



Financial Statements of

# **NORTHERN HEALTH AUTHORITY**

Year ended March 31, 2024

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of Northern Health Authority (the "Authority") for the year ended March 31, 2024 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB"), as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and in regard to the accounting for restricted contributions which is based on the Restricted Contributions Regulation 198/2011. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit and Finance Committee of the Board. The Audit and Finance Committee meets with management and the internal auditor regularly.

The Authority's internal audit function independently evaluates the effectiveness of internal controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee.


The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Authority's internal control. The external auditors have full and free access to the Audit and Finance Committee and the option to meet with it on a regular basis.

On behalf of Northern Health Authority

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Ciro Panessa  
President and Chief Executive Officer  
June 24, 2024

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Mark De Croos  
Vice President, Financial & Corporate Services/Chief Financial Officer  
June 24, 2024



KPMG LLP  
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Prince George BC V2L 5R8  
Canada  
Telephone 250-563-7151  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Northern Health Authority, and  
To the Minister of Health, Province of British Columbia

### ***Opinion***

We have audited the financial statements of Northern Health Authority (the Authority), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2024 of the Authority are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our Auditor's report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter – Financial Reporting Framework***

We draw attention to Note 1(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants

Prince George, Canada

June 24, 2024

# NORTHERN HEALTH AUTHORITY

## Statement of Financial Position


(Tabular amounts expressed in thousands of dollars)

As at March 31, 2024

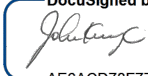
	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents (note 3)	\$ 279,394	\$ 190,002
Accounts receivable (note 4)	83,316	141,443
Healthcare Benefit Trust benefits (note 9(b))	37,045	28,507
	<u>399,755</u>	<u>359,952</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	255,048	225,521
Deferred operating contributions (note 6)	16,345	13,207
Obligations under public-private partnership (note 7)	29,738	29,848
Debt (note 8)	3,241	3,543
Retirement allowance (note 9(a))	47,297	44,403
Deferred capital contributions (note 10)	1,455,759	1,158,670
Asset retirement obligation (note 11)	45,150	44,172
	<u>1,852,578</u>	<u>1,519,364</u>
<b>Net debt</b>	<u>(1,452,823)</u>	<u>(1,159,412)</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 12)	1,416,992	1,119,562
Inventories held for use (note 13)	9,926	8,545
Prepaid expenses	6,640	7,345
	<u>1,433,558</u>	<u>1,135,452</u>
<b>Accumulated deficit</b>	<u>\$ (19,265)</u>	<u>\$ (23,960)</u>

Commitments and contingencies (note 14)

Approved on behalf of the Board:

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Director

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Director

# NORTHERN HEALTH AUTHORITY

Statement of Operations and Accumulated Deficit  
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

	2024 Budget (note 1(k), 19)	2024	2023
Revenues:			
Ministry of Health contributions	\$ 1,151,000	\$ 1,133,360	\$ 956,002
Medical Services Plan	128,600	126,543	112,679
Amortization of deferred capital contributions	47,500	54,171	46,950
Patients, clients and residents (note 15(a))	48,700	54,585	47,771
Other contributions (note 15(b))	17,100	23,107	16,402
Recoveries from other health authorities and BC government reporting entities	17,400	23,764	16,163
Investment income	10,200	12,468	6,249
Other revenues (note 15(c))	13,500	18,405	18,690
	<u>1,434,000</u>	<u>1,446,403</u>	<u>1,220,906</u>
Expenses (note 15(d)):			
Acute	759,500	778,900	640,701
Community care	234,600	226,043	194,081
Long term care	182,100	187,020	170,242
Mental health and substance use	97,400	83,977	68,552
Population health and wellness	46,700	45,351	39,090
Corporate	113,700	120,417	107,398
	<u>1,434,000</u>	<u>1,441,708</u>	<u>1,220,064</u>
Annual operating surplus	-	4,695	842
Accumulated deficit, beginning of year	(23,960)	(23,960)	(24,802)
Accumulated deficit, end of year	<u>\$ (23,960)</u>	<u>\$ (19,265)</u>	<u>\$ (23,960)</u>

See accompanying notes to financial statements.

# NORTHERN HEALTH AUTHORITY

Statement of Changes in Net Debt  
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

	2024 Budget (note 1(k))	2024	2023
Annual operating surplus	\$ -	\$ 4,695	\$ 842
Acquisition of tangible capital assets	(456,661)	(348,678)	(348,589)
Amortization of tangible capital assets	52,353	50,903	50,707
Loss on disposal of tangible capital assets	-	178	531
Proceeds from the disposal of tangible capital assets	-	167	62
	(404,308)	(292,735)	(296,447)
Increase of inventories held for use	-	(1,381)	(798)
Change in prepaid expenses	-	705	(1,626)
	-	(676)	(2,424)
Increase in net debt	(404,308)	(293,411)	(298,871)
Net debt, beginning of year	(1,159,412)	(1,159,412)	(860,541)
Net debt, end of year	\$ (1,563,720)	\$ (1,452,823)	\$ (1,159,412)

See accompanying notes to financial statements.

# NORTHERN HEALTH AUTHORITY

## Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

	2024	2023
<b>Cash provided by (used in) operating activities:</b>		
Annual surplus	\$ 4,695	\$ 842
Items not involving cash:		
Amortization of deferred capital contributions	(54,171)	(46,950)
Amortization of tangible capital assets	50,903	50,707
Loss on disposal of tangible capital assets	178	531
Retirement allowance expense	4,977	4,828
Long-term disability benefits expense	15,582	22,460
Accretion expense (note 11)	1,395	2,560
	<u>23,559</u>	<u>34,978</u>
Net change in non-cash operating items (note 16(a))	90,116	(6,584)
Retirement allowance benefits paid	(2,083)	(2,481)
Long-term disability benefits contributions	(24,120)	(19,512)
<b>Net change in cash from operating activities</b>	<u>87,472</u>	<u>6,401</u>
<b>Capital activities:</b>		
Acquisition of tangible capital assets (note 16(b))	(348,678)	(348,589)
Settlement of asset retirement obligation (note 11)	(417)	-
Proceeds from the disposal of tangible capital assets	167	62
<b>Net change in cash used in capital activities</b>	<u>(348,928)</u>	<u>(348,527)</u>
<b>Financing activities:</b>		
Capital contributions	351,260	351,676
Change in obligations under public-private partnership	(110)	(253)
Repayment of debt	(302)	(295)
<b>Net change in cash from financing activities</b>	<u>350,848</u>	<u>351,128</u>
Increase in cash and cash equivalents	89,392	9,002
Cash and cash equivalents, beginning of year	190,002	181,000
<b>Cash and cash equivalents, end of year</b>	<u>\$ 279,394</u>	<u>\$ 190,002</u>

Supplementary cash flow information (note 16(c))

See accompanying notes to financial statements.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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Northern Health Authority (the “Authority”) was created under the *Health Authorities Act of British Columbia* on December 12, 2001, with a Board of Directors appointed by the Ministry of Health (the “Ministry”) and is one of six Health Authorities in British Columbia (“BC”). The Authority is dependent on the Ministry to provide sufficient funds to continue operations, replace essential equipment, and complete its capital projects. The Authority is a registered charity under the *Income Tax Act*, and as such, is exempt from income and capital taxes.

The role of the Authority is to promote and provide for the physical, mental and social well-being of people who live in the north region and those referred from outside the region.

## 1. Significant accounting policies:

### (a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC supplemented by Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board, referred to as the financial reporting framework (the “framework”).

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all taxpayer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards (“PSAS”) issued by the Canadian Public Sector Accounting Board (“PSAB”) without any PS 4200 series.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services.

If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

- (ii) Contributions externally restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred operating contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions has been met by the Authority.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

For BC taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410 Government Transfers;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with PS 3100, Restricted Assets and Revenues; and
- deferred contributions meet the liability criteria in accordance with PS 3200, Liabilities.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under PSAS.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

### (c) Employee benefits:

#### (i) Defined benefit obligations, including multiple employer benefit plans:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple employer defined long-term disability and employee life and benefits plans as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses for retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 12 years (2023 – 12 years). Actuarial gains and losses from event-driven benefits such as long-term disability benefits that do not vest or accumulate are recognized immediately.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Employee benefits (continued):

#### (i) Defined benefit obligations, including multiple employer benefit plans (continued):

The discount rate used to measure obligation is based on the Province of BC's cost of borrowing if there are no plan assets. The expected rate of return on plan assets is the discount rate used if there are plan assets. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan is implemented.

#### (ii) Defined contribution plans and multi-employer benefit plans:

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed when they become payable.

#### (iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees, which do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

#### (iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Authority to pay benefits occurs.

### (d) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all the following are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value methodology, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset.

This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Deficit and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed. The increase to the tangible capital assets is being amortized in accordance with the depreciation policies outlined in 1(e).



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

(e) Non-financial assets:

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset and overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Basis
Land improvements	5 - 25 years
Buildings	10 - 50 years
Equipment and vehicles	3 - 20 years
Information systems	3 - 10 years
Assets under capital lease and leasehold improvements	Lease term

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Assets under construction or development are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of tangible capital assets are recorded in the statement of operations. Write-downs are not subsequently reversed.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. Such fair value becomes the cost of the contributed asset. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Inventories held for use:

Inventories held for use are recorded at the lower of weighted average cost and replacement cost.

(iii) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period when the service benefits are received.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (f) Revenue recognition:

Under the Hospital Insurance Act and Regulation thereto, the Authority is funded primarily by the Province of BC in accordance with budget management plans and performance agreements established and approved by the Ministry.

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the Authority satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenue from transactions without performance obligations is recognized at realizable value when the Authority has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Unrestricted contributions are recognized as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in note 1(a).

Volunteers contribute a significant amount of their time each year to assist the Authority in carrying out its programs and services. Contributed services are not recognized in these financial statements.

Contributions of assets that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

Contributions for the acquisition of land, or the contribution of land, are recorded as revenue in the period of acquisition or transfer of title.

### (g) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of estimates include the valuation of accounts receivable, the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, contingent liabilities, and the future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (h) Foreign currency translation:

The Authority's functional currency is the Canadian dollar. Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the statement of operations.

### (i) Financial instruments:

Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

Financial assets and financial liabilities, other than derivatives, equity instruments quoted in an active market and financial instruments designated at fair value, are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the Authority's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (j) Capitalization of public-private partnership projects:

Public-private partnership (“P3”) projects are delivered by the private sector partners selected to design, build, finance, and maintain the assets. The cost of the assets under construction is estimated at fair value, based on construction progress billings verified by an independent certifier, and also includes other costs incurred directly by the Authority.

The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received and amounts repaid, during the construction term. The interest rate used is the project internal rate of return. When available for operations, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation net of the contributions received is recorded as a liability and included in debt.

Upon substantial completion, the private sector partner receives monthly payments to cover the partner’s operating costs, financing costs and a return of their capital.

### (k) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Authority’s Fiscal 2023/2024 Budget approved by the Board of Directors on July 12, 2023. Note 19 reconciles the approved budget to the budget reflected in the statement of operations and accumulated surplus and the statement of changes in net debt.

## 2. Change in accounting standards:

### (a) Revenue recognition:

On April 1, 2023, the Authority adopted Canadian Public Sector Accounting Standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024, the Authority determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

### (b) Public-private partnerships:

On April 1, 2023, the Authority adopted Canadian Public Sector Accounting Standard PS 3160, Public Private Partnerships (“PS 3160”). The Authority has assessed the impact of adopting PS 3160 on the financial statements of the Authority and has found current recognition, measurement, presentation, and disclosure to comply with PS 3160 resulting in no impact to the financial statements for fiscal years beginning on or after April 1, 2023.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

### 3. Cash and cash equivalents:

	2024	2023
Cash and cash equivalents	\$ 279,394	\$ 190,002
Cash restricted for the following:		
Unspent capital contributions	86,459	89,707
Deferred operating contributions	16,345	13,207
P3 project	2,361	4,254
Replacement reserves	497	524
Patient comfort funds	185	161
	105,847	107,853
Unrestricted cash and cash equivalents	173,547	82,149
	\$ 279,394	\$ 190,002

### 4. Accounts receivable:

	2024	2023
Ministry of Health	\$ 26,902	\$ 86,189
Medical Services Plan	23,594	16,529
Other health authorities and BC government reporting entities	13,949	9,062
Patients, clients and residents	10,117	8,322
Federal government	2,413	2,085
Foundations and auxiliaries	2,104	1,330
Regional Hospital Districts	1,509	5,891
WorkSafe BC	1,077	1,080
Other grantors	3,755	12,256
	85,420	142,744
Allowance for doubtful accounts (note 18(a))	(2,104)	(1,301)
	\$ 83,316	\$ 141,443

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 5. Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable and accrued liabilities	\$ 150,881	\$ 123,100
Salaries and benefits payable	66,121	70,634
Accrued vacation pay	38,046	31,787
	\$ 255,048	\$ 225,521

## 6. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for specific purposes.

	2024	2023
Deferred operating contributions, beginning of year	\$ 13,207	\$ 14,499
Contributions received during the year	7,489	1,555
Transferred to deferred capital contributions	(2,060)	(718)
Amounts recognized as revenue in the year	(2,291)	(2,129)
Deferred operating contributions, end of year	\$ 16,345	\$ 13,207

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 7. Obligations under public-private partnership:

	2024	2023
Fort St. John Hospital and Peace Villa, 30 year contract to May 2042 with ISL Health (FSJ) General Partnership, payable in monthly payments including annual interest of 14.76%, in accordance with the project agreement terms	\$ 29,738	\$ 29,848
	\$ 29,738	\$ 29,848

Required net principle repayments on P3 debt for the years ending March 31 are as follows:

2025	\$	(62)
2026		314
2027		871
2028		1,232
2029		1,144
Thereafter		26,239
	\$	29,738

The repayment amount for 2025 reflects a net increase in the P3 debt due to annual expenses of \$4,389 exceeding capital payment of \$4,327 by \$62.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 8. Debt:

Mortgages:

	2024	2023
Mortgage payable to MCAP Financial Corporation, at an interest rate of 2.62%, payable in payments of \$11,417 per month, with a maturity date of May 2037, secured by building and first charge on properties. Renewal date is May 1, 2027.	\$ 1,526	\$ 1,621
Mortgage payable to People's Trust, at an interest rate of 2.965%, payable in payments of \$8,549 per month, with a maturity date of September 2037, secured by building and first charge on properties. Renewal date is October 1, 2027.	1,141	1,209
Mortgage payable to Canada Mortgage and Housing Corporation ("CMHC"), at an interest rates of 2.26% payable in payments of \$12,774 per month. The mortgage is secured by first charges on the property. The mortgage matures in February 2028.	574	713
	\$ 3,241	\$ 3,543

Required principal repayments on these mortgages for the years ending March 31 are as follows:

2025	\$ 310
2026	318
2027	326
2028	321
2029	188
Thereafter	1,778
	\$ 3,241



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 9. Employee benefits:

### (a) Retirement allowance:

Certain employees with 10 or 20 years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective or employee agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Authority's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2023, and extrapolated to March 31, 2024, from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2024 are derived.

Information about retirement allowance benefits is as follows:

	2024	2023
Accrued benefit obligation:		
Severance benefits	\$ 28,862	\$ 27,080
Sick leave benefits	18,605	17,251
	47,467	44,331
Unamortized actuarial (gain) loss	(170)	72
Accrued benefit liability	\$ 47,297	\$ 44,403

The accrued benefit liability for retirement allowance reported on the statement of financial position is as follows:

	2024	2023
Accrued benefit liability, beginning of year	\$ 44,403	\$ 42,056
Net benefit expense:		
Current service cost	3,678	3,659
Interest expense	1,646	1,428
Amortization of actuarial gain	(347)	(259)
Net Benefit Expense	4,977	4,828
Benefits paid	(2,083)	(2,481)
Accrued benefit liability, end of year	\$ 47,297	\$ 44,403

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 9. Employee benefits (continued):

### (a) Retirement allowance (continued):

The significant actuarial assumptions adopted in measuring the Authority's accrued retirement allowance liabilities are as follows:

	2024	2023
Accrued benefit liability as at March 31:		
Discount rate	3.49%	3.55%
Rate of compensation increase (2023)	7.00%	7.00%
Rate of compensation increase (2024)	3.00%	3.00%
Rate of compensation increase thereafter	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.55%	3.16%
Rate of compensation increase (2023)	7.00%	7.00%
Rate of compensation increase (2024)	3.00%	3.00%
Rate of compensation increase thereafter	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

### (b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability, group life insurance, accidental death and dismemberment, extended health and dental claims ("employee life and health benefits") for certain employee groups of the Authority and other provincially funded organizations.

The Authority and all other participating employers are responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the Trust.

The Trust is a multiple employer plan, with the Authority's assets and liabilities being segregated with regard to long-term disability benefits after September 30, 1997, and employee life and health benefits after March 31, 2004. Accordingly, the Authority's net trust assets (liabilities) are reflected in these financial statements.

The Authority's assets as of March 31, 2024, are based on the actuarial valuation at December 31, 2023, extrapolated to March 31, 2024. The next expected valuation will be as of December 31, 2024.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 9. Employee benefits (continued):

### (b) Healthcare Benefit Trust benefits (continued):

The long-term disability and employee life and health benefits asset reported on the statement of financial position is as follows:

	2024		2023	
Fair value of plan assets	\$	94,449	\$	82,443
Accrued benefit obligation		57,404		53,936
Net asset	\$	37,045	\$	28,507
		2024		2023
Net asset, beginning of year	\$	28,507	\$	31,455
Net benefit expense:				
Long-term disability expense		(15,714)		(14,850)
Interest expense		(3,129)		(2,801)
Return on assets		4,902		4,426
Contribution adjustment		(504)		(367)
Actuarial loss		(1,150)		(8,776)
		(15,595)		(22,368)
Transfer of affiliate pool		13		(92)
Net benefit expense:		(15,582)		(22,460)
Contributions to the plan		24,120		19,512
Net asset, end of year	\$	37,045	\$	28,507
Benefits paid to claimants	\$	19,102	\$	17,907

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 9. Employee benefits (continued):

### (b) Healthcare Benefit Trust benefits (continued):

Plan assets consist of:

	2024	2023
Debt securities	36.4%	34.9%
Foreign equities	36.3%	34.3%
Equity securities and other	27.3%	30.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The significant actuarial assumptions adopted in measuring the Authority's accrued long-term disability and employee life and health benefits asset are as follows:

	2024	2023
Accrued benefit obligation as at March 31:		
Discount rate	5.80%	5.90%
Benefit indexing (2023)		7.00%
Benefit indexing (2024)		3.00%
Benefit indexing thereafter	2.25%	2.25%
Benefit costs for years ended March 31:		
Discount rate	5.90%	5.10%
Benefit indexing (2023)	7.00%	2.00%
Benefit indexing (2024)	3.00%	
Benefit indexing thereafter	2.25%	
Expected future inflationary increases (CPI)	2.00%	2.00%
Expected long-term rate of return on plan assets	5.80%	5.90%
Actual rate of return on plan assets	9.61%	(5.88)%

### (c) Joint Benefit Trust benefits:

The Health Science Professionals Bargaining Association, Community Bargaining Association, and Facilities Bargaining Association, jointly with employers, manage joint benefit trusts to provide long term disability and employee life and health benefits to these groups of employees. Employer contributions to the joint benefit trusts are based on a specified percentage of payroll costs. During the year ended March 31, 2024, the Authority made contributions to these joint benefit trusts totalling \$24.55 million (2023 - \$21.23 million).

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 9. Employee benefits (continued):

### (d) Employee pension benefits:

The Authority and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan (jointly trusted pension plans). The plans are multi-employer defined benefit plans governed by the BC Public Sector Pension Plans Act.

Employer contributions to the Municipal Pension Plan of \$46.14 million (2023 - \$37.57 million) were expensed during the year. Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent actuarial valuation for the plan at December 31, 2021, indicated a funding surplus of approximately \$3,761 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 240,000 active members, of which approximately 8,695 are employees of the Authority. The next expected actuarial valuation date will be as of December 31, 2024, with results available in 2025.

Employer contributions to the Public Service Plan of \$0.15 million (2023 - \$0.15 million) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent actuarial valuation for the plan at March 31, 2023, indicated a surplus of approximately \$4,491 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 71,000 active members, of which approximately 15 are employees of the Authority. The Authority's next actuarial valuation date will be as of March 31, 2026.

## 10. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of tangible capital assets.

	2024	2023
Deferred capital contributions, beginning of year	\$ 1,158,670	\$ 853,944
Capital contributions received:		
Ministry of Health	324,787	253,789
Regional Hospital Districts	21,102	94,500
Foundations and Auxiliaries	4,058	1,671
Other	1,313	1,716
	351,260	351,676
Amortization for the year	(54,171)	(46,950)
Deferred capital contributions, end of year	\$ 1,455,759	\$ 1,158,670

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 10. Deferred capital contributions (continued):

Deferred capital contributions comprise of the following:

	2024	2023
Contributions used to purchase tangible capital assets	\$ 1,369,300	\$ 1,068,963
Unspent contributions	86,459	89,707
	\$ 1,455,759	\$ 1,158,670

## 11. Asset retirement obligation

The Authority owns and operates facilities that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The Authority also owns underground fuel storage tanks, and the removal of fuel storage tanks is regulated to reduce the risk of release of petroleum products. The Authority recognizes an obligation relating to the removal of the asbestos and for the cost of safe disposal of underground fuel storage tanks.

Changes to the asset retirement obligation in the year are as follows:

	2024	2023
Asset retirement obligation, beginning of year	\$ 44,172	\$ 41,612
Liability settled	(417)	-
Accretion expense	1,395	2,560
Asset retirement obligation, end of year	\$ 45,150	\$ 44,172

# NORTHERN HEALTH AUTHORITY

## Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

### 12. Tangible capital assets:

Cost	2023	Additions	Disposals	Transfers	2024
Land	\$ 4,780	\$ -	\$ -	\$ -	\$ 4,780
Land improvements	5,808	-	-	-	5,808
Buildings	996,797	-	(2,296)	69,239	1,063,740
Equipment and vehicles	219,653	-	(12,858)	25,334	232,129
Information systems	122,309	-	(5,918)	5,659	122,050
Leasehold improvements	14,477	-	-	1,513	15,990
Construction in progress	520,548	323,968	-	(70,752)	773,764
Equipment and information systems in progress	19,287	24,710	-	(30,993)	13,004
<b>Total</b>	<b>\$ 1,903,659</b>	<b>\$ 348,678</b>	<b>\$ (21,072)</b>	<b>\$ -</b>	<b>\$ 2,231,265</b>

Accumulated amortization	2023	Amortization	Disposals	Transfers	2024
Land improvements	\$ 5,512	\$ 66	\$ -	\$ -	\$ 5,578
Buildings	507,441	23,775	(2,246)	-	528,970
Equipment and vehicles	155,535	18,076	(12,566)	-	161,045
Information systems	106,220	7,271	(5,915)	-	107,576
Leasehold improvements	9,389	1,715	-	-	11,104
<b>Total</b>	<b>\$ 784,097</b>	<b>\$ 50,903</b>	<b>\$ (20,727)</b>	<b>\$ -</b>	<b>\$ 814,273</b>

Cost	2022	Additions	Disposals	Transfers	2023
Land	\$ 4,780	\$ -	\$ -	\$ -	\$ 4,780
Land improvements	5,823	-	(15)	-	5,808
Buildings	988,768	-	(544)	8,573	996,797
Equipment and vehicles	207,879	-	(16,074)	27,848	219,653
Information systems	118,055	-	(2,923)	7,177	122,309
Leasehold improvements	14,370	-	-	107	14,477
Construction in progress	213,352	315,736	-	(8,540)	520,548
Equipment and information systems in progress	21,599	32,853	-	(35,165)	19,287
<b>Total</b>	<b>\$ 1,574,626</b>	<b>\$ 348,589</b>	<b>\$ (19,556)</b>	<b>\$ -</b>	<b>\$ 1,903,659</b>

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 12. Tangible capital assets (continued):

Accumulated amortization	2022	Amortization	Disposals	Transfers	2023
Land improvements	\$ 5,324	\$ 203	\$ (15)	\$ -	\$ 5,512
Buildings	485,042	22,905	(506)	-	507,441
Equipment and vehicles	153,941	17,114	(15,520)	-	155,535
Information systems	100,154	8,988	(2,922)	-	106,220
Leasehold improvements	7,892	1,497	-	-	9,389
<b>Total</b>	<b>\$ 752,353</b>	<b>\$ 50,707</b>	<b>\$ (18,963)</b>	<b>\$ -</b>	<b>\$ 784,097</b>

Net book value	2024	2023
Land	\$ 4,780	\$ 4,780
Land improvements	230	296
Buildings	534,770	489,356
Equipment and vehicles	71,084	64,118
Information systems	14,474	16,089
Leasehold improvements	4,886	5,088
Construction in progress	773,764	520,548
Equipment and information systems in progress	13,004	19,287
<b>Total</b>	<b>\$ 1,416,992</b>	<b>\$ 1,119,562</b>

Tangible capital assets are funded as follows:

	2024	2023
Deferred capital contributions	\$ 1,369,300	\$ 1,068,963
Public-private partnership	29,738	29,848
Internally funded	14,713	17,208
Debt	3,241	3,543
<b>Tangible capital assets</b>	<b>\$ 1,416,992</b>	<b>\$ 1,119,562</b>



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 13. Inventories held for use:

	2024	2023
Pharmaceuticals	\$ 6,106	\$ 4,786
Medical supplies	3,820	3,759
	\$ 9,926	\$ 8,545

## 14. Commitments and contingencies:

- (a) Construction, equipment, and information systems in progress:

As at March 31, 2024, the Authority had outstanding commitments for construction, equipment and information systems projects in progress of \$539.37 million (2023 – \$324.15 million).

- (b) Contractual obligations:

The Authority has entered into various contracts for services within normal course of operations. The estimated contractual obligations under these contracts are as follows:

2025	\$	76,952
2026		42,818
2027		33,812
2028		20,281
2029		17,318
Thereafter		82
	\$	191,263

- (c) Long term care contracts:

The Authority has entered into contracts with five service providers to provide long term care services. The aggregate annual commitments for these contracts for the years ending March 31 are as follows:

2025	\$	14,286
2026		13,599
2027		14,007
2028		20,267
2029		22,221
Thereafter		463,494
	\$	547,874

# NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 14. Commitments and contingencies (continued):

(d) Operating leases:

The aggregate minimum future annual rentals under operating leases are as follows:

2025	\$	12,329
2026		9,106
2027		7,234
2028		5,552
2029		4,056
Thereafter		4,320
	\$	42,597

(e) Public-private partnership (P3) commitments:

The Authority has entered into a multiple-year P3 contract to design, build, finance, and maintain the Fort St. John Hospital and Residential Care Project. The information presented below shows the anticipated cash outflow for all future obligations under this contract for the capital cost and financing of the asset, the facility maintenance ("FM") and the lifecycle costs. Construction costs are recorded as a capital asset and the corresponding liabilities are recorded as debt and disclosed in note 7. FM and life cycle payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

	Interest on Debt	FM and lifecycle	Debt repayment	Total payments
2025	\$ 4,389	8,620	(62)	12,947
2026	4,398	8,441	314	13,153
2027	4,352	8,566	871	13,789
2028	4,223	8,813	1,232	14,268
2029	4,041	9,418	1,144	14,603
Thereafter	44,890	132,755	26,239	203,884
	\$ 66,293	\$ 176,613	\$ 29,738	\$ 272,644

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 14. Commitments and contingencies (continued):

(f) Litigation and claims:

Risk management and insurance services for all health authorities in BC are provided by the Risk Management and Government Security Branch of the Ministry of Finance.

The nature of the Authority's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2024, management is of the opinion that the Authority has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have material effect on the Authority's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

(g) Resident trust:

Various facilities operated by the Authority hold resident comfort funds in trust for the residents. The total amount for all trusts is \$0.19 million (2023 - \$0.16 million).

## 15. Statement of operations:

(a) Patients, clients and residents revenue:

	2024	2023
Long-term and extended care	\$ 27,383	26,275
Non-residents of BC	11,514	9,011
WorkSafe BC	6,665	5,823
Non-residents of Canada	4,445	2,442
Residents of BC-self pay	2,008	1,625
Uninsured residents	1,789	1,665
Other	781	930
	\$ 54,585	47,771

(b) Other contributions:

	2024	2023
Provincial Health Services Authority	\$ 7,601	6,730
Other BC government reporting entities	3,741	3,852
Other	11,765	5,820
	\$ 23,107	16,402

# NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 15. Statement of operations (continued):

(c) Other revenues:

	2024	2023
Recoveries from the sale of goods and services	\$ 9,434	8,150
Compensation recoveries	6,802	7,475
Other	2,169	3,065
	\$ 18,405	18,690

(d) The following is a summary of expenses by object:

	2024	2023
Compensation:		
Compensation	\$ 645,427	\$ 544,514
Employee benefits	151,734	145,450
Purchased services - physicians	151,100	124,134
Purchased services - other	84,956	57,543
	1,033,217	871,641
Supplies:		
Medical and surgical	35,569	30,332
Drugs and medical gases	29,246	23,269
Diagnostic	15,575	13,690
Food and dietary	13,107	11,314
Laundry and linen	5,815	5,047
Housekeeping	3,526	3,353
Printing, stationery and office	2,988	2,403
Other	10,175	7,772
	116,001	97,180
Referred-out and contracted services:		
Health and support service providers	89,485	78,150
Other health authorities and BC government reporting entities	9,529	9,302
	99,014	87,452
Amortization of tangible capital assets	50,903	50,707
Equipment and building services:		
Equipment expenses	50,096	30,263
Rent	14,745	15,533
Utilities	12,103	12,313
Service contracts	8,787	6,885
Other	9,396	8,460
	95,127	73,454

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 15. Statement of operations (continued):

(d) The following is a summary of expenses by object (continued):

	2024	2023
Sundry:		
Travel and accommodation	9,398	5,694
Professional fees	4,806	4,086
Patient transport	3,538	3,250
Communication and data processing	3,245	3,140
Other	21,786	18,389
	42,773	34,559
Interest on debt	4,495	4,540
Loss on disposal of tangible capital assets	178	531
	\$ 1,441,708	\$ 1,220,064

## 16. Supplementary cash flow information:

(a) Net change in non-cash operating items:

	2024	2023
Accounts receivable	\$ 58,127	\$ (84,001)
Accounts payable and accrued liabilities	29,527	81,133
Deferred operating contributions	3,138	(1,292)
Inventories held for use	(1,381)	(798)
Prepaid expenses	705	(1,626)
	\$ 90,116	\$ (6,584)

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 16. Supplementary cash flow information (continued):

(b) Acquisition of tangible capital assets:

Assets purchased or acquired through debt or other non-cash transactions are excluded from purchase of tangible capital assets on the statement of cash flow.

		2024	2023
Externally funded acquisitions	\$	348,678	348,445
Internally funded acquisitions		-	144
	\$	348,678	\$ 348,589

(c) Supplementary cash flow information:

		2024	2023
Interest paid	\$	4,495	\$ 4,540
Interest received	\$	12,468	\$ 6,249

## 17. Related party and other agency operations:

The following are types of related parties. Disclosure of values for related party transactions is only required if the values are different from that which would have been arrived at if the parties were unrelated.

(a) BC government reporting entities:

The Authority is related through common control to all Province of BC ministries, agencies, crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. The health authorities provide various services to each other relating to the provision of healthcare and other support services. The related revenues and expenses are reflected in the statement of operations and are recorded on a cost recovery basis, as the entities would have otherwise delivered the services themselves. As a result, the values recorded in the financial statements approximate fair value.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 17. Related party and other agency operations (continued):

### (b) Key management personnel

The Authority has deemed the Board of Directors and Senior Executive Team, and their close family members, to be key management personnel for the purpose of PS 2200 Related Party Disclosure.

### (c) Foundations and auxiliaries:

Within the Authority area, there are 28 separate health care foundations and auxiliaries, which were established to raise funds for their respective hospitals and/or community health services organizations. The foundations and auxiliaries are separate legal entities incorporated under the *Societies Act (British Columbia)* with separate governance structures. The foundations and the auxiliaries are registered charities under the provisions of the *Income Tax Act* of Canada. The financial and non-financial assets and liabilities and results from operations of the foundations and auxiliaries are not included in the financial statements of the Authority. During the year, the foundations and auxiliaries granted \$5.28 million (2023 - \$2.15 million) to various facilities within the Authority.

Auxiliary to GR Baker Memorial Hospital	Kitimat Hospital Foundation
Auxiliary to University Hospital of Northern British Columbia Society	Mackenzie Hospital Auxiliary
Bulkley Valley & District Hospital Auxiliary	Max Lange Estate
Bulkley Valley Health Care & Hospital Foundation	McBride & District Hospital Auxiliary
Burns Lake & District Health Care Auxiliary	Mills Memorial Hospital Auxiliary
Chetwynd Hospital Foundation	North Coast Health Improvement Society
Dawson Creek & District Auxiliary Society	Prince Rupert Regional Hospital Auxiliary
Dawson Creek Hospital Foundation	QCI Hospital Days Foundation
Dr. REM Lee Foundation	Spirit of the North Health Care Foundation
Fort Nelson Hospital & Healthcare Foundation	St. John Hospital Auxiliary Society
Fort Nelson Hospital Auxiliary	Stuart Lake Hospital Auxiliary Society
Fort St. John Hospital Foundation	Tumbler Ridge Health Centre Foundation
Fort St. John Hospital Ladies Auxiliary	Wrinch Memorial Foundation
Kitimat General Hospital Auxiliary	Wrinch Memorial Hospital Auxiliary

## 18. Risk management:

The Authority is exposed to credit risk, liquidity risk and foreign exchange risk from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Authority's financial instruments is provided by type of risk below.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

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## 18. Risk management (continued):

### (a) Credit risk

Credit risk primarily arises from the Authority's cash and cash equivalents and accounts receivable. The Authority manages credit risk by holding balances of cash and cash equivalents with top rated financial institutions. The risk exposure is limited to their carrying amounts at the date of the statement of financial position.

Accounts receivable primarily consist of amounts receivable from the Ministry, other Health Authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors etc. To reduce the risk, the Authority periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectable amounts. As at March 31, 2024, the amount of allowance for doubtful accounts was \$2.10 million (2023 - \$1.30 million).

### (b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. It is the Authority's intention to meet its financial obligations through the collection of current accounts receivable, cash on hand and future funding from the Ministry.

The Authority's principal source of funding is from the Ministry. The Authority is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter or grant documentation. The Authority has complied with the external restrictions on the funding provided.

All financial assets mature within one year. The table below shows when various financial liabilities mature:



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

## 18. Risk management (continued):

### (b) Liquidity risk (continued):

2024 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 255,048	\$ -	\$ -	\$ 255,048
Obligations under public-private partnership	(62)	3,561	26,239	29,738
Debt	310	1,153	1,778	3,241
	\$ 255,296	\$ 4,714	\$ 28,017	\$ 288,027

2023 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 225,521	\$ -	\$ -	\$ 225,521
Obligations under public-private partnership	110	2,355	27,383	29,848
Debt	302	1,275	1,966	3,543
	\$ 225,933	\$ 3,630	\$ 29,349	\$ 258,912

### (c) Foreign exchange risk

The Authority's operating results and financial position are reported in Canadian dollars. As the Authority operates in an international environment, some of the Authority's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Authority's operations are subject to currency transaction and translation risks.

The Authority makes payments denominated in US dollars, and other currencies. Currencies most contributing to the foreign exchange risk are US dollars.

The Authority has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments are short term in nature and do not give rise to significant foreign currency risk.

# NORTHERN HEALTH AUTHORITY

## Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2024

### 19. Budget

The original budget, as approved by the Board on July 12, 2023, has been adjusted to reflect changes made to sector allocations for various programs and services and the refinement of allocations between accounts. The changes are as follows:

	Board approved plan	Additional Ministry contributions	Other additions and reallocations	Restated budget
<b>Revenue:</b>				
Ministry of Health contributions	\$ 1,095,400	\$ 55,600	\$ -	\$ 1,151,000
Medical Services Plan	123,200	-	5,400	128,600
Amortization of deferred capital contributions	47,500	-	-	47,500
Patients, clients and residents	49,100	-	(400)	48,700
Other contributions	16,900	-	200	17,100
Recoveries from other health authorities and BC government reporting entities	17,800	-	(400)	17,400
Investment income	10,200	-	-	10,200
Other revenues	13,300	-	200	13,500
	\$ 1,373,400	\$ 55,600	\$ 5,000	\$ 1,434,000
<b>Expenses:</b>				
Acute	\$ 731,700	\$ 26,100	\$ 1,700	\$ 759,500
Community care	226,200	5,300	3,100	234,600
Long term care	174,600	9,600	(2,100)	182,100
Mental health and substance use	94,100	1,800	1,500	97,400
Population health and wellness	42,800	5,300	(1,400)	46,700
Corporate	104,000	7,500	2,200	113,700
	\$ 1,373,400	\$ 55,600	\$ 5,000	\$ 1,434,000
Annual operating surplus	\$ -	\$ -	\$ -	\$ -

### 20. Comparative figures:

The financial statements have been reclassified, where applicable, to confirm to the presentation used in the current year. The changes had no impact on prior year annual surplus.