3,725	4,010	3,883
Other contracted services	12,739	15,246	15,179
Other expenses ⁽¹⁾	35,750	35,264	31,137
Amortization:			
Capital assets - internally funded	1,929	1,763	2,132
Capital assets - externally funded	1,209	1,133	1,181
Facilities and improvements	1,858	2,247	1,905
Write-down of capital assets (Note 1b)	-	5,082	-
	267,921	273,849	252,617
Less amounts reported in ancillary operations (Note 15)	(1,874)	(1,959)	(1,916)
Less amounts reported as restructuring costs (Note 1b)	-	(9,152)	-
	(1,874)	(11,111)	(1,916)
	\$ 266,047	\$ 262,738	\$ 250,701
(1) Other expenses			
Facility rent	\$ 6,192	\$ 7,188	\$ 6,068
Food supplies	3,101	3,164	3,381
Travel	3,257	3,219	3,598
Utilities	4,489	5,958	3,381
General supplies	2,321	2,720	2,841
Miscellaneous	16,390	13,015	11,868
	\$ 35,750	\$ 35,264	\$ 31,137

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SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003

1. Number of Individuals consist of full-time equivalents except for Board members.
 Full time equivalent ("FTE") has been determined as follows:

	Employees of The Board (hours per year)
Acting Chief Executive Officer	2,023
Management persons reporting to the Acting CEO	2,023
Other management person(s) reporting to those above	2,023
Other management	2,023
Regulated nurses not included above	2,023
Other health technicians and professionals	1,892 – 2,023
Unregulated health service providers	1,892 – 2,023
Other staff	1,892 – 2,023

Total actual discrete number of individuals employed in 2003 – 3,898 (2002 - 3,583).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Individuals under contract by the Board are not reflected in this schedule.
3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, 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 Acting Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.
5. Severance includes:
- All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits and continued payment of the Board's share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling office space and administrative support.
6. The total amount of salaries is reported in Schedule 1, Expenses by Object, which includes 2003 - \$604,458 (2002 - \$468,497) in salaries reported in Note 15, Ancillary Operations.

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF CONTINUING AND NONCONTINUING OPERATIONS (See Note 1b)
FOR THE YEAR ENDED MARCH 31, 2003
 (thousands of dollars)

	2003		
	Continuing	Noncontinuing	Total
	(1)	(2)	
Revenues			
Alberta Health and Wellness contributions ⁽³⁾	\$ 28,751	\$ 205,714	\$ 234,465
Other government contributions	-	13,702	13,702
Fees and charges	-	3,523	3,523
Ancillary operations, net	-	(336)	(336)
Donations	-	50	50
Investment and other income	-	4,238	4,238
Amortization of external capital contributions	-	3,380	3,380
Total Revenues	28,751	230,271	259,022
Expenses			
Facility-based inpatient services	14,361	46,172	60,533
Facility-based emergency and outpatient services	4,130	6,448	10,578
Facility-based continuing care services	-	17,680	17,680
Community and home-based services	1,700	93,049	94,749
Diagnostic and therapeutic services	4,664	15,245	19,909
Promotion, prevention and protection services	222	2,101	2,323
Research and education	853	186	1,039
Administration	2,602	11,392	13,994
Information technology and alberta we//net	219	5,287	5,506
Support services	-	34,180	34,180
Amortization of facilities and improvements	-	2,247	2,247
Total expenses prior to net restructuring costs	28,751	233,987	262,738
Deficiency of revenues over expenses prior to net restructuring costs	-	(3,716)	(3,716)
Restructuring costs, net (Note 1b)	-	6,882	6,882
Deficiency of revenues over expenses	\$ -	\$ (10,598)	\$ (10,598)

- (1) Continuing operations of the Board include the governance of province wide programs and services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. The Board will also work with the individually expanded health regions to establish provincial program councils to advocate and promote mental health through education and awareness.
- (2) Noncontinuing operations represent revenues and expenses of the Board that will not continue as operations of the Board after March 31, 2003. These programs will continue under the Regional Health Authorities.
- (3) Management has allocated sufficient Alberta Health and Wellness contributions to continuing operations to cover the expenses related to continuing operations.