

East Central Health

Financial Statements

March 31, 2005

EAST CENTRAL HEALTH

FINANCIAL STATEMENTS

MARCH 31, 2005

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

Auditor's Report

To the Members of East Central Health
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. 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 Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA]

Auditor General

Edmonton, Alberta
June 3, 2005

EAST CENTRAL HEALTH MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and 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, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the East Central Health Board for approval. The Auditor General has free access to the Committee of the Whole.

The Auditor General 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]

Steve Petz
President and
Chief Executive Officer

[Original Signed]

Norm Petherbridge, CA
Chief Financial Officer



EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2005

(in thousands)

	2005	2004
	Actual	Actual
ASSETS		
Current:		
Cash and investments (Note 3)	\$ 18,334	\$ 13,015
Accounts receivable	1,994	3,242
Contributions receivable from Alberta Health and Wellness	1,678	1,196
Inventories	576	521
	<u>22,582</u>	<u>17,974</u>
Non-current cash and investments (Note 3)	19,663	12,057
Capital assets (Note 4)	91,858	82,966
	<u>91,858</u>	<u>82,966</u>
TOTAL ASSETS	\$ 134,103	\$ 112,997

LIABILITIES AND NET ASSETS

Current:		
Accounts payable and accrued liabilities	\$ 11,892	\$ 16,720
Accrued vacation pay	5,281	5,032
Deferred contributions (Schedule 3)	5,237	3,227
	<u>22,410</u>	<u>24,979</u>
Deferred contributions (Schedule 3)	488	872
Deferred capital contributions (Note 5)	19,175	11,185
Unamortized external capital contributions (Note 6)	85,771	77,730
	<u>85,771</u>	<u>77,730</u>
	<u>127,844</u>	<u>114,766</u>
Net assets:		
Accumulated surplus/(deficit)	172	(7,005)
Invested in capital assets from internally funded sources	6,087	5,236
	<u>6,259</u>	<u>(1,769)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 134,103	\$ 112,997

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

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS

MARCH 31, 2005

(in thousands)

	2005	2004	
	Budget	Actual	Actual
	(Note 8)		
Revenue			
Alberta Health and Wellness contributions (Note 9)	\$ 179,098	\$ 180,576	\$ 154,810
Other government contributions (Note 10)	4,922	3,927	3,888
Fees and charges (Note 11)	18,154	19,530	17,977
Ancillary operations, net (Note 12)	28	38	61
Donations	38	220	332
Investment and other income (Note 13)	1,556	3,378	3,312
Amortized external capital contributions (Note 6)	4,472	4,884	4,512
	<u>4,472</u>	<u>4,884</u>	<u>4,512</u>
TOTAL REVENUE	208,268	212,553	184,892
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	32,987	33,792	31,211
Facility-based emergency and outpatient services	8,273	9,017	8,181
Facility-based continuing care services	37,330	37,154	36,525
Ambulance services	2,587	2,789	2,392
Community-based care	8,610	8,792	8,341
Home care	16,104	17,917	14,929
Diagnostic and therapeutic services	28,201	28,700	26,266
Promotion, prevention and protection services	5,682	5,751	5,383
Research and education	66	33	63
Administration (Note 14)	12,521	12,602	11,959
Information technology	3,075	2,803	3,599
Support services (Note 15)	42,601	41,434	41,229
Amortization of facilities and improvements	3,265	3,602	3,264
	<u>3,265</u>	<u>3,602</u>	<u>3,264</u>
TOTAL EXPENSES	201,302	204,386	193,342
Excess (deficiency) of revenue over expenses	\$ 6,966	\$ 8,167	\$ (8,450)

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
MARCH 31, 2005
(in thousands)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	\$ 6,966	\$ 8,167	\$ (8,450)
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	700	539	644
externally funded	1,209	1,318	1,266
Amortization of facilities and improvements	3,265	3,602	3,264
Amortized external capital contributions (Note 6)	(4,472)	(4,885)	(4,495)
Disposals - externally funded	-	-	(18)
Gain on disposal of land	-	(112)	-
Gain on disposal of capital equipment	-	(2)	-
Changes in non-cash working capital accounts	(336)	(1,858)	7,641
Cash generated (used by) from operations	7,332	6,769	(148)
Investing activities:			
Purchase of capital assets:			
internally funded	(661)	(1,460)	(1,544)
externally funded - land	-	(50)	-
externally funded (Note 6):			
equipment	(2,778)	(1,973)	(1,381)
facilities and improvements	(8,000)	(3,532)	(8,166)
work in progress	-	(7,421)	1,729
Proceeds on disposal of capital assets	-	199	22
Allocations to non-current cash	10,051	(7,606)	3,800
Cash used by investing activities	(1,388)	(21,843)	(5,540)
Financing activities:			
Increase (decrease) in non-current deferred contributions (Schedule 3)	(872)	(384)	19
Capital contributions received (Note 5)	1,599	20,966	4,074
Refund of capital contributions from proceeds on sale of land	-	(189)	-
Cash generated from financing activities	727	20,393	4,093
Increase (decrease) in cash and investments	6,671	5,319	(1,595)
Cash and investments, beginning of year	13,015	13,015	14,610
Cash and investments, end of year	\$ 19,686	\$ 18,334	\$ 13,015

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(in thousands)

	2005		2004	
	Accumulated surplus/(deficit)	Invested in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenue over expenses	\$ 8,167	\$ -	\$ 8,167	\$ (8,450)
Capital assets purchased with internal funds	(1,510)	1,510	-	-
Externally funded land purchased	50	-	50	75
Amortization on internally funded capital assets	574	(574)	-	-
Disposal of internally funded capital assets	85	(85)	-	-
Refund of capital contributions from proceeds on sale of land	(189)	-	(189)	-
Net change	7,177	851	8,028	(8,375)
Balance at beginning of year	(7,005)	5,236	(1,769)	6,606
Balance at end of year	\$ 172	\$ 6,087	\$ 6,259	\$ (1,769)

EAST CENTRAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005
(in thousands)

Note 1 Authority, Purpose and Operations

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

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

The operations of the Authority include the following facilities and sites:

- | | |
|---------------------------------------|--|
| • Bashaw Community Health Services | • Tofield Community Health Services |
| • Bashaw Care Centre | • Tofield Health Centre |
| • Camrose Community Health Services | • Tofield Mental Health Clinic |
| • Camrose Mental Health Clinic | • Two Hills Health Centre |
| • Daysland Health Centre | • Two Hills Community Health Services |
| • Galahad Care Centre | • Vegreville Care Centre |
| • Hardisty Health Centre | • Vegreville Community Health Services |
| • Hardisty Mental Health Clinic | • Vegreville Mental Health Clinic |
| • Islay Care Centre | • Vermilion Community Health Services |
| • Killam Mental Health Clinic | • Vermilion Health Centre |
| • Kitscoty Community Health Services | • Vermilion Mental Health Clinic |
| • Lamont Community Health Centre | • Viking Community Health Services |
| • Mannville Care Centre | • Viking Health Centre |
| • Myrnam Home Care | • Wainwright Community Health Services |
| • Provost Community Health Services | • Wainwright Health Centre |
| • Provost Health Centre | • Wainwright Mental Health Clinic |
| • Provost Mental Health Clinic | • Willingdon Home Care |
| • Sedgewick Community Health Services | |

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 16 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 24. Following are the significant accounting policies:

(a) Basis of Presentation

- (1) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(c), which are controlled by the Authority.
- (2) The financial statements have been prepared using the deferral method, the key elements of which are:
 - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.
 - (ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
 - (iii) Externally restricted non-capital contributions are recognized as revenue in the year when related expenses are incurred.
 - (iv) Endowments and 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 in the year earned.
 - (vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.
 - (vii) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.



Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (b) Full Cost (continued)
- (ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
 - (iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.
 - (iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.
 - (v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.
- (c) Employee Future Benefits
- The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.
- Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.
- The Authority fully accrues its obligations for employee non-pension future benefits.
- (d) Investments
- Short-term investments are recorded at lower of cost and market value.
- Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. 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 recognize the loss. The written down value is deemed to be the new cost.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (e) Financial Instruments
- The carrying value of cash and investments, accounts receivable, contributions receivable, non-current cash and investments, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.
- (f) Inventories
- Inventories are valued at the lower of cost (moving average) or net realizable value.
- (g) Capital Assets
- Capital assets and construction and technology projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.
- Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:
- | | <u>Useful Life</u> |
|----------------------------|--------------------|
| Land improvements | 20 years |
| Buildings and improvements | 40 years |
| Leasehold improvements | 20 years |
| Furniture and equipment | 5-20 years |
- Construction and technology projects in progress are not amortized until the project is complete.
- Leases transferring substantially all of the benefits and risks of capital asset ownership to the Authority are accounted for as capital asset acquisitions financed by restricted external contributions.
- (h) Trust Funds Received by the Authority for Non-owned Facilities
- The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes. These amounts are not reflected in these financial statements but are disclosed in Note 17.
- (i) Measurement Uncertainty
- The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ significantly from these estimates.



Note 3 Cash and Investments

	2005	2004
Cash	\$ 19,803	\$ 8,259
Fixed income investments	13,401	11,228
Equities	4,793	5,585
Total current & non-current cash and investments	\$ 37,997	\$ 25,072
Fair value of cash and investments:		
Cash	\$ 19,803	\$ 8,259
Fixed income investments	13,499	11,394
Equities	4,940	5,339
	\$ 38,242	\$ 24,992
Classified as:		
Current	\$ 18,334	\$ 13,015
Non-current	19,663	12,057
Total cash and investments	\$ 37,997	\$ 25,072

- (a) To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.
- (b) Publicly traded fixed-income investments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 4.2% per annum for securities maturing between 1 and 31 years. As at March 31, 2005, the securities have the following term structure based on par:

1 to 5 years	91%
6 to 10 years	4%
Over 10 years	5%

Note 3 Cash and Investments (continued)

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

Non-current cash and investments represent the following:

	2005	2004
Healthy Aging Partnership Initiatives (Schedule 3)	\$ 488	\$ 872
Federal equipment grants	1,295	1,107
Externally restricted for major capital projects	17,880	10,078
	\$ 19,663	\$ 12,057

Note 4 Capital Assets

	Cost				
	Opening Balance	Transfers from	Additions	Disposals	Closing Balance
	April 1, 2004	Work in Progress			March 31, 2005
Land	\$ 1,114	\$ -	\$ 50	\$ 77	\$ 1,087
Land improvements	2,914	-	85	-	2,999
Buildings and improvements	122,164	-	3,447	-	125,611
Leasehold improvements	95	-	-	-	95
Furniture and equipment	30,313	-	2,773	22	33,064
Construction and technology projects in progress (Note 7)	3,336	-	8,081	-	11,417
	\$ 159,936	\$ -	\$ 14,436	\$ 99	\$ 174,273

	Accumulated Amortization				Net Book Value 2005	Net Book Value 2004
	Opening Balance	Current year	Amortization on	Closing Balance		
	April 1, 2004	amortization	disposals	March 31, 2005		
Land	\$ -	\$ -	\$ -	\$ -	\$ 1,087	\$ 1,114
Land improvements	1,906	102	-	2,008	991	1,008
Buildings and improvements	52,562	3,500	-	56,062	69,549	69,602
Leasehold improvements	40	4	-	44	51	55
Furniture and equipment	22,462	1,853	14	24,301	8,763	7,851
Construction and technology projects in progress (Note 7)	-	-	-	-	11,417	3,336
	\$ 76,970	\$ 5,459	\$ 14	\$ 82,415	\$ 91,858	\$ 82,966

Leased Capital Assets

Land improvements, buildings and improvements and equipment were acquired through capital leases at a cost of \$14,543 (2004 - \$10,709) with accumulated amortization of \$1,671 (2004 - \$825).

Note 4 Capital Assets (continued)

Capital assets were funded from the following sources:

	2005	2004
Externally funded (unamortized external capital contributions)	\$ 85,771	\$ 77,730
Internally funded (invested in capital assets)	6,087	5,236
	<u>\$ 91,858</u>	<u>\$ 82,966</u>

Note 5 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with accounting policy described in Note 2(a)(2)(ii).

	2005	2004
Amounts received:		
Restricted Alberta Health and Wellness contributions	\$ 2,755	\$ 1,716
Restricted other government contributions	17,918	2,000
Donations restricted for capital purposes	423	409
	<u>21,096</u>	<u>4,125</u>
Amounts transferred to operations - Alberta Health and Wellness contributions (Note 9)	(130)	(51)
	<u>20,966</u>	<u>4,074</u>
Transferred to:		
Unrestricted net assets	(50)	(75)
Unamortized external capital contributions (Note 6)	(12,926)	(7,818)
Change during the year	7,990	(3,819)
Balance, beginning of year	11,185	15,004
Balance, end of year	<u>\$ 19,175</u>	<u>\$ 11,185</u>
Balance at end of the year is restricted for the following purposes:		
Equipment replacement	\$ 1,567	\$ 1,179
New construction	17,608	10,006
	<u>\$ 19,175</u>	<u>\$ 11,185</u>

Note 6 Unamortized External Capital Contributions

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

	2005	2004
Balance, beginning of year	\$ 77,730	\$ 74,425
Add amounts transferred from		
deferred capital contributions (Note 5)	12,926	7,818
Disposal of externally funded equipment	-	(18)
Less amounts recognized as revenue:		
Equipment	(1,317)	(1,265)
Facilities and improvements	(3,567)	(3,229)
Ancillary operations (Note 12)	(1)	(1)
Balance, end of year	<u>\$ 85,771</u>	<u>\$ 77,730</u>

Note 7 Commitments and Contingencies

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Schedule 4). The Authority has contracted for services in the year ending March 31, 2006 similar to those provided by these operators in 2005.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of \$54.40 per MWh. Based on 2005 consumption, the annual costs for the year ending March 31, 2006 are expected to be \$926.

The Authority is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Louise Jensen Long Term Care Project	\$ 523
Medical Information Technology Inc.	<u>5,237</u>
	<u>\$ 5,760</u>

Note 8 Budget

	Approved Budget ⁽¹⁾	Reclassifi- cations ⁽²⁾	2004/2005 Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$ 179,098	\$ -	\$ 179,098
Other government contributions	4,922	-	4,922
Fees and charges	18,154	-	18,154
Ancillary operations, net	163	(135)	28
Donations	38	-	38
Investment and other income	1,556	-	1,556
Amortized external capital contributions	4,472	-	4,472
TOTAL REVENUE	208,403	(135)	208,268
Expenses			
Facility-based inpatient acute nursing services	29,348	3,639	32,987
Facility-based emergency and outpatient services	4,954	3,319	8,273
Facility-based continuing care services	44,901	(7,571)	37,330
Ambulance services	-	2,587	2,587
Community-based services	24,805	(16,195)	8,610
Home care	-	16,104	16,104
Diagnostic and therapeutic services	26,974	1,227	28,201
Promotion, prevention and protection services	5,682	-	5,682
Research and education	66	-	66
Administration	13,308	(787)	12,521
Information technology	2,903	172	3,075
Support services	45,231	(2,630)	42,601
Amortization of facilities and improvements	3,265	-	3,265
TOTAL EXPENSES	201,437	(135)	201,302
Excess (deficiency) of revenue over expenses	\$ 6,966	\$ -	\$ 6,966

- (1) The budget was approved by the Authority on August 5, 2004, and submitted to the Minister of Health and Wellness for approval.
- (2) Initial allocation of payments to our associate partners were adjusted to correct errors in allocation to program costs. In addition, revised disclosure adjustments required ambulance services and home care services to be separately disclosed. These adjustments did not change the approved budgeted surplus.

Note 9 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions:		
Operating grants	\$ 169,549	\$ 151,554
Accumulated deficit funding	7,005	-
	<u>176,554</u>	<u>151,554</u>
Transfers from deferred contributions (Schedule 3)	3,733	3,046
Transfers from deferred capital contributions (Note 5)	130	51
AH&W payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	159	159
	<u>\$ 180,576</u>	<u>\$ 154,810</u>

Alberta Health and Wellness contributions include an unrestricted contribution of \$7,005 to eliminate the Authority's accumulated deficit as at March 31, 2004. This contribution has been included in revenue in the current year.

Note 10 Other Government Contributions

	2005	2004
Alberta Government:		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	\$ 713	\$ 451
Transfers from deferred contributions (Schedule 3)	2,340	2,424
Fair value to use non-owned acute care facilities (Schedule 4)	874	1,013
	<u>\$ 3,927</u>	<u>\$ 3,888</u>



Note 11 Fees and Charges

	Inpatient/Resident		Outpatient	
	2005	2004	2005	2004
Acute Care				
Out-of-province	\$ 802	\$ 788	\$ 954	\$ 677
Out-of-country base amount	27	5	16	17
Out-of-country surcharge	34	7	20	21
WCB standard charges	310	364	558	442
Federal	70	55	188	172
Uninsured medical services	7	(1)	41	20
Uninsured supplies	-	(1)	13	15
Preferred accommodation	27	29	-	-
Continuing care standard ward	20	-	-	-
Continuing care semi-private	205	159	-	-
Continuing care private	76	18	-	-
	<u>1,578</u>	<u>1,423</u>	<u>1,790</u>	<u>1,364</u>
Continuing Care				
Continuing care standard ward	65	320	-	-
Continuing care semi-private	7,211	6,856	-	-
Continuing care private	8,794	7,923	-	-
Out-of-province	7	-	-	-
	<u>16,077</u>	<u>15,099</u>	<u>-</u>	<u>-</u>
Public Health				
	-	-	85	91
	<u>\$ 17,655</u>	<u>\$ 16,522</u>	<u>\$ 1,875</u>	<u>\$ 1,455</u>

Note 12 Ancillary Operations

	2005				2004
	Non-Patient Food Services	Rental Operations	Other Operations	Total	Total
Revenue					
Revenue	\$ 632	\$ 39	\$ 42	\$ 713	\$ 725
Amortization of deferred capital contributions (Note 6)	1	-	-	1	1
	<u>633</u>	<u>39</u>	<u>42</u>	<u>714</u>	<u>726</u>
Expenses					
Other expenses	628	11	32	671	661
Amortization	5	-	-	5	4
	<u>633</u>	<u>11</u>	<u>32</u>	<u>676</u>	<u>665</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 10</u>	<u>\$ 38</u>	<u>\$ 61</u>

Note 13 Investment and Other Income

	2005	2004
Investment revenue	\$ 1,362	\$ 1,416
Other revenue	2,016	1,896
	<u>\$ 3,378</u>	<u>\$ 3,312</u>

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 14 Administration

	2005	2004
General administration	\$ 4,407	\$ 4,192
Finance	1,184	1,110
Human Resources	1,362	1,234
Administration - contract operators (Schedule 4)	5,649	5,423
	<u>\$ 12,602</u>	<u>\$ 11,959</u>

Note 15 Support Services

	2005	2004
Building maintenance, operations and security	\$ 8,651	\$ 9,069
Education	358	475
Housekeeping	2,598	2,629
Laundry and linen	1,143	1,204
Materiels management	1,115	1,048
Patient food services	5,057	4,713
Patient health records	1,408	1,383
Patient registration	744	673
Support services - contract operators (Schedule 4)	20,360	20,035
	<u>\$ 41,434</u>	<u>\$ 41,229</u>

Note 16 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. The Minister of Health and Wellness appointed all board members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations, notes and schedules to the financial statements.

Note 16 Related Parties (continued)

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the statement of operations.

(c) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2005	2004
Total assets	\$ 1,818	\$ 1,818
Total liabilities	(129)	(129)
Net assets	<u>\$ 1,689</u>	<u>\$ 1,689</u>
Revenues	\$ 181	\$ 181
Expenses	(248)	(248)
Deficiency of revenues over expenses	<u>\$ (67)</u>	<u>\$ (67)</u>

The resources of the Foundation amounting to \$1,689 (2004 - \$1,689) have been restricted by the donors for the exclusive use of the Viking community.

The Viking Health Foundation prepared financial statements using the restricted fund method.

The 2005 amounts are from preliminary unaudited results and the 2004 amounts are from audited financial statements.

(ii) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

Note 16 Related Parties (continued)

(ii) Tofield and Area Health Services Foundation (continued)

	2005	2004
Total assets	\$ 32	\$ 16
Total liabilities	-	-
Net assets	<u>\$ 32</u>	<u>\$ 16</u>
Revenues	\$ 16	\$ 16
Expenses	-	-
Excess of revenues over expenses	<u>\$ 16</u>	<u>\$ 16</u>

The resources of the Foundation amounting to \$32 (2004 - \$16) have been restricted by the donors for the exclusive use of the Tofield community.

The Tofield and Area Health Services Foundation prepared financial statements using the restricted fund method.

The 2005 and 2004 amounts are from preliminary unaudited results.

	Contributions received from the Foundation		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Viking Health Foundation	\$ 115	\$ 115	\$ -	\$ 1,689
Tofield and Area Health Services Foundation	-	-	-	32
	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 1,721</u>

(d) Other Foundations

The Authority has economic interest in the following foundations:

	Contributions received from the Foundation		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Daysland General Hospital Foundation	\$ 9	\$ 31	\$ -	\$ 151
Wainwright & District Community Health Foundation	31	15	34	427
	<u>\$ 40</u>	<u>\$ 46</u>	<u>\$ 34</u>	<u>\$ 578</u>

Note 16 Related Parties (continued)

(d) **Other Foundations (continued)**

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

The Authority is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

No administrative support was provided to the foundations referred to in (c) and (d) above.

Amounts due from (payable to) the foundations at year-end are as follows:

	2005	2004
Viking Health Foundation	\$ 8	\$ 121
Tofield and Area Health Services Foundation	-	-
	<u>\$ 8</u>	<u>\$ 121</u>

(e) **Voluntary and Private Health Service Operators**

The Authority has an economic interest through its contracts with voluntary and private health service providers in the Region. Details are presented in Schedule 4.

Note 17 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Regional Shared Health Information Program (RSHIP) and the Alzheimer's Dementia project. These amounts are not included in the operations, assets or liabilities reported in these financial statements.

During the year the Authority received \$4,701 (2004 - \$3,029) and disbursed \$8,094 (2004 - \$7,062) for the above noted items. The balance of funds held by the Authority is \$254 (2004 - \$3,646).

Note 18 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of \$3,557 for the year ended March 31, 2005 (2004 - \$2,837).

At December 31, 2004, the Local Authorities Pension Plan reported a deficiency of \$1,288,924 (2003 - deficiency of \$1,453,487).

Note 19 Province Wide Services

Alberta Health and Wellness contributions include funding for Province Wide Services, which are a range of complex and high cost medical services available to Albertans. Funding and cost information included in revenue and expenses are as follows:

	2005			
	Funding	Costs	Variance	
			\$	%
Inpatient and outreach services	\$ 9,763	\$ 9,793	\$ (30)	(0.3)
Unallocated funding	60	-	60	100.0
	9,823	9,793	30	0.3
Amortized external capital contributions	28	-	28	100.0
Total	<u>\$ 9,851</u>	<u>\$ 9,793</u>	<u>\$ 58</u>	<u>0.6</u>
	2004			
	Funding	Costs	Variance	
			\$	%
Inpatient and outreach services	\$ 9,222	\$ 9,303	\$ (81)	(0.9)
Unallocated funding	-	-	-	-
	9,222	9,303	(81)	(0.9)
Amortized external capital contributions	21	-	21	100.0
Total	<u>\$ 9,243</u>	<u>\$ 9,303</u>	<u>\$ (60)</u>	<u>(0.6)</u>

- (a) Total funding includes amortization of related external contributions. Amortized external contributions represent the revenue associated with the amortization expense of externally funded capital assets.
- (b) Inpatient and outreach services include direct costs, allocation of overhead and internally funded and externally funded amortization of equipment.
- (c) Inpatient and outreach services consist of specialized nursing, therapeutic and psychiatric services for geriatric patients.

Note 20 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 21 Approval of Financial Statements

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



Schedule 1

EAST CENTRAL HEALTH
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

	Budget	2005	2004
Salaries and benefits (Schedule 2)	\$ 78,324	\$ 78,638	\$ 73,600
Contracts with health service operators (Schedule 4)	89,951	91,904	88,614
Drugs and gases	1,460	1,641	1,572
Medical and surgical supplies	1,114	1,299	1,159
Other contracted services	5,183	4,845	6,103
Other ⁽¹⁾	20,761	21,281	17,785
Amortization:			
Capital equipment - internally funded	700	537	644
Capital equipment - externally funded	1,209	1,315	1,266
Facilities and improvements	3,265	3,602	3,264
	201,967	205,062	194,007
Less amounts reported in ancillary operations (Note 12)	(665)	(676)	(665)
	<u>\$ 201,302</u>	<u>\$ 204,386</u>	<u>\$ 193,342</u>
⁽¹⁾ Other:			
Utilities	\$ 3,393	\$ 3,044	\$ 3,295
Buildings and ground maintenance	3,033	2,675	2,953
Staff travel costs	1,295	1,714	1,294
Food supplies	1,670	1,712	1,629
Patient transportation	1,376	1,546	1,361
Minor equipment	1,681	939	1,576
Insurance	478	512	474
Other	7,835	9,139	5,203
Total	<u>\$ 20,761</u>	<u>\$ 21,281</u>	<u>\$ 17,785</u>

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005						2004				
	Number of Individuals ¹	Salaries and Honoraria ²	Benefits and Allowances ³	Sub-total	Severance		Total	Number of Individuals ₁	Salaries and Honoraria ²	Severance	Total
					Number of Individuals	Amount					
Authority/Board Compensation											
Chair - E. Andersen	1	\$ 29	\$ -	\$ 29	-	\$ -	\$ 29	1	\$ 30	\$ -	\$ 30
M. Arnold	1	9	-	9	-	-	9	1	11	-	11
R. Crooker	1	9	-	9	-	-	9	1	8	-	8
P. Gulak	1	8	-	8	-	-	8	1	7	-	7
J. Hunter	1	7	-	7	-	-	7	1	9	-	9
R. Israelson	1	8	-	8	-	-	8	1	12	-	12
L. Johnson	1	6	-	6	-	-	6	1	8	-	8
S. Martin	1	-	-	-	-	-	-	1	6	-	6
C. Mastel	1	6	-	6	-	-	6	1	9	-	9
O. Olineck	1	8	-	8	-	-	8	1	14	-	14
M. Schreiber	1	8	-	8	-	-	8	1	8	-	8
M. Zeniuk	1	4	-	4	-	-	4	1	9	-	9
Total Honoraria	12	102	-	102	-	-	102	12	131	-	131

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005							2004			
	Number of FTE's ¹	Salaries and Honoraria ²	Benefits and Allowances ³	Sub-total	Severance ⁵		Total	Number of FTE's ¹	Salaries, Benefits & Allowances ^(2,3)	Severance	Total
					Number of Individuals	Amount					
Staff											
Chief Executive Officer ⁴	1.0	225	34	259	-	-	259	1.0	288	-	288
Management persons reporting to the CEO:		-	-								
Vice President - Medical Services	1.0	211	19	230	-	-	230	0.9	207	-	207
Vice President - Operations	1.0	136	20	156	-	-	156	0.4	59	-	59
Vice President - Health Services	-	-	-	-	-	-	-	0.7	91	-	91
Chief Financial Officer	1.0	135	19	154	-	-	154	1.0	141	-	141
Vice President - Development	0.3	32	5	37	1	40	77	0.3	46	-	46
Chief Corporate Services Officer	1.0	130	19	149	-	-	149	1.0	133	-	133
Chief Human Resources Officer	-	-	-	-	-	-	-	0.7	82	-	82
Director - Communications	1.0	84	15	99	-	-	99	1.0	95	-	95
Other management persons reporting directly to those above	8.9	895	147	1,042	-	-	1,042	17.2	1,718	-	1,718
Other management	66.3	5,080	948	6,028	-	-	6,028	50.7	4,540	-	4,540
Regulated nurses not included above											
RN's, Reg. Psych. Nurses, Grad nurses	289.8	19,930	3,887	23,817	-	-	23,817	285.2	22,210	-	22,210
LPN's	118.1	4,898	916	5,814	-	-	5,814	116.6	5,499	-	5,499
Other health technical and professionals	170.8	9,962	1,891	11,853	1	7	11,860	185.3	11,618	-	11,618
Unregulated health service providers	377.6	9,371	1,733	11,104	1	2	11,106	299.8	10,667	-	10,667
Other staff	436.6	14,637	3,084	17,721	2	24	17,745	386.0	16,038	37	16,075
Subtotal - Staff	1,474.4	65,726	12,737	78,463	5	73	78,536	1,347.8	73,432	37	73,469
Total ⁽⁶⁾		\$ 65,828	\$ 12,737	\$ 78,565		\$ 73	\$ 78,638		\$ 73,563	\$ 37	\$ 73,600

Schedule 2 (continued)**EAST CENTRAL HEALTH****SCHEDULE OF SALARIES AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2005**

- (1) Full time equivalent (FTE) has been determined as follows:
- (a) For those employees governed by the AUPE Community Health Services collective agreement a FTE is defined as 1,827 hours per annum.
 - (b) For those employees governed by the UNA collective agreement, a FTE is defined as 1,921 hours per annum.
 - (c) For all other employees a FTE is defined as 2,023 hours per annum.

Total actual discrete number of individuals employed: 2,105.

- (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.
- (3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, registered retirement savings plan, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, short and long-term disability plans, Canada Pension Plan, employment insurance, workers compensation and tuition.
- (4) The 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 forgiveness of debt; future payments in the amount of \$nil on existing contracts between the Authority and the employees for services that no longer will be provided by the employees; continued payment for Authority 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 is reported in Schedule 1.

EAST CENTRAL HEALTH
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

	Opening Balance April 1, 2004	Amounts received or receivable				Amounts recognized as revenue			Closing Balance March 31, 2005
		Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Investments and other	
Current:									
Alberta Health and Wellness:									
Rural on call program	\$ 239	\$ 1,506	\$ -	\$ -	\$ -	\$ 1,491	\$ -	\$ -	\$ 254
Specialists on call program	6	1,797	-	-	-	1,040	-	-	763
Primary Care Initiative - Regional	-	100	-	-	-	-	-	-	100
Primary Care Initiative - Camrose	-	50	-	-	-	14	-	-	36
Primary Care Initiative - Provost	-	50	-	-	-	3	-	-	47
Ambulance Transition	-	125	-	-	-	85	-	-	40
Telehealth operating grant	-	80	-	-	-	80	-	-	-
Alzheimer & dementia front-line training	-	20	-	-	-	20	-	-	-
Immunization administrative costs	132	219	-	-	-	151	-	-	200
Children's health initiative	148	67	-	-	-	-	-	-	215
Information technology projects	140	-	-	-	-	140	-	-	-
Early childhood development	12	445	-	-	-	209	-	-	248
Privacy and security	-	232	-	-	-	86	-	-	146
Other contributors:									
Alberta Infrastructure - IMP	1,849	-	1,868	-	-	-	1,855	-	1,862
Alberta Infrastructure -HSI	605	-	1,001	-	-	-	298	-	1,308
PARTY Program	1	-	-	(1)	-	-	-	-	-
Alberta Education:									
Summer Student Employment Program	-	-	11	-	-	-	11	-	-
Alberta Cancer Board:									
Cervical cancer screening program	5	-	35	-	-	-	36	-	4
Community cancer clinic - Lloydminster	-	-	83	-	-	-	83	-	-
Alberta Alcohol and Drug Abuse Commission:									
Fresh Air No Smoke (F.A.N.S.)	8	-	-	-	-	-	-	-	8
Young adult tobacco reduction program	82	-	(28)	-	-	-	54	-	-
Tobacco reduction and problem gambling	-	-	3	-	-	-	3	-	-
Alberta Medical Association:									
"Do Bugs Need Drugs" Campaign	-	-	6	-	-	-	-	-	6
	3,227	4,691	2,979	(1)	-	3,319	2,340	-	5,237
Non-current:									
Alberta Seniors:									
Healthy aging partnership initiatives (HAPI)	872	-	-	-	30	414	-	-	488
	\$ 4,099	\$ 4,691	\$ 2,979	\$ (1)	\$ 30	\$ 3,733	\$ 2,340	\$ -	\$ 5,725

EAST CENTRAL HEALTH
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDED MARCH 31, 2005
(In thousands)

	Direct Authority Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Ambulance services	Community based services	Home care	Diagnostic and therapeutic services	Promotion, prevention and protection services	Administration	Information technology	Support services	Total Expenses
Voluntary																	
St Mary's Hospital, Camrose	\$ 19,532	\$ -	\$ 579	\$ -	\$ 20,111	\$ 8,452	\$ 2,767	\$ -	\$ 319	\$ -	\$ -	\$ 3,450	\$ -	\$ 799	\$ 83	\$ 4,241	\$ 20,111
The Bethany Group, Camrose	15,319	-	3,593	-	18,912	-	-	10,777	-	-	865	1,231	-	1,874	-	4,165	18,912
Prairie North Health Region (Lloydminster)	15,093	-	1,790	310	17,193	3,848	1,145	3,236	-	999	352	2,082	297	1,154	81	3,999	17,193
Killam General Hospital Corporation	4,110	-	729	-	4,839	980	173	1,357	106	33	29	608	-	307	11	1,235	4,839
Lamont Health Centre	8,060	-	1,771	518	10,349	1,600	1,282	3,002	162	-	-	1,131	-	605	-	2,567	10,349
Mary Immaculate Health Centre - Mundare	1,711	-	464	-	2,175	-	-	1,089	-	-	-	199	-	185	-	702	2,175
St Joseph's Hospital - Vegreville	8,241	-	228	46	8,515	2,396	948	-	567	-	-	2,173	-	339	13	2,079	8,515
Private																	
Laboratory Contracts	2,718	-	-	-	2,718	-	-	-	-	-	-	2,718	-	-	-	-	2,718
Extencicare (Canada) Inc.	2,456	159	865	-	3,480	-	-	1,465	6	-	-	251	-	386	-	1,372	3,480
Home Care Contracts:																	
Self Managed Care	779	-	-	-	779	-	-	-	-	-	779	-	-	-	-	-	779
Designated Supportive Housing	1,257	-	-	-	1,257	-	-	-	-	-	1,257	-	-	-	-	-	1,257
Others	718	-	-	-	718	-	-	-	-	-	718	-	-	-	-	-	718
Therapeutic Services Contracts:																	
Physiotherapy	449	-	-	-	449	-	-	-	-	-	-	449	-	-	-	-	449
Others	210	-	-	-	210	-	-	-	-	-	-	210	-	-	-	-	210
Community Mental Health Service Contractors	88	-	-	-	88	-	-	-	-	88	-	-	-	-	-	-	88
Lloydminster Public School District	26	-	-	-	26	-	-	-	-	-	-	26	-	-	-	-	26
Lloydminster Catholic School Division	7	-	-	-	7	-	-	-	-	-	-	7	-	-	-	-	7
Lloydminster Early Intervention Program	73	-	-	-	73	-	-	-	-	-	73	-	-	-	-	-	73
City of Lloydminster	5	-	-	-	5	-	-	-	-	-	-	-	5	-	-	-	5
Total 2005	\$ 80,852	\$ 159	\$ 10,019	\$ 874	\$ 91,904	\$ 17,276	\$ 6,315	\$ 20,926	\$ 1,160	\$ 1,120	\$ 4,073	\$ 14,535	\$ 302	\$ 5,649	\$ 188	\$ 20,360	\$ 91,904
Total 2004	\$ 78,021	\$ 159	\$ 9,421	\$ 1,013	\$ 88,614	\$ 15,789	\$ 5,679	\$ 20,736	\$ 972	\$ 951	\$ 5,193	\$ 13,392	\$ 288	\$ 5,423	\$ 156	\$ 20,035	\$ 88,614