



FINANCIAL STATEMENTS

MARCH 31, 2025

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MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the nine months ended March 31, 2025 are the responsibility of management and have been reviewed and approved by senior management. The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and include certain disclosures required by the financial directives issued by the Ministry of Mental Health and Addiction, 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 systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public funds;
- safeguard the assets of the “Province of Alberta” that are the responsibility of Recovery Alberta.

Recovery Alberta carries out its responsibility for the financial statements through the Board. The Board meets with management and the Auditor General of Alberta to review financial matters, and approves the financial statements upon finalization of the audit. The Auditor General of Alberta has free access to the Board.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed by]

Kerry Bales
Chief Executive Officer
Recovery Alberta

[Original signed by]

Jennifer Ocloo
Lead, Finance
Recovery Alberta

June 3, 2025

To the Chief Executive Officer and Board Chair of Recovery Alberta

Report on the Financial Statements

Opinion

I have audited the financial statements of Recovery Alberta, which comprise the statement of financial position as at March 31, 2025, and the statements of operations, change in net financial assets, and cash flows for the nine-months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Recovery Alberta as at March 31, 2025, and the results of its operations, its changes in net financial assets, and its cash flows for the nine-months then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Recovery Alberta in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 3 and Note 22 of the financial statements, which describes the restructuring of Alberta Health Services and establishment of Recovery Alberta, and subsequent events. My opinion is not modified in respect of this matter.

Other information

The financial statements of Recovery Alberta are included in the *Annual Report of the Ministry of Mental Health and Addiction* that is prepared by the Ministry of Mental Health and Addiction. The other information comprises the information included in the *Annual Report of the Ministry of Mental Health and Addiction* relating to Recovery Alberta, but does not include the financial statements of Recovery Alberta and my auditor's report thereon. The *Annual Report of the Ministry of Mental Health and Addiction* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Recovery Alberta's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Recovery Alberta's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Recovery Alberta's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Recovery Alberta's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Recovery Alberta to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

June 3, 2025
Edmonton, Alberta

STATEMENT OF OPERATIONS		
NINE MONTHS ENDED MARCH 31		
	2025	
	Budget (Note 4)	Actual
Revenues:		
Ministry of Mental Health and Addiction transfers		
Base operating	\$ 726,840	\$ 726,840
One-time base operating	-	85,350
Other operating	60,601	68,771
Recognition of expended deferred capital revenue	-	14
Other government transfers (Note 5)	9,304	9,865
Fees and charges	3,485	2,415
Donations and non-government contributions (Note 6)	1,671	2,512
Other income (Note 7)	4,188	12,461
Net effect of restructuring transaction (Note 3)	-	679
TOTAL REVENUES	806,089	908,907
Expenses:		
Continuing care	3,909	2,688
Community care	380,524	414,507
Acute care	210,360	251,646
Diagnostic and therapeutic services	64,595	70,787
Population and public health	2,792	3,346
Research and education	3,218	3,542
Information technology	24,633	25,188
Support services (Note 8)	88,213	93,314
Administration (Note 9)	27,845	27,201
TOTAL EXPENSES (Schedules 1 and 3)	806,089	892,219
ANNUAL OPERATING SURPLUS	-	16,688
Accumulated surplus, beginning of period	-	-
Accumulated surplus, end of period (Note 18)	\$ -	\$ 16,688

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

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31	
	2025 Actual
Financial Assets:	
Petty cash	\$ 28
Due from Alberta Health Services	251,863
Accounts receivable (Note 11)	25,659
	277,550
Liabilities:	
Accounts payable and accrued liabilities (Note 12)	128,479
Employee future benefits (Note 13)	71,211
Unexpended deferred operating revenue (Note 14)	63,237
Unexpended deferred capital revenue (Note 15)	14
	262,941
NET FINANCIAL ASSETS	14,609
Non-Financial Assets:	
Tangible capital assets (Note 17)	4,198
	4,198
NET ASSETS BEFORE EXPENDED DEFERRED REVENUE	18,807
Expended deferred capital revenue (Note 16)	2,119
NET ASSETS	16,688
Net Assets is comprised of:	
Accumulated surplus (Note 18)	16,688
	\$ 16,688

Contractual Obligations and Contingent Liabilities (Note 19)

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

Approved by:

[Original Signed by]

Kerry Bales
Board Chair
Recovery Alberta

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS NINE MONTHS ENDED MARCH 31		
	2025	
	Budget⁽ⁱ⁾	Actual
Annual operating surplus		\$ 16,688
Effect of changes in tangible capital assets:		
Acquisition of tangible capital assets:		
Purchased		(155)
Leased		(355)
Amortization and loss on disposals/write-downs of tangible capital assets		1,049
Effect of other changes:		
Net decrease in expended deferred capital revenue		(169)
Net decrease in prepaid expenses		5,279
Net debt transferred as a result of restructuring transaction		(7,049)
Net effect of restructuring transaction		(679)
Increase in net financial assets for the period		14,609
Net financial assets, beginning of period		-
Net financial assets, end of period		\$ 14,609

- (i) No budget values are presented as no budget was approved for the statement of change in net financial assets for the nine months ended March 31, 2025 (Note 4).

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

STATEMENT OF CASH FLOWS	
NINE MONTHS ENDED MARCH 31	
	2025
	Actual
Operating transactions:	
Annual operating surplus	\$ 16,688
Non-cash items:	
Amortization and loss on disposals/write-downs of tangible capital assets	1,049
Recognition of expended deferred capital revenue	(286)
Change in employee future benefits	6,090
Net effect of restructuring transaction	(679)
(Increase) decrease in:	
Accounts receivable related to operating transactions	(16,881)
Due from Alberta Health Services	(60,584)
Prepaid expenses	5,279
Increase (decrease) in:	
Accounts payable and accrued liabilities	53,503
Unexpended deferred operating revenue	(3,549)
Cash provided by operating transactions	630
Capital transactions:	
Purchased tangible capital assets	(155)
Cash applied to capital transactions	(155)
Financing transactions:	
Restricted capital contributions received	131
Payments on obligations under capital leases	(606)
Cash applied to financing transactions	(475)
Increase in cash	-
Cash, beginning of period	-
Cash, end of period	\$ -

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025

Note 1 Authority, Purpose and Operations

Recovery Alberta was legally established as a Provincial Health Agency (PHA) under the *Provincial Health Agencies Act* (Alberta), effective July 1, 2024, as a result of the Government of Alberta's initiative to refocus the healthcare system. Effective September 1, 2024, Alberta Health Services (AHS) transferred to Recovery Alberta all of the powers, duties, responsibilities and functions of AHS necessary so that Recovery Alberta can fulfill its responsibility for the delivery of mental health and addiction services.

Pursuant to Part 2 of the *Provincial Health Agencies Act, RSA 2000 (Alberta)*, effective June 21, 2024, Recovery Alberta, as a PHA is responsible for the delivery of health services and the oversight and coordination of the delivery of health services in the health services sector or sectors for which it was established. For the purposes of the Act, Recovery Alberta shall:

- (a) deliver health services or arrange for the delivery of health services in accordance with section 1.96,
- (b) oversee the delivery of health services by the parties with whom the provincial health agency has entered into agreements to deliver health services and ensure the accountability of those parties,
- (c) monitor and evaluate the delivery of health services in the health services sector,
- (d) implement the provincial health agency's approved health plan, approved operational plan and approved additional plans,
- (e) establish priorities relating to the delivery of health services in the health services sector and regularly assess and modify those priorities,
- (f) ensure that health services are delivered in the health services sector in a manner that is responsive to the needs of individuals and communities and supports the integration of health services,
- (g) work with the oversight Minister, sector Ministers, other provincial health agencies, regional health authorities, provincial health corporations, health services delivery organizations and other health services providers to coordinate the delivery of health services within the health services sector and across health services sectors,
- (h) ensure that the transfer of patients and the responsibility for their care within the health services sector and between health services sectors is integrated, efficient and safe,
- (i) consult regularly with the oversight Minister, sector Ministers, other provincial health agencies, regional health authorities and other persons and bodies with respect to issues relating to health services and the delivery of health services within the health services sector and across health services sectors,
- (j) support reasonable access to quality health services in the health services sector,
- (k) assess the health needs of the population related to the health services sector on an ongoing basis
- (l) promote and protect the health of the population and work toward the prevention of disease and injury related to the health services sector,
- (m) exercise any powers and carry out any duties, responsibilities or functions delegated to the provincial health agency by the oversight Minister or sector Minister under section 1.8, and
- (n) do any other thing required by the oversight Minister, the sector Minister or the regulations.

Recovery Alberta is accountable to the Minister of Mental Health and Addiction (the Minister) for the delivery, oversight and coordination of the mental health and addiction services for Albertans.

The Recovery Alberta financial statements include the assets, liabilities, revenues and expenses associated with its responsibilities.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. In addition, the financial statements include certain disclosures required by the financial directives issued by the Ministry of Mental Health and Addiction (MHA).

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Recovery Alberta is responsible for the delivery, oversight and coordination of the mental health and addiction services in Alberta (Note 1) and contracts with various health service providers to support mental health and addiction services throughout Alberta. The largest of these service providers is AHS, who is providing clinical support and corporate services (Note 20). These financial statements do not include AHS' assets, liabilities or results of operations of these providers. However, the payments for contracts with health service providers such as AHS are recorded as expenses in the Statement of Operations.

(b) Revenue Recognition

All revenues are recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable. Revenues from transactions with performance obligations are recognized when Recovery Alberta provides the promised goods and/or services to a payor. Revenue from transactions with no performance obligations are recognized at their realizable value when Recovery Alberta has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset. Unallocated costs comprising of materials and services contributed by related parties in support of Recovery Alberta's operations, are not recognized in these financial statements.

(i) Government Transfers

Transfers from MHA, other Province of Alberta ministries and agencies, and other government entities are referred to as government transfers. Government transfers are monetary or tangible capital asset transfers where the government making the transfer does not receive any goods or services directly in return, expect to be repaid in the future, or expect a direct financial return.

Government transfers are recorded as deferred revenue when the stipulations together with Recovery Alberta's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, Recovery Alberta complies with the communicated use of the transfer.

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and Recovery Alberta meets the eligibility criteria.

Deferred revenue consists of unexpended deferred operating revenue, unexpended deferred capital revenue and expended deferred capital revenue. The term deferred revenue in these financial statements refers to the components of deferred revenue as described.

(ii) Donations and Non-Government Contributions

Donations and non-government contributions are received from individuals, corporations, registered charities, and other not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations, and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to Recovery Alberta if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations and non-government contributions are recorded as deferred revenue if the terms for their use, or the terms along with Recovery Alberta's actions and communications as to their use create a liability. These resources are recognized as revenue as the terms are met and, when applicable, Recovery Alberta complies with the communicated use.

In-kind contributions of services and materials from non-related parties are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist Recovery Alberta, the value of their services is not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Fees and Charges and Other Income

Fees and charges and other income are considered revenue arising from exchange transactions with performance obligations. These are recognized in the year that goods are delivered or services are provided by Recovery Alberta. Amounts received for which goods or services have not been provided by year end are recorded as deferred revenue.

Other income includes an allocation of investment income recognized by AHS. Portfolio investments are managed centrally by AHS with the income allocated to Recovery Alberta on a pro-rata basis for Recovery Alberta's share of the portfolio's income. The investment income recognized by AHS is used as the basis for the income allocation and includes dividend income, interest income, and realized gains or losses on the sale of portfolio investments.

(c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

(d) Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial liabilities are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavourable to Recovery Alberta.

All of Recovery Alberta's financial assets and financial liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost.

Recovery Alberta's financial instruments include cash, accounts receivable, receivable from Alberta Health Services, and accounts payable and accrued liabilities.

Contractual obligations are evaluated for the existence of embedded derivatives. Recovery Alberta measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative, and when the entire contract is not measured at fair value. An election can be made to either measure the entire contract at fair value or measure the value of the derivative component separately when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for Recovery Alberta's normal course of business are not recognized as financial assets or liabilities. Recovery Alberta does not have any embedded derivatives.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported as a realized loss on the Statement of Operations.

A financial liability or a part thereof is derecognized when it is extinguished.

Recovery Alberta has not presented a Statement of Remeasurement Gains and Losses, as no activities would result in remeasurement gains or losses.

(e) Accounts receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the date of the contribution when fair value can be reasonably determined. When Recovery Alberta cannot determine the fair value, it records such contributions at nominal value.

The costs less residual values of tangible capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Equipment	<u>Useful Life</u> 3-20 years
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Leases of tangible capital assets which transfer substantially all benefits and risks of ownership to Recovery Alberta are accounted for as leased equipment and are amortized over the shorter of the term of the lease or their estimated useful lives. Obligations under capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of Recovery Alberta's rate for incremental borrowing and the interest rate implicit in the lease.

Tangible capital assets are written down to their net recoverable amount when conditions indicate that they no longer contribute to Recovery Alberta's ability to provide goods and services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Write-downs are recorded as part of amortization and loss on disposals / write-downs of tangible capital assets.

Intangibles and other assets inherited by right and that have not been purchased are not recognized in these financial statements. Similarly, works of art, historical treasures, and collections are not recognized as tangible capital assets.

(g) Employee Future Benefits

(i) Defined Benefit Pension Plans

Local Authorities Pension Plan (LAPP) and Management Employees Pension Plan (MEPP)

Recovery Alberta participates in the LAPP and MEPP which are multi-employer registered defined benefit pension plans. Recovery Alberta accounts for these plans on a defined contribution basis. Accordingly, the pension expense recorded for these plans in these financial statements is comprised of the employer contributions that Recovery Alberta is required to pay for its employees during the fiscal year. LAPP and MEPP set the employer contribution rates on an annual basis based on actuarially pre-determined amounts that are expected to provide the plans' future benefits.

(ii) Defined Contribution Pension Plans

Group Registered Retirement Savings Plans (GRRSPs)

Recovery Alberta sponsors GRRSPs for certain employee groups. Under the GRRSPs, Recovery Alberta matches a certain percentage of any contribution made by plan participants up to certain limits.

Supplemental Pension Plan (SPP)

The SPP supplements the benefits under Recovery Alberta registered plans that are limited by the *Income Tax Act* (Canada). Recovery Alberta contributes a percentage of an eligible employee's pensionable earnings, in excess of the limits of the *Income Tax Act* (Canada). The SPP provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participant.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Other Benefit Plans

Accumulating Non-Vesting Sick Leave

Sick leave benefits accumulate with employees' service and are provided by Recovery Alberta to certain employee groups of Recovery Alberta, as defined by employment agreements, to cover illness related absences that are outside of short-term and long-term disability coverage. Benefit amounts are determined and accumulate with reference to employees' earnings at the time they are paid out. The cost of the accumulating non-vesting sick leave benefits is expensed as the benefits are earned.

Recovery Alberta recognizes a liability and expense for accumulating non-vesting sick leave benefits using an actuarial cost method as the employees render services to earn the benefits. The liability and expense is determined using the projected benefit method pro-rated for service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement dates, sick leave accumulation and utilization, and mortality. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

Recovery Alberta does not record a liability for sick leave benefits that do not accumulate beyond the current reporting year as these are renewed annually.

Other Benefits

Recovery Alberta provides its employees with basic life, accidental death and dismemberment, short-term disability, long-term disability, extended health, dental, and vision benefits through benefits carriers. Recovery Alberta fully accrues its obligations for employee non-pension future benefits.

(h) Reserves

Certain amounts, as approved by the Recovery Alberta Board, may be set aside in accumulated surplus for use by Recovery Alberta for future purposes. Transfers to, or from, are recorded to the respective reserve account when approved.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a difference between the recognized or disclosed amount and another reasonably possible amount. These estimates and assumptions are reviewed at least annually. Actual results could differ from the estimates determined by management in these financial statements, and these differences could require adjustment in subsequent reporting years.

The amount recorded for amortization of tangible capital assets is based on the estimated useful life of the related assets while the recognition of expended deferred capital revenue depends on when the terms for the use of the funding are met and, when applicable, Recovery Alberta complies with its communicated use of the funding. The amounts recorded for accumulating non-vesting sick leave are based on various assumptions including the estimated service life of employees, drawdown rate of sick leave banks and rate of salary escalation.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Future Accounting Changes

On April 1, 2026, Recovery Alberta will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

- **The Conceptual Framework for Financial Reporting in the Public Sector**
The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- **PS 1202 Financial Statement Presentation**
Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the conceptual framework and the standard on the Recovery Alberta financial statements.

Note 3 Restructuring of AHS and Establishment of Recovery Alberta

In accordance with the Government of Alberta's ministerial orders related to the restructuring of AHS, all responsibilities and the oversight and coordination of the delivery of mental health and addiction services, along with related assets, liabilities, and funding agreements were transferred from AHS to Recovery Alberta effective September 1, 2024. Recovery Alberta is associated with AHS since both entities are accountable to their respective Ministries within the Government of Alberta. Recovery Alberta did not provide or receive any compensation related to the transfer of assets and liabilities.

	<u>September 1, 2024</u>
Financial assets:	
Petty cash	\$ 28
Due from AHS	191,279
Accounts receivable	8,778
	<u>200,085</u>
Liabilities:	
Accounts payable and accrued liabilities	75,227
Employee future benefits	65,121
Unexpended deferred operating revenue	66,786
	<u>207,134</u>
Non-financial assets:	
Tangible capital assets	4,737
Prepaid expenses	5,279
	<u>10,016</u>
Expended deferred capital revenue	<u>2,288</u>
Net effect of restructuring	\$ <u>679</u>

Note 3 Restructuring of AHS and Establishment of Recovery Alberta (continued)

(a) The tangible capital assets transferred to Recovery Alberta includes equipment with a cost of \$18,203 and accumulated amortization of \$13,466 (Note 17). Obligations under capital leases transferred to Recovery Alberta were \$1,522 (Note 12).

The related sector contractual obligations were also transferred to Recovery Alberta. Contracts transferred to Recovery Alberta for \$262,703 were related to the continuum of mental health and addiction services and supports, from prevention and intervention to treatment and recovery.

Recovery Alberta entered into a Transition Services Framework Agreement (TSFA), Cooperation Agreement and Information Management and Information Sharing Agreement with AHS effective September 1, 2024. Together, these agreements will govern the relationship between AHS and Recovery Alberta. Under the TSFA, AHS has agreed to provide transition services to Recovery Alberta. The transition services include all clinical and corporate support services provided by AHS to itself including but not limited to nutrition, food, linen & environmental services, capital management, information technology, protective services, pharmacy services, human resources, financial operations, APL services and health information management.

The TSFA commenced on the effective date and continues until August 31, 2026. Obligations under this agreement are \$264,194 for the year ending March 31, 2026, and \$110,744 for the year ending March 31, 2027 (Note 19).

Note 4 Budget

The nine months ended March 31, 2025 Statement of Operations budget was approved by the Recovery Alberta Board on August 28, 2024 and thereafter submitted to and approved by the Minister of Mental Health and Addiction. No budget was prepared or approved for the Statement of Financial Position as the assets and liabilities that were transferring from AHS to Recovery Alberta, as part of the restructuring transaction, were still being identified at the time of budget submission.

Note 5 Other Government Transfers

	Budget	2025
Recognition of expended deferred capital revenue (Note 16)	\$ -	\$ 221
Restricted operating (Note 14)	3,634	4,125
Unrestricted operating	5,670	5,519
	\$ 9,304	\$ 9,865

Other government transfers include \$6,548 (Note 20) transferred from the Province of Alberta, \$3,317 from government entities outside the Province of Alberta and exclude amounts from MHA as these amounts are separately disclosed on the Statement of Operations.

Note 6 Donations and Non-Government Contributions

	Budget	2025
Recognition of expended deferred capital revenue (Note 16)	\$ -	\$ 51
Restricted operating (Note 14)	1,612	1,688
Unrestricted operating	59	773
	\$ 1,671	\$ 2,512

Note 7 Other Income

	Budget	2025
Other income:		
AHS ⁽ⁱ⁾	\$ -	\$ 5,251
Other Province of Alberta Ministries (Note 20)	-	1,356
Other ⁽ⁱⁱ⁾	4,188	5,854
	\$ 4,188	\$ 12,461

⁽ⁱ⁾ Other income from AHS comprises an allocation of investment income recognized by AHS.

⁽ⁱⁱ⁾ Other mainly relates to recoveries for services provided to third parties.

Note 8 Support Services

	Budget	2025
Facilities operations	\$ 41,326	\$ 41,522
Patient health records, food services, and transportation	19,268	19,122
Housekeeping, laundry, and linen	12,332	12,324
Materials management	4,133	4,132
Ancillary operations	2,730	2,730
Other	8,424	13,484
	\$ 88,213	\$ 93,314

Note 9 Administration

	Budget	2025
General administration	\$ 14,196	\$ 13,317
Human resources	6,860	6,860
Finance	3,620	3,620
Communications	3,169	3,404
	\$ 27,845	\$ 27,201

Note 10 Financial Risk Management

Recovery Alberta is exposed to a variety of financial risks associated with its financial instruments. These financial risks include market risk, credit risk, and liquidity risk.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of three types of risk: price risk, interest rate risk, and foreign currency risk. Recovery Alberta does not hold portfolio investments or debt, and therefore market risk is minimal.

(b) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its contractual obligations. Recovery Alberta's receivables are exposed to credit risk, however, these amounts are largely due from MHA and AHS; therefore, the credit risk is minimal.

(c) Liquidity Risk

Liquidity risk is the risk that Recovery Alberta will encounter difficulty under both normal and stressed conditions in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Recovery Alberta's accounts payable and accrued liabilities are exposed to liquidity risk; however, the risk is minimal as AHS is responsible for settling the majority of Recovery Alberta's obligations mainly through funding provided by MHA.

The following are contractual maturities of the remaining financial liabilities as at March 31, 2025 based on expected undiscounted cash flows.

	Due in less than 1 year	Due in 1-5 years	Due after 5 years
Payroll payable and related accrued liabilities	\$ 121,166	\$ -	\$ -
Trade accounts payable and accrued liabilities	6,042	-	-
Other liabilities	455	816	-
	\$ 127,663	\$ 816	\$ -

Note 11 Accounts Receivable

	2025		
	Gross	Allowance for Doubtful Accounts	Net
Patient accounts receivable	\$ 2,050	\$ 13	\$ 2,037
Other operating transfers receivable ⁽ⁱ⁾	19,812	-	19,812
Other accounts receivable	3,810	-	3,810
	\$ 25,672	\$ 13	\$ 25,659

⁽ⁱ⁾ Other operating transfers receivable includes \$15,943 contributions receivable from MHA.

Note 12 Accounts Payable and Accrued Liabilities

	2025
Payroll payable and related accrued liabilities	\$ 121,166
Trade accounts payable and accrued liabilities	6,042
Obligations under capital leases ^(a)	1,271
	\$ 128,479

- (a) Obligations under capital leases include vehicle leases for fleet vehicles.

The obligations will be settled between 2026 and 2030 and have an implicit interest rate payable of 3.97%.

Recovery Alberta is committed to making principal payments for obligations under capital leases as follows:

March 31	Minimum Contract Payments
2026	\$ 455
2027	398
2028	246
2029	141
2030	31
	\$ 1,271

Note 13 Employee Future Benefits

	2025
Accrued vacation pay	\$ 59,136
Accumulating non-vesting sick leave ^(a)	12,075
	\$ 71,211

- (a) **Accumulating Non-Vesting Sick Leave**

Sick leave benefits are paid by Recovery Alberta; there are no employee contributions and no assets set aside to support the obligation.

	2025
Funded status – deficit	\$ 13,978
Unamortized net actuarial gain	(1,903)
Accrued benefit liability	\$ 12,075

Key assumptions used in the determination of the accumulating non-vesting sick leave liability are:

	2025
Estimated average remaining service life	13 years
Draw down rate of accumulated non-vesting sick leave bank	24.10%
Discount rate – beginning of year	5.00%
Discount rate – end of year	3.63%
Rate of compensation increase per year	2024-25
	2.00%
	2025-26
	3.00%
	2026-27
	3.00%
	Thereafter
	2.75%

Note 13 Employee Future Benefits (continued)

(b) Local Authorities Pension Plan (LAPP)

(i) Recovery Alberta Participation in the LAPP

The majority of Recovery Alberta employees participate in the LAPP. Recovery Alberta is not responsible for future funding of the plan deficit other than through contribution increases. As Recovery Alberta is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

The LAPP provides for a pension of 1.4% for each year of pensionable service based on the average salary of the highest five consecutive years up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE), over the same five consecutive year period and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act* (Canada). The maximum pensionable service allowable under the plan is 35 years.

(ii) LAPP Surplus

The LAPP carried out an actuarial valuation as at December 31, 2023 and these results were then extrapolated to December 31, 2024. The LAPP reported a surplus at December 31, 2024 of \$19,557,148.

The 2025 and 2024 LAPP contribution rates are as follows:

Calendar 2025		Calendar 2024	
Employer	Employees	Employer	Employees
8.45% of pensionable earnings up to the YMPE and 11.65% of the excess	7.45% of pensionable earnings up to the YMPE and 10.65% of the excess	8.45% of pensionable earnings up to the YMPE and 11.65% of the excess	7.45% of pensionable earnings up to the YMPE and 10.65% of the excess

(c) Pension Expense

	2025
Local Authorities Pension Plan	\$ 37,754
Defined contribution pension plans and group RRSPs	2,654
Other pension plans	66
	\$ 40,474

Note 14 Unexpended Deferred Operating Revenue

(a) Changes in the unexpended deferred operating revenue balance are as follows:

	2025			
	MHA	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Balance transferred from AHS September 1, 2024 (Note 3)	64,985	40	1,761	66,786
Received or receivable during the period	63,013	4,625	3,519	71,157
Unexpended deferred operating revenue returned	-	-	(104)	(104)
Transferred to unexpended deferred capital revenue ⁽ⁱⁱ⁾	-	-	(18)	(18)
Recognized as revenue	(68,771)	(4,125)	(1,688)	(74,584)
Balance, end of period	\$ 59,227	\$ 540	\$ 3,470	\$ 63,237

(i) The balance for other government includes (\$36) of unexpended deferred operating revenue received from government entities outside the Province of Alberta. The remaining balance in other government all relates to the Province of Alberta (Note 20).

(ii) The transfer is mainly comprised of restricted capital funding that was used for approved expenditures that did not meet the definition of a tangible capital asset.

(b) The unexpended deferred operating revenue balance at the end of the period is externally restricted for the following purposes:

	2025			
	MHA	Other Government	Donors and Non-Government	Total
Community Care	\$ 56,918	\$ 54	\$ 600	\$ 57,572
Diagnostic and therapeutic services	-	241	1,721	1,962
Acute care	2,233	-	651	2,884
Other	76	245	498	819
	\$ 59,227	\$ 540	\$ 3,470	\$ 63,237

Note 15 Unexpended Deferred Capital Revenue

Changes in the unexpended deferred capital revenue balance are as follows:

	2025			
	MHA	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Received or receivable during the period	48	48	17	113
Transferred to expended deferred capital revenue	(48)	(34)	(35)	(117)
Transferred from unexpended deferred operating revenue ⁽ⁱⁱ⁾	-	-	18	18
Balance, end of period⁽ⁱⁱⁱ⁾	\$ -	\$ 14	\$ -	\$ 14

- (i) The balance for other government all relates to the Province of Alberta.
- (ii) The transfer is mainly comprised of restricted capital funding of approved expenditures that did not meet the definition of a tangible capital asset.
- (iii) The unexpended deferred capital revenue balance at the end of the period of \$14 is externally restricted by Alberta Health for purpose of equipment purchases.

Note 16 Expended Deferred Capital Revenue

Changes in the expended deferred capital revenue balance are as follows:

	2025			
	MHA	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Balance transferred from AHS on September 1, 2024 (Note 3)	43	1,776	469	2,288
Transferred from unexpended deferred capital revenue	48	34	35	117
Recognized as revenue	(14)	(221)	(51)	(286)
Balance, end of period	\$ 77	\$ 1,589	\$ 453	\$ 2,119

- (i) The balance in other government all relates to the Province of Alberta (Note 20).

Note 17 Tangible Capital Assets

Cost	Balance transferred as at September 1, 2024 (Note 3)	Additions	Disposals/ Write-downs	2025
Equipment	\$ 16,681	\$ 155	\$ (90)	\$ 16,746
Leased equipment	1,522	355	-	1,877
	\$ 18,203	\$ 510	\$ (90)	\$ 18,623

Accumulated Amortization	Balance transferred as at September 1, 2024 (Note 3)	Amortization Expense	Disposals/ Write-downs	2025
Equipment	\$ 13,466	\$ 443	\$ (90)	\$ 13,819
Leased equipment	-	606	-	606
	\$ 13,466	\$ 1,049	\$ (90)	\$ 14,425

	Net Book Value	
	2025	
Equipment	\$	2,927
Leased equipment		1,271
	\$	4,198

Note 18 Accumulated Surplus

Accumulated surplus is comprised of the following:

	2025		
	Unrestricted Surplus	Invested in Tangible Capital Assets ^(a)	Total
Balance, beginning of period	\$ -	\$ -	\$ -
Annual operating surplus	16,688	-	16,688
Net investment in tangible capital assets	(808)	808	-
Balance, end of period	\$ 15,880	\$ 808	\$ 16,688

(a) Invested in Tangible Capital Assets

Invested in tangible capital assets represents the portion of accumulated surpluses that has been invested in the acquisition of Recovery Alberta's assets.

Reconciliation of invested in tangible capital assets:

	2025
Tangible capital assets (Note 17)	\$ 4,198
Less funded by:	
Expended deferred capital revenue (Note 16)	(2,119)
Obligations under capital leases (Note 12)	(1,271)
	\$ 808

Note 19 Contractual Obligations and Contingent Liabilities

(a) Contractual Obligations

Contractual obligations are Recovery Alberta's obligations to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

Year ended March 31	Services ⁽ⁱ⁾	Other ⁽ⁱⁱ⁾	Total
2026	\$ 384,806	\$ 4,501	\$ 389,307
2027	139,190	2,250	141,440
2028	4,079	2,250	6,329
2029	360	-	360
2030	50	-	50
Thereafter	-	-	-
March 31, 2025	\$ 528,485	\$ 9,001	\$ 537,486

- (i) Service obligations include \$375M in contractual commitments under the Transition Services Framework Agreement (Note 3).
- (ii) Other obligations include contractual commitments to the Rural Capacity Investment Fund to fund nursing recruitment and retention strategies in rural and remote areas of Alberta.

(b) Contingent Liabilities

(i) Legal Claims

Recovery Alberta is subject to legal claims during its normal course of business. Recovery Alberta recognizes a liability when the assessment of a claim indicates that a future event is likely to confirm that a liability has been incurred at the date of the financial statements and the amount of the contingent loss can be reasonably estimated.

Recovery Alberta has been named in 1 legal claim related to conditions in existence at March 31, 2025 where the likelihood of the occurrence of a future event confirming a contingent loss is not determinable. This claim has no specified amount. The resolution of indeterminable claims may result in a liability, if any, that is different than the claimed amount. Subsequent to year end, a decision was made in the court of appeals, which changed Recovery Alberta's assessment to unlikely.

(ii) Collective Agreements

Recovery Alberta currently has 5 collective agreements that have expired as at March 31, 2025. Given that negotiations are ongoing or have not commenced, no additional disclosures have been made.

Note 20 Related Parties

Transactions with related parties are included within these financial statements, unless otherwise stated.

The Minister appoints all members of the Recovery Alberta Board. The viability of Recovery Alberta's operations depends on transfers from MHA. Transactions between Recovery Alberta and MHA are reported and disclosed in the Statement of Operations, the Statement of Financial Position, and the Notes to the Financial Statements, and are therefore excluded from the tables below.

Related parties also include key management personnel of Recovery Alberta. Recovery Alberta has defined key management personnel to include those disclosed in Schedules 2A and 2B of these financial statements, except management reporting to CEO direct reports. Related party transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

Recovery Alberta is a related party with respect to those entities consolidated or included on a modified equity basis in the financial statements of the Province of Alberta. Entities consolidated or included on a modified equity basis have been grouped with their respective ministry and transactions between Recovery Alberta and the other ministries are recorded at their exchange amount as follows:

	Revenues ^(a)		Expenses	
	2025		2025	
AHS ^(b)	\$	-	\$	165,097
Ministry of Assisted Living and Social Services ^(c)		4,937		151
School Boards ^(d)		938		9,269
Other ministries		2,177		-
Total for the period	\$	8,052	\$	174,517

	Receivable from		Payable to	
	2025		2025	
AHS ^(b)	\$	251,863	\$	-
Ministry of Assisted Living and Social Services ^(c)		1,153		-
School Boards ^(d)		363		397
Other ministries		140		-
Balance, end of period	\$	253,519	\$	397

- (a) Revenues with Province of Alberta ministries include other government transfers of \$6,548 (Note 5), and other income of \$1,356 (Note 7).
- (b) The transactions with AHS relate to services provided by AHS in accordance with the TSFA. The period end receivable relates primarily to the restructuring transaction and represents Recovery Alberta's share of cash and investments centrally managed by AHS (Note 3). The receivable from AHS is unsecured, non-interest bearing and has no fixed terms of repayment.
- (c) Transactions with the Ministry of Assisted Living and Social Services relate to various health programs promoting wellness aimed to improve quality of life and integration of patients back in community living.
- (d) Transactions with the School Boards relate to providing health programs in schools promoting Mental Health in Children and Youth. The provincial School Boards are accountable to and funded by the Ministry of Education and Childcare.

At March 31, 2025, Recovery Alberta has recorded deferred revenue from other ministries within the Province of Alberta, excluding MHA, of \$576 related to unexpended deferred operating revenue (Note 14) and \$1,589 related to expended deferred capital revenue (Note 16).

Note 21 Segment Disclosure

The Schedule of Segment Disclosures – *Schedule 3* is intended to enable users to better understand the reporting entity and identify the resources allocated to the major activities of Recovery Alberta.

Recovery Alberta's revenues, as reported on the Statement of Operations, are most informatively presented by source and are not reasonably assignable to the reportable segments. For each reported segment, the expenses are directly or reasonably attributable to the segment.

The segments have been selected based on the presentation that is adopted for the financial reporting, planning and budget processes, and represent the major distinguishable activities of Recovery Alberta.

Segments include:

(a) Continuing care

Continuing care is comprised of mental health and addiction psychiatric long-term care.

(b) Community care

Community care is comprised of community bed-based services such as detoxification, addiction treatment, and mental health supports. This includes the provision of addiction and mental health services via outpatient, virtual, and outreach services.

(c) Acute care

Acute care is comprised predominantly of mental health and addiction patient-care units.

(d) Diagnostic and therapeutic services

Diagnostic and therapeutic services is comprised of rehabilitation services such as physiotherapy, occupational therapy, respiratory therapy and speech-language pathology, diagnostic, and pharmacy services.

(e) Population and public health

Population and public health is comprised primarily of health promotion and harm reduction services.

(f) Research and education

Research and education is comprised primarily of costs pertaining to formally organized mental health and addiction research and education.

(g) Information technology

Information technology is comprised of costs pertaining to the provision of service and consultation in the design, development, implementation, security and support of information technology services and systems.

(h) Support services

Support services is comprised of building maintenance operations (including utilities), materials management (including purchasing, central warehousing, distribution, and sterilization), housekeeping, patient registration, health records, food services, emergency preparedness, and infection prevention and control.

(i) Administration

Administration is comprised of human resources, finance, communications, and general administration. General administration includes senior executives and many functions such as planning and development, quality assurance, patient safety, insurance, privacy, public relations, risk management, internal audit, legal, and coordination of virtual health services.

Note 22 Subsequent Events

The Government of Alberta also announced that a new shared services entity is expected to be established and become operational in 2025. This entity will provide corporate and support services for all four provincial health agencies, and service providers. The operational date and the full financial effect, including the impact on Recovery Alberta's assets, liabilities and operations is currently unknown.

Note 23 Approval of Financial Statements

The financial statements were approved by the Recovery Alberta Board on June 3, 2025 and submitted to the Ministry of Mental Health and Addiction.

**SCHEDULE 1 – SCHEDULE OF EXPENSES BY OBJECT
FOR THE NINE MONTHS ENDED MARCH 31**

	2025	
	Budget (Note 4)	Actual
Salaries and benefits	\$ 484,130	\$ 565,117
Contracts with health service providers	292,571	296,170
Drugs and gases	7,557	7,754
Medical supplies	1,517	1,181
Other contracted services	8,956	11,974
Other ^(a)	11,358	8,974
Amortization and loss on disposals/write-downs of tangible capital assets (Note 17)	-	1,049
	\$ 806,089	\$ 892,219
(a) Significant amounts included in Other are:		
Travel	\$ 1,920	\$ 1,607
Office supplies and courier	3,164	1,442
Housekeeping, laundry and linen, staff wearing apparel, plant maintenance and biomedical engineering supplies	1,051	955
Food and dietary supplies	692	890
Equipment expense	959	748
Minor equipment purchases	286	573
Building rent	432	441
Education	284	232
Building and ground expenses	190	198
Licenses, fees, and memberships	192	77
Insurance and liability claims	14	24
Telecommunications	28	5
Utilities	2	3
Other	2,144	1,779
	\$ 11,358	\$ 8,974

**SCHEDULE 2 - SCHEDULES OF REMUNERATION AND BENEFITS
FOR THE NINE MONTHS ENDED MARCH 31, 2025**

SCHEDULE 2A – BOARD REMUNERATION FOR THE NINE MONTHS ENDED MARCH 31, 2025

	Term	2025 Remuneration
Board Chair		
Kerry Bales	Since Jul 1, 2024	\$ -
Total Board		\$ -

The Board Chair was not remunerated for this position.

**SCHEDULE 2B - EXECUTIVE REMUNERATION AND BENEFITS FOR THE NINE MONTHS ENDED
MARCH 31, 2025**

For the Current Fiscal Period	2025						
	FTE (a)	Base Salary (b, f)	Other Cash Benefits (c)	Other Non- Cash Benefits (d)	Subtotal	Severance (e)	Total
Board Direct Reports							
Kerry Bales – Chief Executive Officer ^(g, p)	0.75	\$ 319	\$ 5	\$ 79	\$ 403	\$ -	\$ 403
CEO Direct Reports							
Chief Operating Officer ^(h, q)	0.58	163	1	46	210	-	210
Interim Chief Medical Officer ^(i, r)	0.40	212	-	-	212	-	212
Lead, Communications ^(j, q)	0.33	48	-	16	64	-	64
General Counsel ^(k, q)	0.35	70	3	18	91	-	91
Lead, Strategy, Planning and Performance ^(l, q)	0.58	86	5	22	113	-	113
Lead, Medical Affairs ^(m, q)	0.58	91	-	24	115	-	115
Lead, People and Culture ^(n, q)	0.58	99	-	25	124	-	124
Lead, Finance ^(o, q)	0.58	91	-	29	120	-	120
Total Executive	4.73	\$ 1,179	\$ 14	\$ 259	\$ 1,452	\$ -	\$ 1,452
Management Reporting to CEO Direct Reports	3.37	\$ 708	\$ 3	\$ 163	\$ 874	\$ -	\$ 874

SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN

Certain employees will receive retirement benefits that supplement the benefits limited under the registered plans for service. The Supplemental Pension Plan (SPP) is a defined contribution plan. The amounts in this table represent the total SPP benefits earned by the individual during the fiscal period. The current period benefit costs for SPP included in other non-cash benefits disclosed in Schedule 2B are prorated for the period of time the individual was in their position directly reporting to the Board or directly reporting to the Chief Executive Officer. Only individuals holding a position directly reporting to the Board or Chief Executive Officer during the current fiscal period are disclosed.

	2025		Account Balance ⁽²⁾ July 1, 2024	Change During the Period ⁽³⁾	Account Balance ⁽²⁾ March 31, 2025
	SPP				
	Current Period Benefit Costs ⁽¹⁾	Total			
Kerry Bales - Chief Executive Officer ⁽⁴⁾	\$ 15	\$ 15	\$ -	\$ 320	\$ 320
Chief Operating Officer ⁽⁴⁾	4	4	-	7	7
Interim Chief Medical Officer ⁽⁵⁾	-	-	-	-	-
Lead, Communications ⁽⁶⁾	-	-	-	-	-
General Counsel ⁽⁶⁾	-	-	-	-	-
Lead, Strategy, Planning and Performance ⁽⁶⁾	-	-	-	-	-
Lead, Medical Affairs ⁽⁶⁾	-	-	-	-	-
Lead, People and Culture ⁽⁶⁾	-	-	-	-	-
Lead, Finance ⁽⁶⁾	-	-	-	-	-

- (1) The SPP current period benefit costs are Recovery Alberta contributions earned in the period.
- (2) The account balance represents the total cumulative earned contributions to the SPP as well as cumulative investment gains or losses on the contributions.
- (3) Changes in the account balance include the current benefit costs and investment gains or losses related to the account.
- (4) The incumbent's account balance transitioned from AHS effective September 1, 2024.
- (5) The incumbent is not an employee of Recovery Alberta, and therefore not eligible for enrollment in the SPP.
- (6) The incumbent's pensionable earnings were below the threshold for enrollment in the SPP.

**FOOTNOTES TO THE SCHEDULES OF REMUNERATION AND BENEFITS
FOR THE NINE MONTHS ENDED MARCH 31, 2025**

Definitions

- a. For this schedule, full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours.
- b. Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits.
- c. Other cash benefits include, as applicable, honoraria, acting pay, membership fees, car allowance, and lump sum payments. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to Recovery Alberta and not part of compensation unless related to severance. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.
- d. Other non-cash benefits include:
 - Employer's current period benefit costs of the supplemental pension plan as defined in Schedule 2C
 - Employer's share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans
 - Vacation accruals, and
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination which are not included in other cash benefits or other non-cash benefits.

Executive

- f. Base salary reported for executives are the actual payments earned during the period, and is therefore contingent on the number of Recovery Alberta's work days in the period. For the period ended March 31, 2025, the number of work days at Recovery Alberta was 196.
- g. Kerry Bales was appointed to the position of Chief Executive Officer effective July 1, 2024. The incumbent was also simultaneously appointed Board Chair.
- h. The incumbent held the position of Interim Chief Program Officer, Addiction and Mental Health and Correctional Health Services at AHS as at September 1, 2024 at which time the position transitioned to Recovery Alberta as per Ministerial Order 801/2024, and they became a direct report to the Chief Executive Officer. The incumbent was subsequently appointed to the position of Chief Operating Officer effective November 11, 2024.
- i. The incumbent was appointed Interim Chief Medical Officer effective September 1, 2024. The incumbent's remuneration is as per the terms of a Medical Administrative Services Agreement.
- j. The incumbent was appointed to the position of Lead, Communications effective December 2, 2024.
- k. The incumbent was appointed to the position of General Counsel effective November 25, 2024.
- l. The incumbent held the position of Interim Director, Addiction and Mental Health Transition at AHS as at September 1, 2024 at which time the position transitioned to Recovery Alberta as per Ministerial Order 801/2024, and they became a direct report to the Chief Executive Officer. The incumbent was subsequently appointed to the position of Lead, Strategy, Planning and Performance effective January 20, 2025.
- m. The incumbent held the position of Theme Lead, Medical Affairs at AHS as at September 1, 2024 at which time the position transitioned to Recovery Alberta as per Ministerial Order 801/2024, and they became a direct report to the Chief Executive Officer. The incumbent was subsequently appointed to the position of Lead, Medical Affairs effective January 20, 2025.
- n. The incumbent held the position of Theme Lead, People and Culture at AHS as at September 1, 2024 at which time the position transitioned to Recovery Alberta as per Ministerial Order 801/2024, and they became a direct report to the Chief Executive Officer. The incumbent was subsequently appointed to the position of Lead, People and Culture effective January 20, 2025.
- o. The incumbent held the position of Theme Lead, Finance and Corporate Services at AHS as at September 1, 2024 at which time the position transitioned to Recovery Alberta as per Ministerial Order 801/2024, and they became a direct report to the Chief Executive Officer. The incumbent was subsequently appointed to the position of Lead, Finance effective January 20, 2025.

Termination Obligations

- p. In the case of termination without just cause by Recovery Alberta, the incumbent shall receive severance pay in the amount of the lesser of (i) 52 weeks' salary and benefits; or (ii) the greater of the number of weeks between the date of termination and the term date of June 30, 2030; or the minimum notice period required by the Alberta *Employee Standards Code*.
- q. The incumbent's termination benefits have not been predetermined, and as such is deemed to be the minimum notice period required by the Alberta *Employee Standards Code*.
- r. There is no severance associated with the Medical Administrative Services Agreement.

**SCHEDULE 3 - SCHEDULE OF SEGMENT DISCLOSURES
FOR THE NINE MONTHS ENDED MARCH 31**

	2025							
	Salaries and benefits	Contracts with health service providers	Drugs and gases	Medical supplies	Other contracted services	Other	Amortization and loss on disposals/write-downs of tangible capital assets	Total
Continuing care	\$ 341	\$ 2,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,688
Community care	281,518	116,947	4,543	423	5,175	5,394	507	414,507
Acute care	218,534	22,128	3,207	708	4,366	2,283	420	251,646
Diagnostic and therapeutic services	46,925	22,812	4	40	486	500	20	70,787
Population and public health	3,151	140	-	2	-	44	9	3,346
Research and education	1,493	2,043	-	-	-	6	-	3,542
Information technology	642	24,546	-	-	-	-	-	25,188
Support services	7,693	84,068	-	5	847	618	83	93,314
Administration	4,820	21,139	-	3	1,100	129	10	27,201
Total	\$ 565,117	\$ 296,170	\$ 7,754	\$ 1,181	\$ 11,974	\$ 8,974	\$ 1,049	\$ 892,219