

**Crossroads Regional
Health Authority #9
Financial Statements**

March 31, 2003

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Auditors' Report

To the Members of the David Thompson Health Region
and the Minister of Health

We have audited the statement of financial position of the Crossroads Regional Health Authority #9 ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, we have made an examination to determine if the Authority has complied with Financial Directive 20 issued by Alberta Health. Our examination was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances. In our opinion, the Authority has, in all significant respects, complied with Financial Directive 20.

Wetaskiwin, Canada
June 6, 2003

[Original Signed]
Chartered Accountants

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management and have been approved by the Region's Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Region has established a code of ethics and corporate directives, which require communication of the code to employees.

The Region members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Grant Thornton LLP to discuss and review financial matters, and recommends the financial statements to the David Thompson Health Region Board for approval. The external auditor has full and free access to the Board.

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

[Original Signed]
Chief Executive Officer

[Original Signed]
Chief Operating Officer

Crossroads Regional Health Authority #9 Statement of Financial Position

(in thousands of dollars)
March 31,

		2003	2002
	Budget (Note 13)	Actual	Actual
Assets			
Current			
Cash and temporary investments (Note 3)	\$ 8,484	\$ 10,480	\$ 11,788
Accounts receivable	500	559	811
Contributions receivable	-	50	253
Inventories	750	1,137	869
Prepaid expenses	250	507	249
	<u>9,984</u>	<u>12,733</u>	<u>13,970</u>
Non-current cash (Note 4)	-	15	673
Capital assets (Note 5)	33,696	34,191	36,187
Other assets (Note 6)	380	380	374
	<u>34,076</u>	<u>34,571</u>	<u>36,561</u>
Total assets	<u>\$ 44,060</u>	<u>\$ 47,319</u>	<u>\$ 51,204</u>
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	\$ 6,000	\$ 6,189	\$ 6,029
Accrued vacation pay	2,000	2,361	2,192
Deferred contributions (Note 7)	620	3,264	3,442
	<u>8,620</u>	<u>11,814</u>	<u>11,663</u>
Deferred contributions (Note 7)	-	15	-
Deferred capital contributions (Note 8)	-	-	673
Unamortized external capital contributions (Note 9)	31,163	31,268	33,193
	<u>31,163</u>	<u>31,268</u>	<u>33,193</u>
	<u>39,783</u>	<u>43,097</u>	<u>45,529</u>
Net assets			
Unrestricted	1,414	359	2,351
Internally restricted (Note 10)	330	940	330
Invested in capital assets	2,533	2,923	2,994
Operating net assets	4,277	4,222	5,675
	<u>4,277</u>	<u>4,222</u>	<u>5,675</u>
Total liabilities and net assets	<u>\$ 44,060</u>	<u>\$ 47,319</u>	<u>\$ 51,204</u>

Contingency and Commitments (Note 11 and 12)

On behalf of the Region

[Original Signed] Chairman [Original Signed] Board Member

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

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Crossroads Regional Health Authority #9 Statement of Operations

(in thousands of dollars)

For the year ended March 31,

	2003	2002
	Budget (Note 13)	Actual
Revenue		
Alberta Health and Wellness contributions (Note 14)	\$ 44,843	\$ 45,042
Other government contributions (Note 15)	1,000	2,754
Fees and charges (Note 16)	3,001	2,797
Ancillary operations, net (Note 17)	-	19
Donations	50	144
Investment and other income (Note 18)	1,096	1,820
Amortization of external capital contributions (Note 9)	2,419	2,557
	<u>52,409</u>	<u>55,133</u>
Expenses (Schedule 1)		
Facility based inpatient acute services	10,302	10,484
Facility based emergency and outpatient services	4,058	3,943
Facility based continuing care services	6,260	8,304
Community and home based services	2,500	2,331
Diagnostic and therapeutic services	9,391	9,607
Promotion, prevention and protection services	2,924	3,198
Administration (Note 19)	3,115	3,296
Information technology	1,599	1,454
Support services (Note 20)	11,772	12,026
Amortization of facilities and improvements	1,948	1,943
	<u>53,869</u>	<u>56,586</u>
(Deficiency) excess of revenue over expenses	\$ (1,460)	\$ (1,453)

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

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Crossroads Regional Health Authority #9 Statement of Changes in Net Assets

(in thousands of dollars)

For the year ended March 31,

	2003			2002	
	Unrestricted	Internally Restricted (Note 10)	Invested in Capital Assets	Total	Total
(Deficiency) excess of revenue over expenses	\$ (1,453)	\$ -	\$ -	\$ (1,453)	\$ 602
Capital assets purchased with internal funds	(382)	-	382	-	-
Amortization on internally funded capital assets	447	-	(447)	-	-
Loss on disposal of internally funded capital assets	6	-	(6)	-	-
Net change to net assets	(1,382)	-	(71)	(1,453)	602
Transfer to internally restricted (Note 10)	(610)	610	-	-	-
Balance at beginning of year	2,351	330	2,994	5,675	5,073
Balance at end of year	\$ 359	\$ 940	\$ 2,923	\$ 4,222	\$ 5,675

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

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Crossroads Regional Health Authority #9 Statement of Cash Flows

(in thousands of dollars)

Year ended March 31,

	2003		2002
	Budget (Note 13)	Actual	
Cash generated from (used by):			Actual
Operating activities			
(Deficiency) excess of revenues over expenses	\$ (1,460)	\$ (1,453)	\$ 602
Non-cash transactions:			
Amortization of capital equipment - internally funded	374	447	439
- externally funded	471	614	624
Amortization of facilities and improvements	1,948	1,943	1,930
Amortization of external capital contributions	(2,419)	(2,557)	(2,621)
Loss on disposals of facility and improvements	-	-	67
Loss on disposals of capital equipment	-	6	11
	(1,086)	(1,000)	1,052
Changes in non-cash working capital accounts (Note 21)	(1,660)	(584)	1,715
Cash (used by) generated from operating activities	(2,746)	(1,584)	2,767
Investing activities			
Purchase of capital assets:			
internally funded	-	(382)	(143)
externally funded - equipment (Note 9)	(484)	(632)	(1,040)
Allocation from (to) non-current cash	(484)	658	(121)
Cash used by investing activities	(968)	(356)	(1,304)
Financing activities			
Capital contributions received	484	632	1,040
Cash generated by financing activities	484	632	1,040
(Decrease) increase in cash and temporary investments	(3,230)	(1,308)	2,503
Cash and temporary investments, beginning of year	11,714	11,788	9,285
Cash and temporary investments, end of year	\$ 8,484	\$ 10,480	\$ 11,788

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

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Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 1 Authority, Purpose and Operations

The Crossroads Regional Health Authority ("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 payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. The 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:

Crossroads Health Centre - Breton
Crossroads Hospital & Health Centre - Drayton Valley
Crossroads Hospital & Health Centre - Wetaskiwin
Crossroads Health Unit - Drayton Valley
Crossroads Health Unit - Wetaskiwin
Crossroads Health Unit - Winfield

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health care services in the region.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These 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.

Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 2 Summary of 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 then 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 the related expenses are incurred.
- (iv) Unrestricted investment income is recognized in the year earned.
- (v) 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.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Revenue from the sale of goods and services is recorded in the period that the goods are delivered or the services are provided.

(b) Full Cost

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

The fair values of costs of services is recorded. Fair value transactions consists of the following:

Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

- (i) 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.
- (ii) Other assets, supplies and service 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 in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required 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 plans' deficit or surplus.

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

(d) Investments

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

Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivables, accounts payable and accrued liabilities, and accrued vacation pay approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Drugs and supplies inventory are valued at the lower of cost or net realizable value. Cost is determined on an average cost basis. Assisted living condos are valued at the lower of cost or estimated net realizable value. Cost is determined on an individual unit basis.

(g) Capital Assets

Capital assets are recorded at cost. Capital assets with unit cost 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
Land improvements	10-20 years
Equipment	3-20 years

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(i) Foreign Currencies

Revenue and expenses are translated at the actual rate of exchange at the time of the transaction.

(j) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If the actual costs are unknown at the time of the decision an estimate is recorded.

(k) Patient Trust Accounts

The authority holds trust funds on behalf of its long term care residents. These amounts are not reflected in these financial statements.

Note 3 Cash and Temporary Investments

	2003	2002
Cash and bank	\$ 10,495	\$ 6,016
Temporary investments	-	6,445
	<u>10,495</u>	<u>12,461</u>
Less non-current cash (Note 4)	<u>(15)</u>	<u>(673)</u>
	<u>\$ 10,480</u>	<u>\$ 11,788</u>

Included in cash and bank are externally restricted funds of \$5,179 (2002 - \$5,928) consisting of: Alberta Infrastructure for upgrades to the Crossroads Hospital & Health Centres - Drayton Valley and Breton, the construction of a new hemodialysis building at the Wetaskiwin site, Telehealth funding, Alberta Seniors - Healthy Aging Partnership Initiative Program for the Pembina Housing Society, Young Family Wellness and Consolidated Cash Investment Trust fund construction of the Crossroads Hospital and Health Centre - Wetaskiwin.

The Authority has an operating line of credit of \$2.5 million with interest charged at Prime less 0.5%. Currently the Authority has not accessed any of these funds.

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Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 4 Non-current Cash

Non-current cash represents funds restricted for the Telehealth initiative.

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,082	\$ -	\$ 1,082	\$ 1,082
Land Improvements	260	198	62	73
Non-depreciable assets	503	-	503	503
Buildings	58,821	29,674	29,147	31,079
Equipment	11,149	7,752	3,397	3,450
	<u>\$ 71,815</u>	<u>\$ 37,624</u>	<u>\$ 34,191</u>	<u>\$ 36,187</u>

Capital assets have been funded from the following sources:

	2003	2002
Externally funded	\$ 31,268	\$ 33,193
Internally funded	<u>2,923</u>	<u>2,994</u>
	<u>\$ 34,191</u>	<u>\$ 36,187</u>

Note 6 Other Assets

Other assets are comprised of deferred development costs which include the cost of land and land improvements for the construction of units that are being built as part of the Authority's Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

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Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 7 Deferred Contributions

	2003	2002
Amounts received from:		
Alberta Health and Wellness	\$ 23	\$ 285
Other government	2,420	2,867
Transfer from deferred capital contribution	46	-
Investment and other revenues	416	128
	<u>2,905</u>	<u>3,280</u>
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 14)	(9)	(82)
Other government (Note 15)	(2,705)	(633)
Investment and other revenues	(354)	(72)
	<u>(163)</u>	<u>2,493</u>
Change during the year	(163)	2,493
Balance, beginning of year	3,442	949
Balance, end of year	<u>\$ 3,279</u>	<u>\$ 3,442</u>

Unspent amounts at the end of the year are restricted for the following purposes:

Current:

Education	\$ -	\$ 74
Young Family Wellness	272	258
Healthy Aging Partnership Initiative Program	175	1,750
Archival Blood Review	-	45
Software Licenses	-	4
Telehealth	16	-
Assisted Living Contingency Fund	1	20
Cancer Research Projects	20	43
Diabetes Research Grant	46	-
Healthy Start Healthy Children Grant	37	-
Other	55	14
Alberta Infrastructure	2,642	1,234
	<u>3,264</u>	<u>3,442</u>

Long Term:

Telehealth	15	-
	<u>\$ 3,279</u>	<u>\$ 3,442</u>

Alberta Infrastructure funding is externally restricted to expenses directly related to approved Alberta Infrastructure projects. The Health Aging Partnership is externally restricted to support the short-term recommendations of the Long term Care Review Policy Advisory Committee and is committed to help offset the cost of the construction of Serenity House, Pembina Housing Society.

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Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 8 Deferred Capital Contributions

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

	2003	2002
Amount received:		
Restricted Alberta Health and Wellness contributions	\$ -	\$ 572
Donations restricted for capital purposes	-	53
Investment and other revenues	5	13
	<u>5</u>	<u>638</u>
Transferred to:		
Deferred contribution	(46)	-
Unamortized external capital contributions (Note 9)	(632)	(1,040)
Change during the year	(673)	(402)
Balance, beginning of year	673	1,075
Balance, end of year	<u>\$ -</u>	<u>\$ 673</u>

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

Telehealth	\$ -	\$ 211
Betterment of capital assets	-	462
	<u>\$ -</u>	<u>\$ 673</u>

Note 9 Unamortized External Capital Contributions

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

	2003	2002
Balance, beginning of year	\$ 33,193	\$ 34,774
Add: amount transferred from deferred capital contribution (Note 8)	632	1,040
Less: amount recognized as revenue	(2,557)	(2,621)
Balance, end of year	<u>\$ 31,268</u>	<u>\$ 33,193</u>

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Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 10 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:	<u>2003</u>	<u>2002</u>
Construction of Serenity House, Pembina Housing Society	\$ 250	\$ -
Replacement of Skylights, Drayton Valley Health Centre	360	-
Operating funds reserved for future financial shortcomings	<u>330</u>	<u>330</u>
	<u>\$ 940</u>	<u>\$ 330</u>

Note 11 Contingency

The Authority is contingently liable for the buyback of 32 Assisted Living units at the option of and at 90% of the original cost to the purchaser, average cost of \$100 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

Note 12 Commitments

The Authority has the following commitments:

- i) Renovations to the Crossroads Health Centres - Wetaskiwin, Drayton Valley and Breton in the amount of \$742, funding for which is supplied by Alberta Infrastructure.
- ii) The construction of a hemodialysis building in the amount of \$1,900, funding for which is supplied by Alberta Infrastructure.
- iii) Pembina Housing Society for \$425 towards the construction of the Drayton Valley Dementia Unit, \$175 of this is supplied by Alberta Seniors Housing Services Division and the Drayton Valley Health Care Auxiliary, \$250 of which is internally restricted.

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Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 13 Budget

	Approved Budget(1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contribution	\$ 44,843	\$ -	\$ 44,843
Other government contributions	1,000	-	1,000
Fees and charges	3,001	-	3,001
Ancillary operations, net	-	-	-
Donations	50	-	50
Investment and other income	300	796	1,096
Amortization of External Capital Contribution	2,419	-	2,419
	<u>51,613</u>	<u>796</u>	<u>52,409</u>
Expenses			
Facility based inpatient acute services	10,090	212	10,302
Facility based emergency and outpatient services	4,257	(199)	4,058
Facility based continuing care services	6,260	-	6,260
Community and home based services	2,500	-	2,500
Diagnostic and therapeutic services	9,116	275	9,391
Promotion, prevention and protection services	2,848	76	2,924
Administration	3,115	-	3,115
Information technology and we/net	1,599	-	1,599
Support services	11,340	432	11,772
Amortization of facilities and improvements	1,948	-	1,948
	<u>53,073</u>	<u>796</u>	<u>53,869</u>
Deficiency of revenues over expenses	<u>\$ (1,460)</u>	<u>\$ -</u>	<u>\$ (1,460)</u>

- (1) The budget was approved by the board of the Health Authority on April 4, 2002 and subsequently approved by the Minister of Health and Wellness on June 27, 2002.
- (2) Reallocation of budgeted recoveries and contingency funds.
- (3) The budget figures have not been audited.

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Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 14 Alberta Health and Wellness Contributions	Budget	2003	2002
Unrestricted contributions	\$ 44,843	\$ 45,033	\$ 43,685
Transferred from deferred contributions (Note 7)	-	9	82
	<u>\$ 44,843</u>	<u>\$ 45,042</u>	<u>\$ 43,767</u>

Note 15 Other Government Contributions	Budget	2003	2002
Alberta Infrastructure (Note 7)	\$ 1,000	\$ 664	\$ 620
Alberta Seniors (Note 7)	-	1,982	13
Keystone Child and Family Services (Note 7)	-	40	-
Alberta Heritage Foundation for Medical Research (Note 7)	-	4	-
Telehealth (Note 7)	-	15	-
Fair value of non-acute care facilities	-	49	37
	<u>\$ 1,000</u>	<u>\$ 2,754</u>	<u>\$ 670</u>

Note 16 Fees and charges	Budget	2003	2002
Acute Care			
Non-entitled revenue - inpatients	\$ 99	\$ 101	\$ 119
Non-entitled revenue - outpatients	166	126	142
Other	115	16	17
Continuing Care			
Accommodation charges	2,121	2,085	1,899
Preferred accommodation	190	183	171
Home care fees	150	70	90
Federal government	28	40	27
Workers Compensation Board (WCB)	132	176	140
	<u>\$ 3,001</u>	<u>\$ 2,797</u>	<u>\$ 2,605</u>

Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 17 Ancillary Operations	2003				2002	
	Non-Patient Food Services Operations	Assisted Living	Other Operations	Total	Budget	Total
Revenue	\$ 398	\$ 638	\$ 94	\$ 1,130	\$ 471	\$ 1,176
	<u>398</u>	<u>638</u>	<u>94</u>	<u>1,130</u>	<u>471</u>	<u>1,176</u>
Expenses						
Other expenses	388	627	96	1,111	471	1,189
	<u>388</u>	<u>627</u>	<u>96</u>	<u>1,111</u>	<u>471</u>	<u>1,189</u>
Excess (deficiency) of revenue over direct expenses	\$ 10	\$ 11	\$ (2)	\$ 19	-	\$ (13)

Note 18 Investment and Other Income	Budget	2003	2002
Interest	\$ 300	\$ 219	\$ 287
Atco Viking rebate	-	-	274
FST rebate	-	639	-
Other income and recoveries	796	962	698
	<u>\$ 1,096</u>	<u>\$ 1,820</u>	<u>\$ 1,259</u>

Note 19 Administration	Budget	2003	2002
Corporate administration	\$ 1,643	\$ 1,680	\$ 1,362
Public relations	150	159	138
Finance	639	769	579
Human resources	683	688	965
	<u>\$ 3,115</u>	<u>\$ 3,296</u>	<u>\$ 3,044</u>

Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 20 Support Services	Budget	2003	2002
Building maintenance, operations and security	\$ 2,880	\$ 3,521	\$ 2,653
Alberta Infrastructure - renovations	1,000	664	620
Communications	91	108	98
Education	682	675	732
Housekeeping	1,877	1,804	1,662
Laundry and linen	471	467	485
Materiels management	844	844	803
Patient food services	2,377	2,373	2,275
Patient health records	698	742	692
Patient registration	592	607	567
Telehealth	175	154	85
Volunteer services	85	67	59
	<u>\$ 11,772</u>	<u>\$ 12,026</u>	<u>\$ 10,731</u>

Note 21 Changes in Non-cash Working Capital Accounts	Budget	2003	2002
Accounts receivable	\$ 1,195	\$ 252	\$ 160
Contributions receivable	-	203	(204)
Inventories	18	(268)	(111)
Prepaid expenses	40	(258)	(19)
Other assets	(6)	(6)	(6)
Accounts payable	(220)	160	(358)
Accrued vacation pay	(200)	169	162
Deferred contributions	(2,971)	(178)	2,493
Deferred capital contributions	484	(658)	(402)
	<u>\$ (1,660)</u>	<u>\$ (584)</u>	<u>\$ 1,715</u>

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Crossroads Regional Health Authority #9 Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 22 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 of the Authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and notes 7, 8, 14 and 15 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) Foundations

The Authority has an economic interest in the Foundations of Wetaskiwin and Drayton Valley. In each case they are entitled to representation on their Board of Directors.

During the year the Authority entered into contracts with the Foundations to provide office space within the respective facilities, as well as accounting and information technology services as needed until March 31, 2004. No amount has been recorded in the financial statements for these provisions.

	Contributions received by the Health Authority		Resources held by the foundation	
	2003			
	2003	2002	Externally Restricted	Unrestricted
Drayton Valley Health Services Foundation (unaudited)	\$ 32	\$ 15	\$ 130	\$ 115
Wetaskiwin Health Foundation	35	87	116	95
	<u>\$ 67</u>	<u>\$ 102</u>	<u>\$ 246</u>	<u>\$ 210</u>

Externally restricted amounts are for equipment, programs, research, and education for the specific hospitals and continuing care facilities supported by the individual foundations.

The value of the accounts receivable from the foundation at the year end are as follows:

	Accounts Receivable	
	2003	2002
Wetaskiwin Health Foundation	<u>\$ 1</u>	<u>\$ 2</u>

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Crossroads Regional Health Authority #9

Notes to the Financial Statements

(in thousands of dollars)

March 31, 2003

Note 23 Economic Dependence

Approximately 81.7% (85.9% in 2002) of revenues for the year ended March 31, 2003 are directly attributed to the Province of Alberta.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan, a multi-employer defined benefit plan. Pension expensed in these financial statements is equal to the Authority's annual contribution payable of \$1,201 for the year ended March 31, 2003 (2002 - \$1,053).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficit of \$444,980 (2001 - surplus \$634,960).

Note 25 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

The assets, liabilities, and net assets of the Crossroads Regional Health Authority #9 will be assumed in whole by the David Thompson Health Region at carrying value.

Note 26 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual deficit. The Authority incurred an operating deficit of \$1,453 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the Regulation, the Authority used previously accumulated unrestricted net assets to offset the deficit.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Region.

Crossroads Regional Health Authority #9

Schedule of Expenses by Object

(in thousands of dollars)

For the year ended March 31,	2003		2002
	Budget	Actual	
Salaries, honoraria, benefits, allowances and severances (Schedule 2)	\$ 35,746	\$ 35,925	\$ 33,444
Contracts with health service operators	997	1,055	1,041
Drugs, gases, medical and surgical supplies	2,058	2,142	2,035
Other contracting services	2,040	2,641	2,264
Other:			
Supplies	4,689	4,921	4,452
Equipment expense	2,083	2,189	2,190
Other	3,901	5,814	3,258
Amortization:			
Equipment - internally funded	407	453	321
Equipment - externally funded	471	614	624
Facilities and improvements	1,948	1,943	1,930
	<u>54,340</u>	<u>57,697</u>	<u>51,559</u>
Less amount reported in ancillary operations (Note 17)	<u>(471)</u>	<u>(1,111)</u>	<u>(1,189)</u>
	<u>\$ 53,869</u>	<u>\$ 56,586</u>	<u>\$ 50,370</u>

Crossroads Regional Health Authority #9 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)
For the year ended March 31,

	2003				2002			
	(1)	(2)	(3)	(1)	Severance	Salaries, Benefits and Honoraria	Severance Amount	Total
Authority/Board Compensation								
RHA Chairperson Rick Wilson		\$ 28	\$ 28			\$ 28	\$ 18	\$ 18
RHA Members								
Anderson, Colleen	12	-	-	12	-	12	7	7
Hamdon, Moe	-	-	-	-	-	-	2	2
Kranhof, Ian	14	14	14	14	9	14	9	9
Lafore-Fering, Louise	12	12	12	12	3	12	3	3
Moore, Werna	13	13	13	13	3	13	3	3
Murray, Peter	11	11	11	11	8	11	8	8
Roopackers, Kathy	9	9	9	9	3	9	3	3
Slom, Peggy	8	8	8	8	3	8	3	3
Sydenham, Judy	-	-	-	-	-	-	2	2
Vales, Jeanette	-	-	-	-	-	-	3	3
Wilson, Wallace	11	11	11	11	3	11	2	2
Total honoraria	-	-	-	-	-	-	1	1
Staff								
Chief Executive Officer (CEO)	0.5	74	10	84	-	84	138	138
Chief Executive Officer (CEO)	0.5	56	7	63	-	63	-	-
Chief Executive Officer (CEO)	1.0	130	17	147	-	147	138	138
Management persons reporting to CEO								
COO Diagnostic and Treatment	0.5	59	8	67	-	67	115	115
COO Diagnostic and Treatment	1.0	108	14	122	-	122	112	112
COO Community Services	1.5	167	22	189	-	189	227	227

Schedule 2

Crossroads Regional Health Authority #9 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)
For the year ended March 31,

	2003				2002			
	(1)	(2)	(3)	(1)	Severance	Salaries, Benefits and Honoraria	Severance Amount	Total
Other management persons reporting to these above (average 2003 \$95,032, average 2002 \$88,545) (excluding severances)	23.8	\$ 2,037	\$ 224	\$ 2,261	3	\$ 236	\$ 2,497	\$ 2,333
Regulated nurses not included above (average 2003 \$62,484, average 2002 \$57,207) (excluding severances)	220.9	11,753	2,048	13,801	-	-	13,801	12,889
Other health technical and professionals (average 2003 \$58,077, average 2003 \$53,738) (excluding severances)	115.3	5,647	1,047	6,694	-	-	6,694	6,248
Unregulated health service providers (average 2003 \$34,990, average 2002 \$31,591) (excluding severances)	129.9	3,818	728	4,546	1	5	4,551	4,109
Other staff (average 2003 \$41,721, average 2002 \$40,076) (excluding severances)	188.8	6,606	1,269	7,875	4	53	7,928	7,412
Total	681.2	\$ 30,276	\$ 5,355	\$ 35,631	8	\$ 294	\$ 35,925	\$ 33,444

Schedule 2

Crossroads Regional Health Authority #9 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

For the year ended March 31, 2003

- (1) Full time equivalent (FTE) is determined as follows:

2,022.75 hours for all employees except regulated nurses; Regulated nurses use 1,920.75.

Total actual discrete number of individuals employed; 2003 - 973 (2002 - 969)

- (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 include the employer's share of employee benefits and 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, Worker's Compensation, car benefits and allowances and tuition.
- (4) Severances includes: All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits, and outplacement training and counseling.
- (5) The total amount is reported in the following schedules:

Note 17 - Ancillary Operations	\$	139
Schedule 1 - Expenses by Object	\$	35,925

Schedule 2