

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2005

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NORTHERN LIGHTS HEALTH REGION

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 judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which include 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 external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Northern Lights Health Region board for approval. The external auditor has free access to the Committee of the whole.

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

[Original Signed]

Patricia Pelton
Chief Executive Officer

[Original Signed]

Linda Metz
Chief Financial Officer



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 Northern Lights Health Region and the
Minister of Health and Wellness

I have audited the statement of financial position of Northern Lights Health Region (the Region) 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 Region'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 Region 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
May 27, 2005

NORTHERN LIGHTS HEALTH REGION STATEMENT OF FINANCIAL POSITION

March 31, 2005
(in thousands)

	<u>2005</u>	<u>2004</u>
	<u>Actual</u>	<u>Actual</u>
ASSETS		
Current:		
Cash and investments (Note 3)	\$ 9,122	\$ 13,112
Accounts receivable (Note 4)	1,875	1,433
Contributions receivable from Alberta Health and Wellness	1,544	865
Inventories	565	555
Prepaid expenses	573	636
	<u>13,679</u>	<u>16,601</u>
Non-current cash and investments (Note 3)	1,643	4,201
Capital contributions receivable (Note 5)	1,788	907
Capital assets (Note 6)	81,498	80,266
TOTAL ASSETS	<u>\$ 98,608</u>	<u>\$ 101,975</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 6,109	\$ 9,691
Accrued vacation pay	2,624	2,369
Bank loan (Note 7)	360	480
Deferred contributions (Schedule 3)	2,299	1,544
	<u>11,392</u>	<u>14,084</u>
Deferred contributions (Schedule 3)	5	5
Deferred capital contributions (Note 8)	3,426	5,103
Unamortized external capital contributions (Note 9)	77,832	76,429
	<u>92,655</u>	<u>95,621</u>
Net assets		
Accumulated surplus	2,287	2,517
Investment in capital assets from internally funded sources	3,666	3,837
Operating net assets	5,953	6,354
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 98,608</u>	<u>\$ 101,975</u>

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



NORTHERN LIGHTS HEALTH REGION
STATEMENT OF OPERATIONS
March 31, 2005
(in thousands)

	2005		2004
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	\$ 66,916	\$ 67,506	\$ 60,355
Other government contributions (Note 13)	708	2,323	723
Fees and charges (Note 14)	4,297	4,993	3,782
Ancillary operations, net (Note 15)	187	(42)	15
Donations	63	463	224
Investment and other income (Note 16)	861	1,124	1,217
Amortized external capital contributions (Note 9)	4,936	6,019	3,673
TOTAL REVENUE	77,968	82,386	69,989
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	18,536	19,270	16,880
Facility-based emergency and outpatient services	5,757	5,793	5,050
Facility-based continuing care services	3,477	3,831	3,403
Ambulance services	-	112	-
Community -based care	2,408	2,180	1,554
Home care	2,624	2,618	2,495
Diagnostic and therapeutic services	14,275	15,150	12,374
Promotion, prevention and protection services	5,416	5,507	4,904
Administration (Note 17)	4,797	5,067	3,859
Information technology	2,635	3,367	1,693
Support services (Note 18)	13,629	15,309	13,115
Amortization of facilities and improvements	4,414	4,000	2,360
Capital assets write down (Note 19)	-	583	-
TOTAL EXPENSES	77,968	82,787	67,687
Excess (deficiency) of revenue over expense	\$ -	\$ (401)	\$ 2,302

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(in thousands)

	2005		2004	
	Operating	Investment in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenue over expense	\$ (401)	\$ -	\$ (401)	\$ 2,302
Capital assets purchased with internal funds	(830)	830	-	-
Amortization on internally funded capital assets	986	(986)	-	-
Disposal of internally funded capital assets	15	(15)	-	-
Net change	(230)	(171)	(401)	2,302
Balance, beginning of year	2,517	3,837	6,354	4,052
Balance, end of year	\$2,287	\$3,666	\$5,953	\$6,354



NORTHERN LIGHTS HEALTH REGION
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	\$ -	\$ (401)	\$ 2,302
Non-cash transactions:			
Amortization of capital equipment - internally funded	435	738	471
- externally funded	1,685	1,635	1,353
Amortization of facilities and improvements - internally funded	69	248	93
- externally funded	3,251	3,913	2,436
Amortized external capital contributions (Note 9)	(4,936)	(6,138)	(3,789)
Loss (gain) on disposal of capital equipment	-	22	(6)
Write down of capital assets	-	583	-
Changes in non-cash working capital account	(4,815)	(3,640)	4,463
Cash generated from (used by) operations	(4,311)	(3,040)	7,323
Investing activities:			
Purchase of capital assets:			
internally funded	(765)	(830)	(326)
externally funded - equipment (Note 9)	(3,109)	(6,112)	(720)
externally funded - facility and improvements (Note 9)	(3,599)	(1,429)	(19,170)
Proceeds on sale of capital assets	-	-	6
Allocations from non-current cash	3,032	2,558	7,582
Allocations from (to) long term receivable	457	(881)	564
Cash used by investing activities	(3,984)	(6,694)	(12,064)
Financing activities:			
Capital contributions received	3,069	5,864	11,897
Change in non-current deferred contributions	-	-	(3)
Repayment of bank loan	(120)	(120)	(120)
Cash generated from financing activities	2,949	5,744	11,774
Increase in cash and investments	(5,346)	(3,990)	7,033
Cash and investments, beginning of year	13,112	13,112	6,079
Cash and investments, end of year	\$ 7,766	\$ 9,122	\$ 13,112

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NORTHERN LIGHTS HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005
(in thousands)

Note 1 Authority, Purpose and Operations

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

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

The Authority's operations include the following facilities and sites:

Northern Lights Regional Health Centre
Northwest Health Centre
St. Theresa General Hospital
Rainbow Lake Health Centre
La Crete Health Centre
Paddle Prairie Health Centre
Ft. Vermilion Health Centre
Zama City Nursing Station
La Crete Continuing Care Centre

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

These financial statements use the deferral method, the key elements of which are:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

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Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (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 period the related amortization expense of the capital asset is recorded.
- (iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
- (v) Unrestricted investment income is recognized in the year earned.
- (vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.
- (vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.
- (ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.
- (iii) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

- (iv) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for 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.

The Region provides a non-contributory defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

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

(d) Investments

Short-term investments are recorded at the lower of cost and market value.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities and bank loan approximates their fair value because of the short-term maturity of these items.



Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

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

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

	<u>Useful Life</u>
Buildings	20-40 Years
Site improvements	20 Years
Building service equipment	20 years
Equipment	5-20 years

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

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	<u>2005</u>	<u>2004</u>
Cash	\$8,452	\$15,116
Guaranteed investment certificates	454	869
Bonds	1,859	1,328
	<u>\$10,765</u>	<u>\$17,313</u>
Classified as:		
Current	\$9,122	\$13,112
Noncurrent	1,643	4,201
	<u>\$10,765</u>	<u>\$17,313</u>

(i) Guaranteed investment certificates mature September 3rd, 2009, are guaranteed by the Canada Deposit Insurance Corporation and have an average effective yield of 4.13%

(ii) Fixed-income securities, such as bonds, have an average effective yield of 4.34% per annum based on the market for securities maturing in a year, and 4.52% per annum for securities maturing between one and four years. As at March 31, 2005, the securities have the following maturity structure:

Under 1 year	2.48% to 6.2%
1 to 4 years	3.75% to 5.63%

Non-current cash represents the following:

	<u>2005</u>	<u>2004</u>
Externally restricted for capital acquisition	\$3,426	\$5,103
Less: Capital contributions receivable	(1,788)	(907)
Externally restricted for other purposes	5	5
	<u>\$1,643</u>	<u>\$4,201</u>

Note 4 Accounts Receivable

Accounts receivable represents the following:

	<u>2005</u>	<u>2004</u>
Patients	\$ 1,647	\$ 1,109
Other	228	324
	<u>\$ 1,875</u>	<u>\$ 1,433</u>

Note 5 Capital Contributions Receivable

Capital contributions receivable represents the following:

	<u>2005</u>	<u>2004</u>
Alberta Infrastructure	\$ 455	\$ -
Regional Shared Health Information Project (RSHIP)	211	-
Northern Lights Regional Health Foundation		907
	<u>1,122</u>	
	<u>\$ 1,788</u>	<u>\$ 907</u>

Note 6 Capital Assets

Capital Asset	Cost				
	Opening Balance April 1, 2004	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2005
Land	\$ 900	\$ -	\$ -	\$ -	\$ 900
Site Improvements	3,882	1,040	-	-	4,922
Buildings	63,606	26,357	34	(403)	89,594
Building Service Equipment	11,638	9,743	-	(420)	20,961
Equipment	20,515	1,957	4,925	(475)	26,922
Construction in Progress	37,092	(39,097)	3,412	-	1,407
	<u>\$ 137,633</u>	<u>\$ -</u>	<u>\$ 8,371</u>	<u>\$ (1,298)</u>	<u>\$ 144,706</u>

Capital Asset	Accumulated Amortization				Net Book Value 2005	Net Book Value 2004
	Opening Balance April 1, 2004	Current year amortization	Amortization on disposals	Closing Balance March 31, 2005		
Land	\$ -	\$ -	\$ -	\$ -	\$ 900	\$ 900
Site Improvements	3,726	152	-	3,878	1,044	156
Buildings	30,531	3,099	(98)	33,532	56,062	33,075
Building Service Equipment	8,878	910	(141)	9,647	11,314	2,760
Equipment	14,232	2,373	(454)	16,151	10,771	6,283
Construction in Progress	-	-	-	-	1,407	37,092
	<u>\$ 57,367</u>	<u>\$ 6,534</u>	<u>\$ (693)</u>	<u>\$ 63,208</u>	<u>\$ 81,498</u>	<u>\$ 80,266</u>

Construction in progress is comprised of the following:

	<u>2005</u>	<u>2004</u>
DI Trauma Room II	\$766	\$ -
DI Equipment (PACs system)	600	-
Boiler Replacement	31	-
Other	10	29
Northwest Health Centre	-	33,082
Laboratory and medical records renovations	-	3,210
Diagnostic imaging radiology fluoroscopy	-	555
Main floor roof repair	-	216
	<u>\$1,407</u>	<u>\$37,092</u>

Capital Assets were funded from the following sources:

	<u>2005</u>	<u>2004</u>
Externally funded (unamortized external capital contributions)	\$77,832	\$76,429
Internally funded (invested in capital assets)	<u>3,666</u>	<u>3,837</u>
	<u>\$81,498</u>	<u>\$80,266</u>

Note 7 Bank Loan

The bank loan bears interest of prime minus .25% and is secured by a borrowing resolution of the Authority and is due on demand.

Future principal payments are as follows:

For the year ended March 31:	
2006	\$120
2007	120
2008	120
	<u>\$ 360</u>

Note 8 Deferred Capital Contributions

Amounts received:		<u>2005</u>		<u>2004</u>
Restricted Alberta Health and Wellness contributions	\$	1,513	\$	655
Restricted other government contributions		2,957		11,380
Restricted other contributions		27		9
Donations restricted for capital purposes		1,053		509
Regional Shared Health Information Project contributions		1,889		-
		<u>7,439</u>		<u>12,553</u>
Transferred (to) from:				
Unamortized external capital contributions (Note 9)		(7,541)		(19,890)
Deferred contributions (Schedule 3)		35		(56)
Other government contributions (Note 13)		(1,610)		-
Funding returned to Alberta Health and Wellness		-		(600)
		<u>(9,116)</u>		<u>(20,546)</u>
Change during the year		(1,677)		(7,993)
Balance, beginning of year		5,103		13,096
Balance, end of year	\$	<u>3,426</u>	\$	<u>5,103</u>

Balance at the end of the year is restricted for the following purposes:

Equipment replacement	\$	65	\$	65
Betterment of capital assets		3,361		3,254
New construction		-		1,784
	\$	<u>3,426</u>	\$	<u>5,103</u>

Note 9 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (a) (ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

		<u>2005</u>	<u>2004</u>
Balance, beginning of year		\$76,429	\$ 60,328
Transfers from deferred capital contributions (Note 8)		7,541	19,890
Less amounts recognized as revenue:			
Amortized external capital contributions: Equipment		(1,635)	(1,353)
Amortized external capital contributions: Facilities and Improvements		(3,794)	(2,320)
Amortization - Ancillary operations		(119)	(116)
Amortization on disposals		(590)	-
Balance, end of year		<u>\$77,832</u>	<u>\$76,429</u>

Note 10 Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases for the following payments:

	<u>Year</u>	<u>Amount</u>
	2006	\$ 6,558
	2007	6,473
	2008	241
	2009	120
	2010	109

Note 11 Budget

	2004/05 Approved Budget ⁽¹⁾	Additional Funding ⁽²⁾	2004/05 Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$ 62,921	\$ 3,995	\$ 66,916
Other government contributions	708	-	708
Fees and charges	4,239	58	4,297
Ancillary operations, net	187	-	187
Donations	63	-	63
Investment and other income	861	-	861
Amortized external capital contributions	4,936	-	4,936
TOTAL REVENUE	\$ 73,915	\$ 4,053	\$ 77,968
Expenses			
Facility-based inpatient acute nursing care services	\$ 18,526	\$ 10	\$ 18,536
Facility-based emergency and outpatient services	5,773	(16)	5,757
Facility-based continuing care services	3,477	-	3,477
Community based care	2,408	-	2,408
Home care	2,630	(6)	2,624
Diagnostic and therapeutic services	14,310	(35)	14,275
Promotion, prevention and protection services	5,417	(1)	5,416
Administration	4,825	(28)	4,797
Information technology	2,676	(41)	2,635
Support services	13,735	(106)	13,629
Amortization of facilities and improvements	4,414	-	4,414
TOTAL EXPENSES	\$ 78,191	\$ (223)	\$ 77,968
Excess (deficiency) of revenue over expense	\$ (4,276)	\$ 4,276	\$ -

- (1) The budget was approved by the Board of the Authority on May 14, 2004, and submitted to the Minister of Health and Wellness for approval.
- (2) Over the course of the fiscal year, the Minister provided additional funding. The board has allocated these additional resources to address funding expectations.

Note 12 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions	\$64,726	\$58,220
Transfers from deferred contributions (Schedule 3)	2,780	2,135
	<u>\$67,506</u>	<u>\$60,355</u>

Note 13 Other Government Contributions

	2005	2004
Alberta Government		
Alberta Mental Health Board	\$ -	\$91
Alberta Infrastructure	1,610	-
Fair value of rent less rent charges for non-acute care facilities used by the Authority	62	117
Transfers from deferred contributions (Schedule 3)	651	515
	<u>\$2,323</u>	<u>\$723</u>



Note 14 Fees and charges

	<u>Inpatient/Resident</u>		<u>Outpatient</u>	
	2005	2004	2005	2004
Acute Care				
Out-of-province	\$ 1,151	\$ 1,186	\$ 877	\$ 505
Out-of-country base amount	60	5	33	27
WCB standard charges	286	150	1,169	720
Federal	24	10	23	12
Uninsured medical services	3	7	129	25
Uninsured supplies	-	-	19	38
Continuing care standard ward	62	14	-	-
	<u>\$ 1,586</u>	<u>\$ 1,372</u>	<u>\$ 2,250</u>	<u>\$ 1,327</u>
Continuing Care				
Continuing care standard ward	-	509	-	-
Continuing care semi-private	88	90	-	-
Continuing care private	928	363	-	-
WCB standard charges	-	29	-	-
	<u>\$ 1,016</u>	<u>\$ 991</u>	<u>\$ -</u>	<u>\$ -</u>
Home Care	-	-	73	-
Other	-	-	68	92
Total	<u>\$ 2,602</u>	<u>\$ 2,363</u>	<u>\$ 2,391</u>	<u>\$ 1,419</u>

Note 15 Ancillary Operations

	2005					2004	
	Non-Patient Food Services	Rental Operations	Sale of Goods and Services	Parking Operations	Other	Total	Total
Revenue							
Revenue	\$363	\$146	\$7	\$276	\$19	\$811	\$837
Amortized deferred capital contributions	-	90	-	29	-	119	116
	<u>363</u>	<u>236</u>	<u>7</u>	<u>305</u>	<u>19</u>	<u>930</u>	<u>953</u>
Expenses							
Other expenses	452	181	-	-	178	811	769
Amortization	-	118	-	42	1	161	169
	<u>452</u>	<u>299</u>	<u>-</u>	<u>42</u>	<u>179</u>	<u>972</u>	<u>938</u>
Excess (deficiency) of revenue over expense	<u>(\$89)</u>	<u>(\$63)</u>	<u>\$7</u>	<u>\$263</u>	<u>(\$160)</u>	<u>(\$42)</u>	<u>\$15</u>

Note 16 Investment and other income

	2005	2004
Investment income	\$ 297	\$ 390
Other income		
Immunization recoveries	122	126
PCI – Change Management	92	-
Food Permits	53	68
Other recoveries	560	633
	<u>\$ 1,124</u>	<u>\$ 1,217</u>

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

Note 17 Administration

	2005	2004
Administration	\$ 885	\$ 919
Medical Staff	1,313	756
Board	163	169
Finance	1,104	1,145
Human Resources	1,483	807
Homelessness & Affordable Housing Grant	15	-
Patient Safety	44	-
Amortization	60	63
	<u>\$5,067</u>	<u>\$3,859</u>

Note 18 Support Services

	2005	2004
Building maintenance, operations and security	\$ 5,529	\$ 4,482
Communications	508	442
Housekeeping	2,202	1,861
Laundry and Linen	662	534
Materials management	1,395	1,237
Patient food services	1,842	1,723
Patient health records	1,788	1,444
Other	1,079	1,072
Amortization	304	320
	<u>\$ 15,309</u>	<u>\$ 13,115</u>

Note 19 Capital asset write down

During the year the Authority disposed of the operations of the High Level General Hospital, and recorded a write-down of \$583 to reduce the facility's carrying value to its fair market value.

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Note 20 Related Parties

(a) Province of Alberta

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

(b) Health Authorities

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) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the board of trustees.

Northern Lights Regional Health Foundation

	<u>2005</u>	<u>2004</u>
Total assets	\$ 2,978	\$ 2,920
Total liabilities	1,866	1,714
Net assets	<u>\$ 1,112</u>	<u>\$ 1,206</u>
Revenue	\$ 1,791	\$ 1,480
Expenses (includes contributions to the Authority)	1,885	1,059
Excess (deficiency) of revenue over expenses	<u>\$(94)</u>	<u>\$ 421</u>

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Note 20 Related Parties (continued)

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	<u>\$1,510</u>	<u>\$717</u>	<u>\$719</u>	<u>\$1,112</u>

Resources of the Northern Lights Regional Health Foundation amounting to \$719 have been restricted by donors for specified programs or equipment of the Northern Lights Health Region.

(d) Northern Peace Foundation

The Authority has an economic interest in the Northern Peace Foundation which was established to support fundraising for the High Level and area health facilities. The foundation is currently being reactivated.

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Northern Peace Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 17</u>

Administrative support provided to foundations and accounts receivable from the foundations at year-end as follows:

Note 20 Related Parties (continued)

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	<u>\$148</u>	<u>\$151</u>	<u>\$1,137</u>	<u>-</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 21 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 \$2,107 for the year ended March 31, 2005 (2004 \$1,640).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficiency of \$1,288,924 (2003 deficiency - \$1,410,987).

The Authority provides a non-contributory defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives of the Region. SERP expense in these financial statements is equal to the Authority's annual contributions payable of \$213 for the year ended March 31, 2005.

The Authority provides a supplemental defined contribution pension plan to employees under a collective agreement. The Authority matches employee contributions of up to 2% of regular earnings. Pension expense in these financial statements is equal to the Authority's annual contributions payable of \$117 for the year ended March 31, 2005, (2004 \$88).

Note 22 Comparative Figures

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

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

	<u>Budget</u>	<u>2005</u>	<u>2004</u>
Salaries and benefits (Schedule 2)	\$ 48,269	\$48,833	\$ 43,269
Contracts with health service operators (Schedule 4)	5,859	5,111	3,627
Drugs and gases	904	1,193	1,058
Medical and surgical supplies	1,412	1,808	1,192
Other contracted services	148	5,949	2,891
Other*	16,586	13,748	12,235
Amortization:			
Capital equipment – internally funded	435	738	471
Capital equipment – externally funded	1,685	1,635	1,353
Facilities and improvements	3,320	4,161	2,529
Capital assets write down – facilities and improvements	-	583	-
	<u>\$ 78,618</u>	<u>\$ 83,759</u>	<u>\$ 68,625</u>
Less amounts reported in ancillary operations (Note 15)	(650)	(972)	(938)
	<u>\$ 77,968</u>	<u>\$ 82,787</u>	<u>\$ 67,687</u>
* Significant component of Other include the following:			
Minor Equipment	\$ -	\$2,724	\$639
Physician Compensation	3,102	2,587	2,299
Utilities	2,112	1,901	1,836
Equipment and Software Maintenance Contracts	1,274	1,309	1,166
Food Supplies	-	632	670
Travel	-	753	514
Recruitment, Relocation and Retention	-	910	416
Other	10,098	2,932	4,695
	<u>\$16,586</u>	<u>\$ 13,748</u>	<u>\$ 12,235</u>

Schedule 2

**HEALTH AUTHORITY
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⁾	SERP	Sub-total	Severance		Total	Number of Individuals ⁽¹⁾	Salaries, Honoraria, Benefits ⁽²⁾⁽³⁾	Severance	Total
						Number of Individuals	Amount					
Health Authority Chairperson - Garner, Scott									1	\$ 26		\$ 26
Health Authority Chairperson - Nickerson, Ken	1	\$ 19			\$ 19			\$ 19	1	11		11
Amason, Ron	1	11			11			11	1	16		16
Boyer, Mary	1	9			9			9	1	13		13
MacDonald, Margaret	1	7			7			7	1	12		12
Neufeld, William	1	10			10			10	1	13		13
Hawryliuk, Peter	1	9			9			9	1	12		12
Chonkolay, Cary	1	10			10			10				-
Fitzner, Jeff	1	9			9			9				-
Kennedy, Sylvia	1	7			7			7				-
MacDonald, Cathy	1	6			6			6				-
Slater, Diane	1	4			4			4				-
Dechant, Betty									1	11		11
Sub-total	11	\$ 101	-	-	\$ 101	-	-	\$ 101	8	\$ 114	-	\$ 114
Staff												
Chief Executive Officer	1	242	21	159	422			422	1	239		239
Management person(s) reporting to the CEO:												
VP Corporate Services	1	136	19	32	187			187	1	135		135
VP Human Resources	1	19	4		23			23	1	136		136
VP Health Services	3	386	53	22	461			461	3	407		407
Executive Director, Foundation	1	82	13		95			95	1	109		109
Communications Advisor	1	61	12		73			73	1	68		68
Other management person(s) reporting directly to those above:												
Average (2005 - \$122, 2004- \$106)	13	1,050	168	-	1,218	1	39	1,257	11	1,114		1,114
Regulated nurses not included above												
- RNs, Reg. Psych. nurses, Grad nurses	210	15,315	2,559		17,874			17,874	209	16,734		16,734
Average (2005 - \$85, 2004- \$80)												
- LPNs	53	2,299	368		2,667			2,667	47	2,182		2,182
Average (2005 - \$50, 2004- \$46)												
Other health technical and professionals	109	7641	1289		8,930			8,930	106	7546		7,546
Unregulated health service providers	105	3427	588		4,015			4,015	92	3455		3,455
Other staff	273	10818	1910		12,728			12,728	256	11030		11,030
Sub-total	771	41,476	7,004	213	48,693	1	39	48,732	729	43,155	-	43,155
Grand Total	782	\$ 41,577	\$ 7,004	\$ 213	\$ 48,794	1	\$ 39	\$ 48,833	737	\$ 43,269	\$ -	\$ 43,269

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

1. Full time equivalent (FTE) for each full time employee is determined as follows:

	<u>Annual Hours</u>
Regulated nurses	920.75 - 2,022.75
Other health technical and professionals	1,827.00 - 2,022.75
Unregulated health service providers	1,827.00 - 2,022.75
Other Staff	1,950.00 - 2,186.00

Total actual discrete number of individuals employed was 1,089 as of March 31, 2005 and 1,026 as of March 31, 2004.

2. Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.
3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.
5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.
6. The total amount is reported in Schedule 1.

NORTHERN LIGHTS HEALTH REGION SCHEDULE OF DEFERRED CONTRIBUTIONS FOR THE YEAR ENDED MARCH 31, 2005.		Amounts received or receivable					Amounts recognized as revenue					Schedule 3	
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2005
Alberta Health and Wellness:													
Restricted - Young Family Wellness	206	123					152						177
Restricted - YFW - Child & Family Nutrition/ Adolescent Family Life	42	188					153						77
Restricted - Young Family Wellness	200						121						79
Restricted - YFW - Mental Health/ Families First	75	176					146						105
Restricted - Orthopaedic Services	81	(20)					52						9
Restricted - Children's Health Initiative	50	50											100
Restricted - Security of systems		174											174
Restricted - Telehealth Operating	30	40					70						-
Restricted - Nurec Health	233	233					233						233
Restricted - Telehealth	35										35		-
Restricted - ICD 10	15												15
Restricted - Telehome care	79												79
Restricted - Rural on Call	1	274					271						4
Restricted - Specialist -On-Call	356	1,286					1,213						429
Restricted - PCI Transition		100					38						62
Restricted - Ground Ambulance		300					112						188
Restricted - Rainbow Lake Clinical Telehealth		58											58
Restricted - Vaccine Administration		218					218						-
Restricted - Telehome Care		124											124
Restricted - Other	7	1					1						7
Other contributors:													
Regional Shared Health Information Program			118										118
Children's Mental Health	66												66
Child & Family Social Services	2		117					119					-
Alberta Cancer Board	11		28					29					10
Environmental Health	26					64					53		37
Lifeline	(3)				22					19			0
Restricted Donation	25				14					13			26
Restricted - Community Homelessness			50					15					35
Student Health Initiative Program			438					438					-
Restricted - AADAC Tobacco Education			44					44					-
PCI Change Management						118					92		26
PCI Change Management HL						50							50
Other	12		9			5		6			4		16
Total 2004/05	1,549	3,325	804	-	36	237	2,780	651	-	32	149	35	2,304

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2005

Schedule 3 (continued)

Unspent amounts at year end are as follows:

	2005	2004
Current		
Restricted - Young Family Wellness	177	206
Restricted - YFW - Child & Family Nutrition/	77	42
Restricted - Young Family Wellness	79	200
Restricted - YFW - Mental Health/	105	75
Restricted - Orthopaedic Services	9	81
Restricted - Children's Health Initiative	100	50
Restricted - Security of systems	174	-
Restricted - Telehealth Operating	-	30
Restricted - Nunee Health	233	233
Restricted - Telehealth	-	35
Restricted - ICD 10	15	15
Restricted - Telehome care	79	79
Restricted - Rural on Call	4	1
Restricted - Specialist -On-Call	429	356
Restricted - PCI Transition	62	-
Restricted - Ground Ambulance	188	-
Restricted - Rainbow Lake Clinical Telehealth	58	-
Restricted - Telehome Care	124	-
Restricted - Other	7	7
Regional Shared Health Information Program	118	-
Children's Mental Health	66	66
Child & Family Social Services	-	2
Alberta Cancer Board	10	11
Environmental Health	37	26
Lifeline	-	-3
Restricted Donation	26	25
Restricted - Community Homelessness	35	-
PCI Change Management	26	-
PCI Change Management HL	50	-
Other	16	12
Total	\$ 2,304	\$ 1,549

**NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDED MARCH 31, 2005**

Schedule 4

Facility name	Direct Region Funding	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Ambulance services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion prevention and protection services	Research and education	Administration	Information Technology	Support services	Total Expenditures
Private															
DKML	4,626	4,626							4,626						4,626
Boates Holdings Ltd.	107	107							107						107
Clearwater Physical Therapy	68	68							68						68
Tundra Physical Therapy	77	77							77						77
Nunee Health Region	233	233					233								233
Total 2004/05	\$ 5,111	\$ 5,111	-	-	-	-	\$ 233	-	\$ 4,878	-	-	-	-	-	\$ 5,111
Total 2003/04	\$ 3,627	\$ 3,627	-	-	-	-	-	-	\$ 3,627	-	-	-	-	-	\$ 3,627