

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2003

Northern Lights
Health Region

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

The accompanying Northern Lights Regional Health Services 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 that are 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 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 Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Northern Lights Health Authority Board for approval. The external auditor has full and free access to the Committee of the Whole.

The external auditor, 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.

Dated at Fort McMurray, in the Province of Alberta, this 24 day of June, 2003.

[Original Signed]

PATRICIA PELTON
Chief Executive Officer

[Original Signed]

LINDA METZ
Vice President Corporate Services

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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 the Northern Lights Health Region
and the Minister of Health and Wellness

I have audited the statement of financial position of the Northern Lights Regional Health Authority ("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. 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, 2003 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] FCA
Auditor General

Edmonton, Alberta
June 13, 2003

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION

March 31, 2003
(thousands of dollars)

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Current:		
Cash and temporary investments (Note 3)	\$ 3,486	\$ 1,436
Accounts receivable (Note 4)	1,974	1,349
Contributions receivable	466	1,296
Inventories	359	379
Prepaid expenses	<u>292</u>	<u>270</u>
	6,577	4,730
Non-current cash (Note 5)	3,642	5,283
Capital contributions receivable (Note 6)	1,321	1,172
Capital assets (Note 7)	30,701	29,506
Other assets	<u>150</u>	<u>260</u>
Total assets	<u>\$ 42,391</u>	<u>\$ 40,951</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current:		
Accounts payable and accrued liabilities	\$ 3,490	\$ 3,141
Accrued vacation pay	1,605	1,473
Bank loan (Note 8)	600	-
Deferred non-capital contributions (Note 9)	<u>849</u>	<u>224</u>
	6,544	4,838
Deferred non-capital contributions (Note 9)	8	8
Deferred capital contributions (Note 10)	4,955	6,447
Unamortized external capital contributions (Note 11)	<u>29,104</u>	<u>27,800</u>
	<u>40,611</u>	<u>39,093</u>
Net assets		
Unrestricted	183	152
Investment in capital assets	<u>1,597</u>	<u>1,706</u>
Operating net assets	<u>1,780</u>	<u>1,858</u>
Total liabilities and net assets	<u>\$ 42,391</u>	<u>\$ 40,951</u>

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

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF OPERATIONS

March 31, 2003

(thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	\$ 35,859	\$ 36,376	\$ 34,354
Other government contributions (Note 14)	795	924	774
Fees and charges (Note 15)	3,242	3,249	3,065
Ancillary operations, net (Note 16)	95	(50)	(49)
Donations	122	197	195
Investment and other income (Note 17)	495	805	1,000
Amortization of external capital contributions, health operations (Note 11)	<u>2,165</u>	<u>2,204</u>	<u>2,037</u>
Total revenue	<u>42,773</u>	<u>43,705</u>	<u>41,376</u>
Expenses (Schedule 1)			
Facility based inpatient acute services	11,413	11,275	11,105
Facility based emergency and outpatient services	4,500	3,574	3,244
Facility based continuing care services	1,759	1,787	1,741
Community and home based services	2,148	1,985	1,622
Diagnostic and therapeutic services	8,810	9,186	8,546
Promotion, prevention and protection services	2,740	2,527	2,585
Administration (Note 18)	3,154	2,748	3,453
Information technology	1,129	902	925
Support services (Note 19)	8,252	8,404	8,033
Amortization of facilities and improvements, health operations	<u>1,914</u>	<u>1,395</u>	<u>1,422</u>
Total expenses	<u>45,819</u>	<u>43,783</u>	<u>42,676</u>
Deficiency of revenue over expenses	<u>\$ (3,046)</u>	<u>\$ (78)</u>	<u>\$ (1,300)</u>

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2003

(thousands of dollars)

	2003			2002
	Unrestricted Net Assets	Invested in Capital Assets	Total	Total
Deficiency of revenue over expenses	\$ (78)	\$ -	\$ (78)	\$ (1,300)
Amortization of internally funded capital assets	175	(175)	-	-
Capital assets purchased with internal funds	(72)	72	-	-
Disposal of internally funded capital assets	<u>6</u>	<u>(6)</u>	<u>-</u>	<u>-</u>
Net change	31	(109)	(78)	(1,300)
Balance at beginning of year	<u>152</u>	<u>1,706</u>	<u>1,858</u>	<u>3,158</u>
Balance at end of year	<u>\$ 183</u>	<u>\$ 1,597</u>	<u>\$ 1,780</u>	<u>\$ 1,858</u>

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF CASH FLOWS

March 31, 2003

(thousands of dollars)

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2003

(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities			
Deficiency of revenue over expenses	\$ (3,046)	\$ (78)	\$ (1,300)
Non-cash transactions:			
Amortization of capital equipment - internally funded	360	122	126
- externally funded	251	835	623
Amortization of facilities and improvements - internally funded	-	53	39
- externally funded	1,914	1,413	1,393
Amortization of external capital contributions	(2,165)	(2,248)	(2,043)
Loss on disposal of capital assets - internally funded	-	5	13
Changes in non-cash working capital account	525	1,309	(674)
Cash generated from (used by) operations	(2,161)	1,411	(1,823)
Investing activities:			
Purchase of capital assets:			
internally funded	(600)	(72)	(395)
externally funded - equipment (Note 11)	(3,342)	(1,702)	(1,290)
externally funded - facility and improvements (Note 11)	(4,835)	(1,850)	(408)
Proceeds on sale of capital assets - internally funded	-	1	17
- externally funded	-	-	27
Allocations from (to) non-current cash	3,087	1,641	(3,580)
Allocation to long-term receivable	600	(39)	(197)
Cash used by investing activities	(5,090)	(2,021)	(5,826)
Financing activities:			
Capital contributions received	3,850	2,060	5,463
Proceeds from bank loan	700	600	-
Cash generated from financing activities	4,550	2,660	5,463
Increase (decrease) in cash and temporary investments	(2,701)	2,050	(2,186)
Cash and temporary investments, beginning of year	1,957	1,436	3,622
Cash and temporary investments, end of year	\$ (744)	\$ 3,486	\$ 1,436

Note 1 Authority, Purpose and Operations

The Northern Lights 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 the 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 the Northern Lights Region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The Authority's operations comprise the following facility:

Northern Lights Regional Health Centre, 7 Hospital Street, Fort McMurray, Alberta.

Note 2 Significant Accounting Policies and Reporting Practices

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

(a) 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.
- (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 period 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 proportional to the related expenses incurred.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (iv) Restricted contributions for the purchase of 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) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods and services would have otherwise been purchased.

(b) Full cost

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

Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. 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 multi-employer defined benefit pension plan provides pensions 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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

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

(e) Financial Instruments

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

(f) Inventories

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

(g) Capital Assets

Capital assets and 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 and improvements	20 - 40 years
Land improvements	10 - 20 years
Building service equipment	10 - 20 years
Vehicles and equipment	5 - 20 years

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. 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 significantly 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.



Note 3 Cash and Temporary Investments

	2003	2002
Cash	\$ 1,407	\$ (899)
Fixed income securities	2,079	2,335
	<u>\$ 3,486</u>	<u>\$ 1,436</u>

Fixed-income securities represented by guaranteed investments certificates and government bonds are available for immediate liquidation and have a market value approximating cost. They have an average yield of 5.10% per annum based on market for securities maturing within a year, and 5.91% per annum for securities maturing between one and five years. As at March 31, 2003 the securities have the following term structure.

Under 1 year	5.10%
1 to 5 years	5.63% to 6.20%

Note 4 Accounts Receivable

Accounts receivable represent the following:

	2003	2002
Patients	\$ 1,448	\$ 817
Other	526	532
	<u>\$ 1,974</u>	<u>\$ 1,349</u>

Note 5 Non-Current Cash

Non-current cash represents the following:

	2003	2002
Deferred capital contributions	\$ 4,955	\$ 6,447
Less capital contributions receivable	(1,321)	(1,172)
Non-current deferred non-capital contributions	8	8
	<u>\$ 3,642</u>	<u>\$ 5,283</u>

Note 6 Capital Contributions Receivable

Capital contributions receivable represent the following:

	2003	2002
we/net common opportunities	\$ 600	\$ 600
Federal equipment	-	297
Northern Lights Regional Health Foundation	721	275
	<u>\$ 1,321</u>	<u>\$ 1,172</u>

Note 7 Capital Assets

	2003		2002	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 665	\$ -	\$ 665	\$ 665
Land improvements	3,133	2,979	154	216
Buildings and improvements	41,918	20,874	21,044	21,045
Building service equipment	6,929	5,586	1,343	1,476
Vehicles and equipment	10,968	7,060	3,908	3,068
Projects in progress	3,587	-	3,587	3,036
	<u>\$ 67,200</u>	<u>\$ 36,499</u>	<u>\$ 30,701</u>	<u>\$ 29,506</u>

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (<i>unamortized external capital contributions</i>)	\$ 29,104	\$ 27,800
Internally funded (<i>invested in capital assets</i>)	1,597	1,706
	<u>\$ 30,701</u>	<u>\$ 29,506</u>

Projects in progress is comprised of the following:

	2003	2002
Lab/medical records renovations	\$ 1,265	\$ 145
CT Scan / isolation rooms	219	-
Elevator controls / o.r. ventilation system	167	62
Fire alarm upgrade	163	31
Other	1,773	2,798
	<u>\$ 3,587</u>	<u>\$ 3,036</u>

Note 8 Bank Loan

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

Estimated principal repayments are as follows:
For the year ended March 31:

2004	\$120,000
2005	120,000
2006	120,000
2007	120,000
2008	120,000

Note 9 Deferred Non-Capital Contributions

	<u>2003</u>	<u>2002</u>
Amounts received from:		
Alberta Health and Wellness	\$ 2,905	\$ 1,976
Other government	978	717
Donors	19	4
Investment and other	51	1
Repayment of funds	<u>-</u>	<u>(37)</u>
	<u>3,953</u>	<u>2,661</u>
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 13)	(2,408)	(1,811)
Other government (Note 14)	(924)	(774)
Donations	(19)	(15)
Other	<u>(28)</u>	<u>-</u>
	<u>(3,379)</u>	<u>(2,600)</u>
Amounts transferred from (to) deferred capital contributions (Note 10)	<u>51</u>	<u>(5)</u>
Change during the year	625	56
Balance, beginning of year	<u>232</u>	<u>176</u>
Balance, end of year	<u>\$ 857</u>	<u>\$ 232</u>
Unspent amounts at end of year are restricted for the following purposes:		
	<u>2003</u>	<u>2002</u>
Current:		
Specialists on Call	\$ 270	\$ -
Young Families Initiative	201	138
Transition Grants	96	-
Alberta Mental Health Initiatives	66	66
Security of Systems Initiative	55	-
Ambulatory Care System Redevelopment	-	17
Other	<u>161</u>	<u>3</u>
	849	224
Long term:		
Employee benefit programs	<u>8</u>	<u>8</u>
	<u>\$ 857</u>	<u>\$ 232</u>

Note 10 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a)

	2003	2002
Amounts received or receivable:		
Restricted Alberta Health and Wellness contributions	\$ -	\$ 417
Alberta Infrastructure contributions	340	4,480
Donations restricted for capital purposes	1,172	558
Investment income earned	8	4
AHA Hospitalta Foundation	530	-
Other	61	-
Funds returned to source	-	(1)
Deferred non-capital contributions (Note 9)	-	5
	<u>2,111</u>	<u>5,463</u>
Transferred to:		
Unamortized external capital contributions (Note 11)	(3,552)	(1,698)
Deferred non-capital contributions (Note 9)	<u>(51)</u>	<u>-</u>
Change during the year	(1,492)	3,765
Balance, beginning of year	6,447	2,682
Balance, end of year	<u>\$ 4,955</u>	<u>\$ 6,447</u>

The balance at the end of year is restricted for the betterment of capital assets.

Note 11 Unamortized External Capital Contributions

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

	2003	2002
Balance, beginning of year	\$ 27,800	\$ 28,145
Transfers from deferred capital contributions (Note 10)	3,552	1,698
Less amounts recognized as revenue		
Amortization of external capital contributions health operations	(2,204)	(2,037)
ancillary operations (Note 16)	<u>(44)</u>	<u>(6)</u>
Balance, end of year	<u>\$ 29,104</u>	<u>\$ 27,800</u>

Note 12 Budget

	Original Budget (1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$ 39,510	\$ (3,651)	\$ 35,859
Other government contributions	795	-	795
Fees and charges	3,242	-	3,242
Donations	95	-	95
Net ancillary operations	122	-	122
Investment and other income	495	-	495
Amortization of external capital contributions	<u>2,165</u>	<u>-</u>	<u>2,165</u>
	<u>46,424</u>	<u>(3,651)</u>	<u>42,773</u>
Expenses			
Facility based inpatient acute services	11,413	-	11,413
Facility based emergency and outpatient service	4,500	-	4,500
Facility based continuing care services	1,759	-	1,759
Community and home based services	2,148	-	2,148
Diagnostic and therapeutic services	8,810	-	8,810
Promotion, prevention and protection services	2,740	-	2,740
Administration	3,154	-	3,154
Information technology and well net (Note 19)	1,129	-	1,129
Support services	8,252	-	8,252
Amortization of facilities and improvements	<u>1,914</u>	<u>-</u>	<u>1,914</u>
	<u>45,819</u>	<u>-</u>	<u>45,819</u>
Excess (deficiency) of revenue over expenses	<u>\$ 605</u>	<u>\$ (3,651)</u>	<u>\$ (3,046)</u>

- (1) The original budget was approved by the Board of the Authority on April 29, 2002, and submitted to the Minister of Health and Wellness.
- (2) The Minister of Health and Wellness conditionally approved the budget subject to review of demographic challenges. Conditionally approved funding was not received.

Note 13 Alberta Health and Wellness Contributions

	2003	2002
Unrestricted contributions	\$ 33,968	\$ 32,543
Transfer from deferred contributions (Note 9)	<u>2,408</u>	<u>1,811</u>
	<u>\$ 36,376</u>	<u>\$ 34,354</u>

Note 14 Other Government Contributions

	2003	2002
Transfer from deferred contributions (Note 9)		
Alberta Infrastructure	\$ 49	\$ 6
Other	<u>875</u>	<u>768</u>
	<u>\$ 924</u>	<u>\$ 774</u>

Note 15 Fees and charges

	2003	2002
Acute care		
Non-entitled revenue - inpatients	\$ 1,526	\$ 1,318
Non-entitled revenue - outpatients	1,248	1,322
Other	<u>89</u>	<u>60</u>
	<u>2,863</u>	<u>2,700</u>
Continuing care		
Accommodation charges	58	60
Preferred accommodation	284	261
Workers Compensation Board (WCB)	<u>44</u>	<u>44</u>
	<u>386</u>	<u>365</u>
	<u>\$ 3,249</u>	<u>\$ 3,065</u>

Note 16 Ancillary Operations

	<u>Operations</u>				
	2003			2002	
	Non Patient Food Service	Sales and Rental Services	Other Services	Total	Total
Revenue					
Revenue	\$ 284	\$ 181	\$ 31	\$ 496	\$ 478
Amortization of external capital contributions	-	29	15	44	6
	<u>284</u>	<u>210</u>	<u>46</u>	<u>540</u>	<u>484</u>
Expenses					
Amortization	-	54	23	77	6
Other	<u>300</u>	<u>1</u>	<u>212</u>	<u>513</u>	<u>527</u>
	<u>300</u>	<u>55</u>	<u>235</u>	<u>590</u>	<u>533</u>
Excess (deficiency) of revenue over direct expenses 2002/2003	<u>\$ (16)</u>	<u>\$ 155</u>	<u>\$ (189)</u>	<u>\$ (50)</u>	
Excess (deficiency) of revenue over direct expenses 2001/2002	<u>\$ 17</u>	<u>\$ 132</u>	<u>\$ (198)</u>	<u>\$ (49)</u>	

Note 17 Investment and Other Income

	2003	2002
Unrestricted investment income	\$ 179	\$ 208
Other income		
Gas rebate	-	190
Immunization recoveries	144	150
Return for service repayments	48	32
Other recoveries	<u>434</u>	<u>420</u>
	<u>\$ 805</u>	<u>\$ 1,000</u>

Note 18 Administration

	<u>2003</u>	<u>2002</u>
General Administration		
Administration	\$ 740	\$ 751
Medical staff	552	569
Board	<u>145</u>	<u>181</u>
	1,437	1,501
Finance	668	682
Personnel	<u>643</u>	<u>1,270</u>
	<u>\$ 2,748</u>	<u>\$ 3,453</u>

Note 19 Support Services

	<u>2003</u>	<u>2002</u>
Building maintenance, operations and security	\$ 3,123	\$ 2,594
Housekeeping	1,296	1,300
Patient information	1,353	1,433
Materials management	898	928
Patient food services	859	895
Laundry and linen	348	349
Communications	90	137
Health and safety	106	122
Biomedical engineering	107	102
Health services staffing - administration	101	-
Community and volunteer services	53	98
Learning resource centre	<u>70</u>	<u>75</u>
	<u>\$ 8,404</u>	<u>\$ 8,033</u>

Note 20 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in Notes 9, 10, 13 and 14 to the financial statements.

(b) Northern Lights Regional Health Foundation

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

<u>Northern Lights Regional Health Foundation</u>	<u>2003</u>	<u>2002</u>
Total assets	\$ 2,149	\$ 1,987
Total liabilities	<u>1,364</u>	<u>994</u>
Net assets	<u>\$ 785</u>	<u>\$ 993</u>
Revenues	1,400	1,234
Expenses (includes contributions to the Health Authority)	<u>1,607</u>	<u>942</u>
Excess (deficiency) of revenue over expenses	<u>\$ (207)</u>	<u>\$ 292</u>

Note 20 Related parties (continued)

(b) Northern Lights Regional Health Foundation (continued)

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	\$ 1,316	\$ 661	\$ 609	\$ 785

The resources of the Foundation amounting to \$609 have been restricted by the donors for specific programs of the Northern Lights Regional Health Authority.

Northern Lights Regional Health Foundation prepared financial statements using the deferral method.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end is as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	\$ 132	\$ 144	\$ 721	\$ 9

(c) Contracted Health Service Operators

The Authority contracts with private health service operators to provide health services in the Region.

The amounts for contracted health services, all of which are direct authority funded, are as follows:

	2003	2002
Laboratory contract	\$ 2,853	\$ 2,306
Community rehabilitation programs	231	317
Aboriginal Health Strategy - Nunee Health Board	245	189
	<u>\$ 3,329</u>	<u>\$ 2,812</u>

The amounts for contracted health services are reported under diagnostic and therapeutic services and promotion, prevention and protection services.

Note 21 Commitments

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

2004	\$3,530
2005	327
2006	212
2007	187
2008	56

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of \$1,022 for the year ended March 31, 2003 (2002 - \$748).

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

Note 23 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.

Pursuant to Ministerial Order 19 of 2003 dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the Northwestern Regional Health Authority are assumed in total by the Northern Lights Regional Health Authority, which becomes region 9.

Specified assets and liabilities are to be distributed at carrying value by the transferor authority on the basis of their location in, or relationship to the programs provided, in the geographical area transferred to region 9. The remaining insufficiencies in net assets of the transferor authority is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the aggregate surplus or insufficiency of net assets to Region 9 at March 31, 2003 has yet to be determined.

Note 24 Operating Deficit

The Region is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Region incurred an operating deficit of \$78 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the regulation, the Region used previously accumulated unrestricted net assets to offset the deficit.

Note 25 Comparative Figures

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

Note 26 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Budget	2003	2002
Salaries, benefits, allowances (Schedule 2)	\$ 28,386	\$ 28,122	\$ 28,294
Contracts with health service operators (Note 20 (c))	3,276	3,329	2,812
Drugs, gases, medical and surgical supplies	1,623	1,518	1,563
Consulting services	2,457	3,430	2,636
Other	7,558	5,557	5,733
Amortization:			
Equipment	611	957	749
Facilities and improvements, health operations	1,914	1,460	1,422
	45,825	44,373	43,209
Less amounts reported in ancillary operations (Note 16)	(6)	(590)	(533)
	<u>\$ 45,819</u>	<u>\$ 43,783</u>	<u>\$ 42,676</u>

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

- (1) The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year except for named individuals.

Full time equivalent (FTE) is determined as follows:

Regulated nurses	1,920.75 – 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 712 as of March 31, 2003 and 683 as of March 31, 2002.

- (2) Salaries includes 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 employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
- (4) The 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.
- (6) The total amount is reported in Schedule 1.

**NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)**

Schedule 2

	2003						2002					
	Number of individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Subtotal	Severance ⁽⁴⁾		Number of individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Subtotal	Severance ⁽⁴⁾	Total
					Number	Amount						
Authority/Board Compensation												
RIA Chairperson Carner, Scott	1.0	\$ 23	-	\$ 23	-	\$ -	23	\$ 26	-	\$ -	-	\$ 26
Baker, Kathleen	1.0	12	-	12	-	-	12	12	-	-	-	12
Boger, Mary	1.0	15	-	15	-	-	15	17	-	-	-	17
Brown, Gary	1.0	15	-	15	-	-	15	17	-	-	-	17
Genetran, Bill	1.0	11	-	11	-	-	11	7	-	-	-	7
Gregory, Roger	1.0	11	-	11	-	-	11	5	-	-	-	5
Haxton, Alice	1.0	12	-	12	-	-	12	11	-	-	-	11
MacDonald, Cathy	1.0	12	-	12	-	-	12	5	-	-	-	5
MacDonald, Margaret	1.0	12	-	12	-	-	12	5	-	-	-	5
MacDonald-Hyde, Dorothy	1.0	12	-	12	-	-	12	11	-	-	-	11
Moore, Helen	1.0	12	-	12	-	-	12	7	-	-	-	7
Moore, Helen	1.0	12	-	12	-	-	12	11	-	-	-	11
Moore, Margaret	1.0	12	-	12	-	-	12	7	-	-	-	7
Quinn, Margaret	1.0	12	-	12	-	-	12	11	-	-	-	11
Total honoraria	9.0	121	-	121	-	-	121	129	-	-	-	129
Staff												
Chief Executive Officer	1.0	182	18	200	-	-	200	216	-	-	-	216
Other management personnel reporting to the CEO:												
VP Corporate Services	1.0	114	15	129	-	-	129	131	-	-	-	131
VP Human Resources	1.0	116	15	131	-	-	131	124	-	-	-	124
VP Health Services	2.0	239	28	267	-	-	267	194	-	-	-	194
VP Stakeholder Relations	0.2	26	3	29	1.0	107	136	92	-	-	-	92
Executive Director, Foundation	1.0	82	11	93	-	-	93	74	-	-	-	74
Director, Clinical Services	-	-	-	-	-	-	-	21	-	-	-	21
Director, Health Services	-	-	-	-	-	-	-	21	-	-	-	21
Director, Health Services	-	-	-	-	-	-	-	19	-	-	-	19
Director, Health Services & Community Services	-	-	-	-	-	-	-	19	-	-	-	19
Director, Facilities	-	-	-	-	-	-	-	19	-	-	-	19
Other management personnel reporting directly to those above (avg. 2003 \$94, avg. 2002 \$108) (excluding severance)	6.3	517	78	595	1.0	12	607	951	176	-	176	1,127
Regulated nurses not included above (excluding severance)	190.0	11,241	1,776	13,017	-	-	13,017	12,568	-	-	-	12,568
(avg. 2003 \$68, avg. 2002 \$63)												
Other health technical and professionals (avg. 2003 \$66, avg. 2002 \$67) (excluding severance)	69.0	3,895	603	4,498	-	-	4,498	4,479	-	-	-	4,479
Unregulated health service providers (avg. 2003 \$40, avg. 2002 \$40) (excluding severance)	108.0	3,584	993	4,577	-	-	4,577	4,145	-	-	-	4,145
Other staff	102.0	4,104	662	4,766	-	-	4,766	4,916	-	-	-	4,916
Total	478.5	24,080	3,802	27,882	2.0	19	28,001	27,939	176	-	176	28,165
	482.5	24,201	3,802	28,003	2.0	19	28,122	28,118	176	-	176	28,294

