

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**FINANCIAL STATEMENTS**

**MARCH 31, 2003**

*Financial Statements of*

**NORTHWESTERN REGIONAL  
HEALTH AUTHORITY**

*March 31, 2003*

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 that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards 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 Finance Committee. This Committee meets with management and the external auditor, Deloitte & Touche LLP, to discuss and review financial matters, and recommends the financial statements to the Northwestern Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

Deloitte & Touche 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]

Patricia Pelton  
Chief Executive Officer

[Original Signed]

Linda Metz  
Vice President Corporate Services  
and Chief Financial Officer

**Deloitte  
& Touche**

*7 Hospital Street, Fort McMurray, Alberta, Canada T9H 1P2 · Tel. (780) 791-6161 · Fax (780) 791-6029*

Deloitte & Touche LLP  
2000 ManuLife Place  
10180 - 101 Street  
Edmonton, Alberta T5J 4E4

Tel: (780) 421 3611  
Fax: (780) 421 3782  
www.deloitte.ca

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## Auditors' Report

To the Members of the  
Northwestern Regional Health Authority  
and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Northwestern Regional Health Authority (the Authority) as at March 31, 2003, and the statements of operations, changes in net assets, and cash flow 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 and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed]

Chartered Accountants

June 6, 2003

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**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Statement of Financial Position**  
 March 31, 2003  
 (thousands of dollars)

	2003	2002
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and temporary investments (Note 3)	\$ 2,513	\$ 4,002
Accounts receivable	293	213
Contributions receivable	277	149
Inventories	160	174
Prepaid expenses	169	186
	<u>3,412</u>	<u>4,724</u>
NON-CURRENT CASH (Note 4)	8,141	1,795
NON-CURRENT CONTRIBUTIONS RECEIVABLE (Note 5)	-	15,854
CAPITAL ASSETS (Note 6)	33,702	24,677
	<u>\$ 45,255</u>	<u>\$ 47,050</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 1,136	\$ 899
Accrued vacation pay	584	576
Deferred contributions (Note 7)	526	494
	<u>2,246</u>	<u>1,969</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	8,141	17,649
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 9)	31,224	22,622
	<u>41,611</u>	<u>42,240</u>
COMMITMENTS (Note 11)		
<b>NET ASSETS</b>		
Unrestricted	-	-
Internally restricted (Note 10)	1,166	2,755
Investment in capital assets	2,478	2,055
	<u>3,644</u>	<u>4,810</u>
	<u>\$ 45,255</u>	<u>\$ 47,050</u>

[Original Signed] Chief Executive Officer  
 [Original Signed] Chairman of the Board

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Statement of Operations**  
 Year ended March 31, 2003  
 (thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
<b>REVENUES</b>			
Alberta Health and Wellness contributions (Note 13)	\$ 17,248	\$ 17,353	\$ 16,825
Other government contributions (Note 14)	858	929	777
Fees and charges (Note 15)	515	604	383
Ancillary operations - net (Note 16)	-	(2)	(45)
Donations	8	2	3
Investment and other income	110	26	134
Amortization of external capital contributions (Note 9)	1,360	1,509	1,235
	<u>20,099</u>	<u>20,421</u>	<u>19,312</u>
<b>EXPENSES - Schedule 1</b>			
Facility-based inpatient acute care services	4,571	4,841	4,289
Facility-based emergency and outpatient services	375	399	355
Facility-based continuing care services	1,559	1,589	1,523
Community and home-based services	3,112	2,939	2,581
Diagnostic and therapeutic services	2,456	2,460	2,346
Promotion, prevention, and protection services	1,608	1,803	1,534
Research and education	142	128	127
Administration (Note 17)	1,561	1,794	1,412
Information technology	350	393	351
Support services (Note 18)	3,770	4,206	3,604
Amortization of buildings and improvements	850	784	684
Amortization of building service equipment	-	165	192
Write down of capital assets (Note 19)	-	86	-
	<u>20,354</u>	<u>21,587</u>	<u>18,998</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (255)</u>	<u>\$ (1,166)</u>	<u>\$ 314</u>

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Statement of Changes in Net Assets**  
Year ended March 31, 2003  
(thousands of dollars)

	2003			2002	
	Unrestricted	Internally Restricted (Note 10)	Investment in Capital Assets	Total	Total
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (1,166)	\$ -	\$ -	\$ (1,166)	\$ 314
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	-	(828)	828	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	396	-	(396)	-	-
LOSS ON DISPOSAL OF INTERNALLY FUNDED CAPITAL ASSETS	9	-	(9)	-	-
<b>NET CHANGE</b>	<b>(761)</b>	<b>(828)</b>	<b>423</b>	<b>(1,166)</b>	<b>314</b>
TRANSFER FROM INTERNALLY RESTRICTED	359	(359)	-	-	-
INTERNALLY RESTRICTED FUNDS EXPENDED	402	(402)	-	-	-
BALANCE, BEGINNING OF YEAR	-	2,755	2,055	4,810	4,496
<b>BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 1,166</b>	<b>\$ 2,478</b>	<b>\$ 3,644</b>	<b>\$ 4,810</b>

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**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Statement of Cash Flow**  
Year ended March 31, 2003  
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>			
<b>OPERATING</b>			
(Deficiency) excess of revenues over expenses	\$ (255)	\$ (1,166)	\$ 314
Items not affecting cash			
Amortization of capital equipment			
Internally funded	310	364	281
Externally funded	586	643	559
Amortization of buildings and improvements			
Internally funded	-	32	30
Externally funded	850	851	751
Amortization of external capital contributions	(1,436)	(1,580)	(1,310)
Loss (gain) on disposal of capital assets - internally funded	(10)	9	(13)
Write down of capital assets (Note 19)	-	86	-
	45	(761)	612
<b>Change in non-cash working capital accounts</b>	<b>324</b>	<b>100</b>	<b>48</b>
Cash (used by) generated from operating activities	369	(661)	660
<b>INVESTING</b>			
Allocation (to) from non-current cash	(6,287)	(6,346)	679
Purchase of capital assets			
Internally funded	(424)	(828)	(384)
Externally funded (Note 9)			
Equipment	(213)	(1,595)	(7,427)
Facilities and improvements	(8,500)	(8,587)	-
Proceeds on disposal of capital equipment	10	-	13
Cash used by investing activities	(15,414)	(17,356)	(7,119)
<b>FINANCING</b>			
Capital contributions received (Note 8)	15,000	674	22,404
Refund of unused capital contributions	-	-	(1)
Repayment of long-term debt	-	-	(6)
Change in non-current contributions receivable	-	15,854	(15,655)
Cash generated from financing activities	15,000	16,528	6,742
<b>(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>(45)</b>	<b>(1,489)</b>	<b>283</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<b>3,697</b>	<b>4,002</b>	<b>3,719</b>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<b>\$ 3,652</b>	<b>\$ 2,513</b>	<b>\$ 4,002</b>

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**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

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**1. AUTHORITY, PURPOSE, AND OPERATION**

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

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

The Authority operates the following facilities and sites:

- High Level General Hospital
- St. Theresa General Hospital
- Rainbow Lake Health Centre
- La Crete Health Centre
- Paddle Prairie Health Centre
- High Level Health Centre
- Fort Vermilion Health Centre
- Zama City Nursing Station
- RHA Corporate Office

Effective April 1, 2003, the assets, liabilities, and net assets of the Authority were assumed by Northern Lights Health Region (Note 22).

**2. ACCOUNTING POLICIES AND REPORTING PRACTICES**

These 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. The following are the significant accounting policies:

*(a) Basis of presentation*

These financial statements include all facilities and sites that the Authority operates. The Northern Peace Foundation is not consolidated in these financial statements.

*(b) Revenue recognition*

These financial statements have been prepared using the deferral method, the key elements of which are:

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**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

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**2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

*(b) Revenue recognition (continued)*

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year received or receivable.
- (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is 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.
- (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 it is earned.
- (vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is 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.

*(c) Full cost*

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

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

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**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Full cost (continued)

- 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 program expenses.
- 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. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee future benefits

The Authority participates in the Local Authorities Pension Plan and the Public Service Pension Plan. These multi-employer defined benefit pension plans provide 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 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.

(e) Cash and temporary investments

Cash and temporary investments include cash on deposit and fully liquid mutual fund investments. Temporary investments are recorded at lower of cost and market value.

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(f) Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is defined as the moving average laid-down cost.

(g) Financial instruments

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

(h) Capital assets

Capital assets and construction in progress are recorded at cost. Capital assets costing less than \$2,000 are expensed.

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

Buildings and improvements	2% - 5%
Equipment and building service equipment	5% - 33%
Land improvements	5% - 10%

Construction projects in progress are not amortized until the project is complete. The Authority records a full year of amortization in the year of acquisition. This is consistent with prior years.

(h) Capital assets (continued)

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(i) Restructuring costs

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



**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(i) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for 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 Tax (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.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2003</u>	<u>2002</u>
Cash	\$ 2,513	\$ 2,122
Short-term pooled fund units (market - nil; 2002 - \$477)	-	477
Fixed income pooled fund units (market - nil; 2002 - \$1,009)	-	1,009
U.S. equity pooled fund units (market - nil; 2002 - \$109)	-	109
International equities (market - nil; 2002 - \$154)	-	154
Canadian equity pooled fund units (market - nil; 2002 - \$131)	-	131
	<u>\$ 2,513</u>	<u>\$ 4,002</u>

4. NON-CURRENT CASH

	<u>2003</u>	<u>2002</u>
Cash	\$ 8,141	\$ 1,795

All non-current cash represents amounts externally restricted for capital acquisitions.

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

5. NON-CURRENT CONTRIBUTIONS RECEIVABLE

	<u>2003</u>	<u>2002</u>
Alberta Health and Wellness	\$ -	\$ 213
Alberta Infrastructure	-	15,641
	<u>\$ -</u>	<u>\$ 15,854</u>

The amounts due from Alberta Health and Wellness and Alberta Infrastructure are for capital acquisitions.

6. CAPITAL ASSETS

	<u>2003</u>			<u>2002</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and improvements	\$ 20,744	\$ 7,472	\$ 13,272	\$ 12,211
Equipment and building service equipment	12,579	8,637	3,942	2,560
Wellnet	69	49	20	34
Land improvements	749	679	70	65
Land	234	-	234	234
Construction in progress	16,164	-	16,164	9,573
	<u>\$ 50,539</u>	<u>\$ 16,837</u>	<u>\$ 33,702</u>	<u>\$ 24,677</u>

Capital assets have been funded from the following sources:

	<u>2003</u>	<u>2002</u>
Externally funded (unamortized external capital contributions) - Note 9	\$ 31,224	\$ 22,622
Internally funded (invested in capital assets)	<u>2,478</u>	<u>2,055</u>
	<u>\$ 33,702</u>	<u>\$ 24,677</u>

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

7. DEFERRED CONTRIBUTIONS

	<u>2003</u>	<u>2002</u>
Amounts received:		
Restricted Alberta Health and Wellness contributions		
ICD 10	\$ -	\$ 43
Telehealth	70	40
Child Health Initiative	20	20
Early Childhood Development	187	202
Specialist on call	69	83
Health Innovation Fund	-	27
Rural on call	273	274
Donations	51	45
Other	-	41
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 13)	(540)	(422)
Donations	(2)	(3)
Other	(42)	-
Amounts receivable in 2001 not received from Alberta Health and Wellness due to program cancellation:		
Archival Blood Review	-	(47)
Amounts repaid in 2003 to Alberta Health and Wellness due to program cancellation		
Archival Blood Review	(2)	-
Amounts transferred to deferred capital contributions:		
ICD 10 funding (Note 8)	-	(13)
Donations (Note 8)	(52)	(34)
Change during the year	32	256
Balance, beginning of year	494	238
Balance, end of year	<u>\$ 526</u>	<u>\$ 494</u>

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

7. DEFERRED CONTRIBUTIONS (continued)

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

	<u>2003</u>	<u>2002</u>
Current		
ICD 10	\$ 15	\$ 28
Telehealth	29	7
Early Childhood Development	290	202
Specialist on call	83	83
Alberta Cancer Board Grant	5	41
Health Innovation Fund	80	98
Healthy Aging	7	7
Donations	17	20
Community Health Council Grant	-	6
Archival Blood Review	-	2
	<u>\$ 526</u>	<u>\$ 494</u>



## NORTHWESTERN REGIONAL HEALTH AUTHORITY

### Notes to the Financial Statements

Year ended March 31, 2003

(thousands of dollars)

#### 8. DEFERRED CAPITAL CONTRIBUTIONS

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

	<u>2003</u>	<u>2002</u>
Amounts received:		
Restricted Alberta Health and Wellness contributions	\$ -	\$ 205
Restricted other government contributions	530	22,022
Restricted other contributions	92	130
ICD 10 funding restricted for capital purposes (Note 7)	-	13
Donations restricted for capital purposes (Note 7)	52	34
	<u>674</u>	<u>22,404</u>
Transferred to:		
Refund to APWSS	-	(1)
Unamortized external capital contributions (Note 9)	(10,182)	(7,427)
	<u>(10,182)</u>	<u>(7,428)</u>
Change during the year	(9,508)	14,976
Balance, beginning of year	17,649	2,673
Balance, end of year	<u>\$ 8,141</u>	<u>\$ 17,649</u>
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement, building, and site upgrades	\$ 928	\$ 959
New construction		
High Level General Hospital - new facility	7,172	16,609
Lottery funding - medical equipment	6	6
Telehealth funding	35	75
	<u>\$ 8,141</u>	<u>\$ 17,649</u>

## NORTHWESTERN REGIONAL HEALTH AUTHORITY

### Notes to the Financial Statements

Year ended March 31, 2003

(thousands of dollars)

#### 9. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

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

	<u>2003</u>	<u>2002</u>
Balance, beginning of year	\$ 22,622	\$ 16,505
Add amounts transferred from:		
Deferred capital contributions (Note 8)	10,182	7,427
	<u>32,804</u>	<u>23,932</u>
Less amounts recognized as revenue:		
Northwestern Regional Health Authority	(1,509)	(1,235)
Ancillary operations (Note 16)	(71)	(75)
Balance, end of year	<u>\$ 31,224</u>	<u>\$ 22,622</u>

#### 10. INTERNALLY RESTRICTED NET ASSETS

The Authority has internally restricted the following amounts for:

	<u>2003</u>	<u>2002</u>
Operating reserve fund	\$ 111	\$ 1,149
Innovative funding	-	199
Capital projects and equipment	177	180
Future equipment replacement	797	1,164
Programs	81	63
	<u>\$ 1,166</u>	<u>\$ 2,755</u>

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**11. COMMITMENTS**

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Leases	Healthcare Service Contracts	Equipment Maintenance Contracts	Total Commitments
2004	\$ 50	\$ 343	\$ 30	\$ 423
2005	34	-	23	57
2006	4	-	23	27
2007	-	-	21	21
2008	-	-	15	15

The total contract cost for the construction of the new High Level General Hospital as at May 28, 2003, is \$21,275, of which the Authority has paid \$11,205.

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**12. BUDGET**

	2002/03 Approved Budget <sup>(1)</sup>	Additional Funding	Adjustments	2002/03 Reported Budget
<b>Revenues:</b>				
Alberta Health and Wellness contributions	\$ 17,248	\$ -	\$ -	\$ 17,248
Other government contributions	858	-	-	858
Fees and charges	515	-	-	515
Ancillary operations - net	-	-	-	-
Donations	8	-	-	8
Investment and other income	110	-	-	110
<b>Amortization of external capital contributions</b>	<b>1,360</b>	<b>-</b>	<b>-</b>	<b>1,360</b>
	<b>20,099</b>	<b>-</b>	<b>-</b>	<b>20,099</b>
<b>Expenses:</b>				
Facility-based inpatient acute care services	4,571	-	-	4,571
Facility-based emergency and outpatient services	375	-	-	375
Facility-based continuing care services	1,559	-	-	1,559
Community and home-based services	3,112	-	-	3,112
Diagnostic and therapeutic services	2,456	-	-	2,456
Promotion, prevention, and protection services	1,608	-	-	1,608
Research and education	142	-	-	142
Administration	1,561	-	-	1,561
Information technology	350	-	-	350
Support services	3,770	-	-	3,770
<b>Amortization of buildings and improvements</b>	<b>850</b>	<b>-</b>	<b>-</b>	<b>850</b>
	<b>20,354</b>	<b>-</b>	<b>-</b>	<b>20,354</b>
<b>Deficiency of revenues over expenses</b>	<b>\$ (255)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (255)</b>

(1) The budget was approved by the Board of the Authority on April 10, 2002, and approved by the Minister of Health and Wellness.

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**13. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS**

	<u>2003</u>	<u>2002</u>
Unrestricted contributions	\$ 16,813	\$ 16,403
Transfers from deferred contributions (Note 7)	540	422
	<u>\$ 17,353</u>	<u>\$ 16,825</u>

**14. OTHER GOVERNMENT CONTRIBUTIONS**

	<u>2003</u>	<u>2002</u>
Alberta Mental Health Board	\$ 790	\$ 708
Fair value of rent less rent charges for non-acute care facilities used by the Authority	97	69
Restricted transfers from deferred contributions (Note 7)	42	-
	<u>\$ 929</u>	<u>\$ 777</u>

**15. FEES AND CHARGES**

	<u>2003</u>	<u>2002</u>
Acute care		
Non-entitled revenue - inpatients	\$ 20	\$ 22
Non-entitled revenue - outpatients	39	42
Continuing care		
Non-entitled revenue	365	139
Federal government	4	2
Workers' Compensation Board (WCB)	131	156
Other	45	22
	<u>\$ 604</u>	<u>\$ 383</u>

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**16. ANCILLARY OPERATIONS**

	<u>2003</u>			<u>2002</u>
	Non-Patient Food Services Operations	Property Management Operations	Total	Total
Revenues				
Revenues	\$ 106	\$ 160	\$ 266	\$ 230
Amortization of deferred capital contributions	-	71	71	75
	<u>106</u>	<u>231</u>	<u>337</u>	<u>305</u>
Expenses				
Other expenses	160	88	248	257
Amortization	-	91	91	93
	<u>160</u>	<u>179</u>	<u>339</u>	<u>350</u>
(Deficiency) excess of revenues over direct expenses	\$ (54)	\$ 52	\$ (2)	\$ (45)

**17. ADMINISTRATION**

	<u>2003</u>	<u>2002</u>
General administration	\$ 294	\$ 211
Corporate administration	714	411
Board of Directors	146	134
Finance	347	369
Personnel	232	242
	<u>1,733</u>	<u>1,367</u>
Amortization of capital assets	61	45
	<u>\$ 1,794</u>	<u>\$ 1,412</u>

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**18. SUPPORT SERVICES**

	<u>2003</u>	<u>2002</u>
Building maintenance, operations, and security	\$ 1,664	\$ 1,476
Patient food services	736	674
Materials management	650	517
Patient health records	306	241
Communications	135	136
Laundry and linen	161	139
Patient registration	104	119
Fleet management	33	41
Patient transportation	73	78
Other	194	72
	<u>4,056</u>	<u>3,493</u>
Amortization of capital assets	150	111
	<u>\$ 4,206</u>	<u>\$ 3,604</u>

**19. WRITE DOWN OF CAPITAL ASSETS**

During the year, the Authority recorded a writedown of \$86 to reduce the Paddle Prairie Health Centre's carry value to its fair market value.

**20. RELATED PARTY TRANSACTIONS**

*Province of Alberta*

The Authority is established under the Regional Health Authority Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations and Notes 8, 12, 13, 14 and 22 to the financial statements. Included in contributions receivable is \$221 (2002 - \$362) due from Alberta Health and Wellness.

*Health authorities*

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

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**20. RELATED PARTY TRANSACTIONS (continued)**

*Northern Peace Foundation*

The Northern Peace Foundation (the Foundation) was established in 1996 and is considered to be significantly influenced by the Authority. The Foundation is not consolidated in these financial statements.

The incorporation of this Foundation was done under the Regional Health Authorities Act and is a registered charity under the Income Tax Act. The Foundation was incorporated for the purpose of raising funds to benefit the Authority.

	<u>2003</u>	<u>2002</u>
Total assets	\$ 17	\$ 17
Total liabilities	2	1
Net assets	<u>\$ 15</u>	<u>\$ 16</u>
Revenue	\$ -	\$ -
Expenses	1	1
Deficiency of revenues over expenses	<u>\$ (1)</u>	<u>\$ (1)</u>

	Contributions received by Authority Year ended March 31		Resources held by Foundation at March 31, 2003	
	<u>2003</u>	<u>2002</u>	Externally Restricted	Unrestricted
	\$ -	\$ -	\$ -	\$ 15

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**20. RELATED PARTY TRANSACTIONS (continued)**

*Private health service operators*

The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	Direct Authority Funding	Approved Patient Fees and Charges	2003 Total	2002 Total
Dynacare Kasper Medical Labs	\$ 315	\$ -	\$ 315	\$ 279
			<u>2003</u>	<u>2002</u>
Reported in the following expense categories			\$ 315	\$ 279
Diagnostic and therapeutic services				

**21. 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 \$477 for the year ended March 31, 2003 (2002 - \$437).

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

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Notes to the Financial Statements**  
Year ended March 31, 2003  
(thousands of dollars)

**22. RESTRUCTURING OF HEALTH OPERATIONS**

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 Orders 19 and 27 dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the Authority are assumed by the Northern Lights Health Region, which becomes Region 9.

The assets and liabilities of the Authority will be assumed in part by the Northern Lights Health Region at carrying value. The remaining surplus in net assets of the Authority is to be pooled with surpluses and insufficiencies of 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 of net assets of the Authority to Region 9 at March 31, 2003, has yet to be determined.

Severance costs associated with the cessation of the Authority on April 1, 2003 are disclosed in Schedule 2.

**23. OPERATING DEFICIT**

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of \$1,166 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (Note 22).

**24. COMPARATIVE FIGURES**

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

**25. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Authority.



**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Expenses by Object** **Schedule 1**  
 Year ended March 31, 2003  
 (thousands of dollars)

	Budget	2003	2002
Salaries and honoraria, benefits and allowances, and severance - Schedule 2	\$ 13,563	\$ 13,514	\$ 12,199
Contracts with health service operators (Note 20)	279	315	279
Drugs, gases, medical and surgical supplies	553	723	610
Consulting services	152	332	343
Other *	4,404	5,066	4,296
Amortization			
Capital equipment - internally funded	310	364	281
- externally funded	586	643	559
Facilities and improvement	850	883	781
Write down of capital assets - facilities and improvements	-	86	-
	<b>20,697</b>	<b>21,926</b>	<b>19,348</b>
Less amounts reported in ancillary operations (Note 16)	343	339	350
	<b>\$ 20,354</b>	<b>\$ 21,587</b>	<b>\$ 18,998</b>

\* Significant components of Other include the following:

	2003	2002
Utilities	\$ 647	\$ 481
Recruitment/relocation/retention	519	372
Travel	350	370
Rural on call	273	274
Food supplies	258	222
Equipment and software maintenance contracts	249	222
Rental or lease of equipment	184	180
Departmental supplies	155	172
Lab and diagnostic imaging supplies	134	124
Rental or lease of facilities	129	160
Minor equipment	93	106

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Salaries and Honoraria, Benefits and Allowances, and Severance**  
 Year ended March 31, 2003  
 (thousands of dollars)

**Schedule 2**

	Number of Individuals (1)	2003			2002					
		Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (5)	Total	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (5)	Total
ALTHORITY/BOARD COMPENSATION										
RHA Chairperson	1.0	\$ 15	\$ 1	\$ -	\$ 16	1.0	\$ 19	\$ -	\$ -	\$ 19
Amoson, R. (Since November 1, 1998)										
RHA Members										
Brewster, D. (ceased membership October 2001)	1.0	11	-	-	11	1.0	1	-	-	1
Brechtel, G.	1.0	10	-	-	10	1.0	8	-	-	8
Decham, B.	1.0	13	-	-	13	1.0	9	-	-	9
Hawryluk, P.	1.0	13	-	-	14	1.0	10	-	-	10
Nesbitt, B.	1.0	5	-	-	5	1.0	2	-	-	2
Nason, M.	1.0	6	-	-	6	-	-	-	-	-
Rajapak, K.	1.0	-	-	-	-	1.0	4	-	-	4
Simpson, J. (ceased membership October 2001)	-	-	-	-	-	-	-	-	-	-
Smet, D.	1.0	10	-	-	10	1.0	3	-	-	3
Wanich, F.	1.0	10	-	-	10	1.0	13	-	-	13
Subtotal Authority/Board Compensation	9.0	\$ 94	\$ 1	\$ -	\$ 95	10.0	\$ 77	\$ -	\$ -	\$ 77

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**      **Schedule 2**  
**Salaries and Honoraria, Benefits and Allowances, and Severance (continued)**  
**Year ended March 31, 2003**  
**(thousands of dollars)**

- Full-time equivalent has been determined by dividing the actual number of hours worked by the annual hours required to be considered full time for the following categories based on contracts in place during the year:

Executive Director	1,957.50 hours
Community Health and Home Care Employees	1,957.50 hours
Registered Nurses (UNA Local 124)	1,914.75 hours
CUPE, HSAA and CHCG Employees	2,022.75 hours
All others not included above	1,957.50 hours

Total actual discrete number of individuals employed: 2003 - 297 (2002 - 319).
- Salaries and honoraria include regular base pay, overtime, lump-sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability, and vacation.
- Benefits and allowances include the employer's 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.
- The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.
- Severance expenses include all monies paid or payable directly or on behalf of an employee upon termination that are not included in salaries and benefits and forgiveness of debt; future payments in the amount of nil on existing contracts between the Authority/Board and the employee(s) for services that no longer will be provided by the employee; continued payment for Authority/Board share of benefits identified in 2 above that will continue to be paid and outplacement training and counselling, office space and administrative support.
- The total amount is reported in Schedule 1.

**NORTHWESTERN REGIONAL HEALTH AUTHORITY**  
**Salaries and Honoraria, Benefits and Allowances, and Severance**  
**Year ended March 31, 2003**  
**(thousands of dollars)**

**Schedule 2 (continued)**

	2003					2002				
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (5)	Total	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (5)	Total
<b>Subtotal Authority/Board Compensation</b>	9.0	\$ 34	\$ 1	\$ -	\$ 95	10.0	\$ 77	\$ -	\$ -	\$ 77
<b>OTHER AUTHORITY/BOARD COMPENSATION</b>										
Executive Director	1.0	129	14	238	401	1.0	127	13	-	140
Director, Health Services	0.6	35	6	-	41	1.0	54	8	-	62
Administrative support reporting to the Executive Director	1.0	108	13	-	121	1.0	99	11	-	110
Director, Health Services East	1.0	111	12	120	243	1.0	102	8	-	110
Director, Corporate Services	1.0	104	12	108	224	1.0	69	11	-	80
Regional Director, Communications	1.0	102	14	-	116	1.0	91	11	-	102
Director, Health Services, West	1.0	989	128	19	1,136	14.0	975	123	-	1,098
Other managerial personnel (reporting to above) (avg. 2003 - \$12,156; 2002 - \$18,465) (including severance)	13.6									
Regulated services (avg. 2003 - \$61,137; 2002 - \$51,180) (including severance)	76.8	4,171	579	-	4,750	74.6	3,671	445	-	4,116
Other managerial and professional (over 2003 - \$57,249; 2002 - \$53,420) (including severance)	41.3	1,934	232	-	2,166	41.4	1,972	240	20	2,232
Unregulated health services providers (avg. 2003 - \$34,196; 2002 - \$35,631)	33.7	982	170	-	1,152	34.2	1,071	155	-	1,226
Other Staff (avg. 2003 - \$13,639; 2002 - \$31,642)	91.2	2,469	418	-	2,887	89.9	2,473	372	1	2,846
<b>Subtotal Other Authority/Board Compensation</b>	262.2	11,314	1,600	965	13,419	260.1	10,704	1,397	21	12,122
<b>Total</b>	271.2	\$ 11,408	\$ 1,601	\$ 965	\$ 13,514	270.1	\$ 10,781	\$ 1,397	\$ 21	\$ 12,109



