



Financial Statements of

NORTHERN HEALTH AUTHORITY

Year ended March 31, 2025

STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of Northern Health Authority (the "Authority") for the year ended March 31, 2025 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 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



Mark De Croos
Vice President, Financial & Corporate Services/Chief Financial Officer
June 17, 2025



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Vice President, Financial & Corporate Services/Chief Financial Officer
June 17, 2025



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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, 2025
- 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, 2025 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

June 17, 2025

NORTHERN HEALTH AUTHORITY

Statement of Financial Position

(Tabular amounts expressed in thousands of dollars)

As at March 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents (note 2)	\$ 181,753	\$ 279,394
Accounts receivable (note 3)	121,311	83,316
Healthcare Benefit Trust benefits (note 8(b))	60,322	37,045
	<u>363,386</u>	<u>399,755</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	256,879	255,048
Deferred operating contributions (note 5)	12,534	16,345
Obligations under public-private partnership (note 6)	29,800	29,738
Debt (note 7)	2,931	3,241
Retirement allowance (note 8(a))	49,705	47,297
Deferred capital contributions (note 9)	1,712,662	1,455,759
Asset retirement obligation (note 10)	42,832	45,150
	<u>2,107,343</u>	<u>1,852,578</u>
Net debt	<u>(1,743,957)</u>	<u>(1,452,823)</u>
Non-financial assets		
Tangible capital assets (note 11)	1,691,055	1,416,992
Inventories held for use (note 12)	11,325	9,926
Prepaid expenses	6,251	6,640
	<u>1,708,631</u>	<u>1,433,558</u>
Accumulated deficit	<u>\$ (35,326)</u>	<u>\$ (19,265)</u>

Commitments and contingencies (note 13)

Approved on behalf of the Board:



Director



Director

NORTHERN HEALTH AUTHORITY

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

Year ended March 31, 2025

	2025 Budget (note 1(k), 18)	2025	2024
Revenues:			
Ministry of Health contributions	\$ 1,343,900	\$ 1,319,628	\$ 1,133,360
Medical Services Plan	140,300	149,938	126,543
Amortization of deferred capital contributions	55,500	72,287	54,171
Patients, clients and residents (note 14(a))	53,500	53,357	54,585
Other contributions (note 14(b))	16,800	18,613	23,107
Recoveries from other health authorities and BC government reporting entities	18,300	27,732	23,764
Investment income	10,200	9,061	12,468
Other revenues (note 14(c))	15,100	21,756	18,405
	<u>1,653,600</u>	<u>1,672,372</u>	<u>1,446,403</u>
Expenses (note 14(d)):			
Acute	904,900	940,624	778,900
Community care	272,500	260,435	226,043
Long term care	187,100	197,367	187,020
Mental health and substance use	112,000	92,356	83,977
Population health and wellness	48,200	50,171	45,351
Corporate	128,900	147,480	120,417
	<u>1,653,600</u>	<u>1,688,433</u>	<u>1,441,708</u>
Annual operating (deficit) surplus	-	(16,061)	4,695
Accumulated deficit, beginning of year	(19,265)	(19,265)	(23,960)
Accumulated deficit, end of year	<u>\$ (19,265)</u>	<u>\$ (35,326)</u>	<u>\$ (19,265)</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, 2025

	2025 Budget (note 1(k))	2025	2024
Annual operating surplus (deficit)	\$ -	\$ (16,061)	\$ 4,695
Acquisition of tangible capital assets	(445,263)	(341,405)	(348,678)
Amortization of tangible capital assets	59,326	66,881	50,903
Loss on disposal of tangible capital assets	-	371	178
Proceeds from the disposal of tangible capital assets	-	90	167
	(385,937)	(290,124)	(292,735)
Increase of inventories held for use	-	(1,399)	(1,381)
Change in prepaid expenses	-	389	705
	-	(1,010)	(676)
Increase in net debt	(385,937)	(291,134)	(293,411)
Net debt, beginning of year	(1,452,823)	(1,452,823)	(1,159,412)
Net debt, end of year	\$ (1,838,760)	\$ (1,743,957)	\$ (1,452,823)

See accompanying notes to financial statements.

NORTHERN HEALTH AUTHORITY

Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

	2025	2024
Cash (used in) provided by operating activities:		
Annual (deficit) surplus	\$ (16,061)	\$ 4,695
Items not involving cash:		
Amortization of deferred capital contributions	(72,287)	(54,171)
Amortization of tangible capital assets	66,881	50,903
Loss on disposal of tangible capital assets	371	178
Retirement allowance expense	5,121	4,977
Long-term disability benefits expense	6,501	15,582
Accretion expense (note 10)	1,088	1,395
	(8,386)	23,559
Net change in non-cash operating items (note 15(a))	(40,985)	90,116
Retirement allowance benefits paid	(2,713)	(2,083)
Long-term disability benefits contributions	(29,778)	(24,120)
Net change in cash from operating activities	(81,862)	87,472
Capital activities:		
Acquisition of tangible capital assets (note 15(b))	(341,405)	(348,678)
Increase in asset retirement obligations (note 10)	116	-
Settlement of asset retirement obligation (note 10)	(3,522)	(417)
Proceeds from the disposal of tangible capital assets	90	167
Net change in cash used in capital activities	(344,721)	(348,928)
Financing activities:		
Capital contributions	329,190	351,260
Change in obligations under public-private partnership	62	(110)
Repayment of debt	(310)	(302)
Net change in cash from financing activities	328,942	350,848
(Decrease) increase in cash and cash equivalents	(97,641)	89,392
Cash and cash equivalents, beginning of year	279,394	190,002
Cash and cash equivalents, end of year	\$ 181,753	\$ 279,394

Supplementary cash flow information (note 15(c))

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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, 2025

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 11 years (2024 – 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, 2025

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, 2025

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

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, 2025

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, 2025

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, 2025

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 2024/2025 Budget approved by the Board of Directors on July 17, 2024. Note 18 reconciles the approved budget to the budget reflected in the statement of operations and accumulated surplus and the statement of changes in net debt.

(l) Future accounting standards:

In October 2023, the PSAB issued PS 1202, *Financial Statement Presentation*, effective for fiscal years beginning on or after April 1, 2026. PS 1202 replaces PS 1201 and revises the definitions and classifications of financial statement elements, including assets, liabilities, revenues, and expenses. PS 1202 also introduces new presentation and disclosure requirements for the statement of financial position, statement of operations, statement of changes in net debt, and statement of cash flows. The Authority is currently evaluating the impact of this new standard. The financial impact, if any, will be reflected in the period the standard is adopted.

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

2. Cash and cash equivalents:

	2025	2024
Cash and cash equivalents	\$ 181,753	279,394
Cash restricted for the following:		
Unspent capital contributions	66,082	86,459
Deferred operating contributions	12,534	16,345
P3 project	160	2,361
Replacement reserves	366	497
Patient comfort funds	174	185
	79,316	105,847
Unrestricted cash and cash equivalents	102,437	173,547
	\$ 181,753	\$ 279,394

3. Accounts receivable:

	2025	2024
Ministry of Health	\$ 42,010	\$ 26,902
Medical Services Plan	34,981	23,594
Other health authorities and BC government reporting entities	15,128	13,949
Patients, clients and residents	11,324	10,117
Federal government	3,076	2,413
Foundations and auxiliaries	4,097	2,104
Regional Hospital Districts	4,214	1,509
WorkSafe BC	946	1,077
Other grantors	7,577	3,755
	123,353	85,420
Allowance for doubtful accounts (note 17(a))	(2,042)	(2,104)
	\$ 121,311	\$ 83,316

4. Accounts payable and accrued liabilities:

	2025	2024
Trade accounts payable and accrued liabilities	\$ 130,298	\$ 150,881
Salaries and benefits payable	81,509	66,121
Accrued vacation pay	45,072	38,046
	\$ 256,879	\$ 255,048

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

5. Deferred operating contributions:

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

	2025	2024
Deferred operating contributions, beginning of year	\$ 16,345	\$ 13,207
Contributions received during the year	3,056	7,489
Transferred to deferred capital contributions	(2,799)	(2,060)
Amounts recognized as revenue in the year	(4,068)	(2,291)
Deferred operating contributions, end of year	\$ 12,534	\$ 16,345

6. Obligations under public-private partnership:

	2025	2024
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	\$ 29,800	\$ 29,738
	\$ 29,800	\$ 29,738

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

2026	\$ 314
2027	871
2028	1,232
2029	1,144
2030	(111)
Thereafter	26,350
	\$ 29,800

The repayment amount for 2030 reflects a net increase in the P3 debt due to annual expenses of \$3,873 thousand exceeding capital payment of \$3,762 thousand by \$111 thousand.

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

7. Debt:

	2025	2024
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.	\$ 1,427	\$ 1,526
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.	1,072	1,141
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.	432	574
	\$ 2,931	\$ 3,241

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

2026	\$ 318
2027	326
2028	321
2029	188
2030	193
Thereafter	1,585
	\$ 2,931

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

8. 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, 2024, and extrapolated to March 31, 2025, from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2025 are derived.

Information about retirement allowance benefits is as follows:

	2025	2024
Accrued benefit obligation:		
Severance benefits	\$ 34,022	\$ 28,862
Sick leave benefits	19,097	18,605
	53,119	47,467
Unamortized actuarial loss	(3,414)	(170)
Accrued benefit liability	\$ 49,705	\$ 47,297

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

	2025	2024
Accrued benefit liability, beginning of year	\$ 47,297	\$ 44,403
Net benefit expense:		
Current service cost	3,800	3,678
Interest expense	1,724	1,646
Amortization of actuarial gain	(403)	(347)
Net Benefit Expense	5,121	4,977
Benefits paid	(2,713)	(2,083)
Accrued benefit liability, end of year	\$ 49,705	\$ 47,297

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

8. Employee benefits (continued):

(a) Retirement allowance (continued):

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

	2025	2024
Accrued benefit liability as at March 31:		
Discount rate	3.60%	3.49%
Rate of compensation increase	2.50%	3.00%
Rate of compensation increase thereafter	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.49%	3.55%
Rate of compensation increase	2.50%	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, 2025, are based on the actuarial valuation at December 31, 2024, extrapolated to March 31, 2025. The next expected valuation will be as of December 31, 2025.

NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

8. 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:

	2025		2024	
Fair value of plan assets	\$	114,374	\$	94,449
Accrued benefit obligation		54,052		57,404
Net asset	\$	60,322	\$	37,045
		2025		2024
Net asset, beginning of year	\$	37,045	\$	28,507
Net benefit expense:				
Long-term disability expense		(20,835)		(15,714)
Interest expense		(3,386)		(3,129)
Return on assets		5,601		4,902
Contribution adjustment		(1,422)		(504)
Actuarial gain (loss)		13,482		(1,150)
		(6,560)		(15,595)
Transfer of affiliate pool		59		13
Net benefit expense:		(6,501)		(15,582)
Contributions to the plan		29,778		24,120
Net asset, end of year	\$	60,322	\$	37,045
Benefits paid to claimants	\$	19,402	\$	19,102

NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

8. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

Plan assets consist of:

	2025	2024
Debt securities	37.0%	36.4%
Foreign equities	35.3%	36.3%
Equity securities and other	27.7%	27.3%
Total	100.0%	100.0%

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

	2025	2024
Accrued benefit obligation as at March 31:		
Discount rate	5.70%	5.80%
Benefit indexing	2.25%	3.00%
Benefit indexing thereafter	2.25%	2.25%
Benefit costs for years ended March 31:		
Discount rate	5.80%	5.90%
Benefit indexing (2024)	2.25%	3.00%
Benefit indexing thereafter	2.25%	2.25%
Expected future inflationary increases (CPI)	2.00%	2.00%
Expected long-term rate of return on plan assets	5.70%	5.80%
Actual rate of return on plan assets	12.06%	9.61%

(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, 2025, the Authority made contributions to these joint benefit trusts totalling \$27.85 million (2024 - \$24.55 million).

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

8. 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 \$51.26 million (2024 - \$46.14 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 256,000 active members, of which approximately 8,950 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 \$0.12 million (2024 - \$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 76,000 active members, of which approximately 10 are employees of the Authority. The Authority's next actuarial valuation date will be as of March 31, 2026.

9. Deferred capital contributions:

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

	2025	2024
Deferred capital contributions, beginning of year	\$ 1,455,759	\$ 1,158,670
Capital contributions received:		
Ministry of Health	282,669	324,787
Regional Hospital Districts	37,297	21,102
Foundations and Auxiliaries	6,042	4,058
Other	3,182	1,313
	329,190	351,260
Amortization for the year	(72,287)	(54,171)
Deferred capital contributions, end of year	\$ 1,712,662	\$ 1,455,759

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

9. Deferred capital contributions (continued):

Deferred capital contributions comprise of the following:

	2025	2024
Contributions used to purchase tangible capital assets	\$ 1,646,580	\$ 1,369,300
Unspent contributions	66,082	86,459
	<u>\$ 1,712,662</u>	<u>\$ 1,455,759</u>

10. 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:

	2025	2024
Asset retirement obligation, beginning of year	\$ 45,150	\$ 44,172
Liability settled	(3,522)	(417)
Accretion expense	1,088	1,395
Increase in asset retirement obligations	116	-
Asset retirement obligation, end of year	<u>\$ 42,832</u>	<u>\$ 45,150</u>

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

11. Tangible capital assets:

Cost	2024	Additions	Disposals	Transfers	2025
Land	\$ 4,780	\$ -	\$ -	\$ 95	\$ 4,875
Land improvements	5,808	-	-	-	5,808
Buildings	1,063,740	-	(462)	707,844	1,771,122
Equipment and vehicles	232,129	-	(10,361)	48,078	269,846
Information systems	122,050	-	(1,268)	9,669	130,451
Leasehold improvements	15,990	-	-	7,342	23,332
Construction in progress	773,764	281,336	-	(715,353)	339,747
Equipment and information systems in progress	13,004	60,069	-	(57,675)	15,398
Total	\$ 2,231,265	\$ 341,405	\$ (12,091)	\$ -	\$ 2,560,579

Accumulated amortization	2024	Amortization	Disposals	Transfers	2025
Land improvements	\$ 5,578	\$ 59	\$ -	\$ -	\$ 5,637
Buildings	528,970	36,067	(460)	-	564,577
Equipment and vehicles	161,045	21,219	(10,019)	-	172,245
Information systems	107,576	7,762	(1,151)	-	114,187
Leasehold improvements	11,104	1,774	-	-	12,878
Total	\$ 814,273	\$ 66,881	\$ (11,630)	\$ -	\$ 869,524

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
Total	\$ 1,903,659	\$ 348,678	\$ (21,072)	\$ -	\$ 2,231,265

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

11. Tangible capital assets (continued):

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
Total	\$ 784,097	\$ 50,903	\$ (20,727)	\$ -	\$ 814,273

Net book value	2025	2024
Land	\$ 4,875	\$ 4,780
Land improvements	171	230
Buildings	1,206,545	534,770
Equipment and vehicles	97,601	71,084
Information systems	16,264	14,474
Leasehold improvements	10,454	4,886
Construction in progress	339,747	773,764
Equipment and information systems in progress	15,398	13,004
Total	\$ 1,691,055	\$ 1,416,992

Tangible capital assets are funded as follows:

	2025	2024
Deferred capital contributions	\$ 1,646,580	\$ 1,369,300
Public-private partnership	29,800	29,738
Internally funded	11,744	14,713
Debt	2,931	3,241
Tangible capital assets	\$ 1,691,055	\$ 1,416,992

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

12. Inventories held for use:

	2025	2024
Pharmaceuticals	\$ 6,472	\$ 6,106
Medical supplies	4,853	3,820
	\$ 11,325	\$ 9,926

13. Commitments and contingencies:

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

As at March 31, 2025, the Authority had outstanding commitments for construction, equipment and information systems projects in progress of \$368.53 million (2024 – \$539.37 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:

2026	\$ 145,124
2027	47,114
2028	27,952
2029	5,491
2030	4,757
Thereafter	660
	\$ 231,098

- (c) Long term care contracts:

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

2026	\$ 15,386
2027	14,045
2028	20,309
2029	22,262
2030	22,095
Thereafter	442,269
	\$ 536,366

NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

13. Commitments and contingencies (continued):

(d) Operating leases:

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

2026	\$	11,626
2027		11,852
2028		9,802
2029		8,252
2030		6,909
Thereafter		15,152
	\$	63,593

(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 6. 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
2026	\$ 4,398	8,564	314	13,276
2027	4,352	8,649	871	13,872
2028	4,223	8,966	1,232	14,421
2029	4,041	9,605	1,144	14,790
2030	3,873	11,035	(111)	14,797
Thereafter	41,017	126,062	26,350	193,429
	\$ 61,904	\$ 172,881	\$ 29,800	\$ 264,585

NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

13. 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, 2025, 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.

14. Statement of operations:

(a) Patients, clients and residents revenue:

	2025	2024
Long-term and extended care	\$ 29,097	27,383
Non-residents of BC	9,549	11,514
WorkSafe BC	6,417	6,665
Non-residents of Canada	3,335	4,445
Uninsured residents	2,121	1,789
Residents of BC-self pay	2,070	2,008
Other	768	781
	\$ 53,357	54,585

(b) Other contributions:

	2025	2024
Provincial Health Services Authority	\$ 6,956	7,601
Other BC government reporting entities	5,588	3,741
Other	6,069	11,765
	\$ 18,613	23,107

NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

14. Statement of operations (continued):

(c) Other revenues:

	2025	2024
Recoveries from the sale of goods and services	\$ 11,225	9,434
Compensation recoveries	8,486	6,802
Other	2,045	2,169
	\$ 21,756	18,405

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

	2025	2024
Compensation:		
Compensation	\$ 761,971	\$ 645,371
Employee benefits	182,291	151,790
Purchased services - physicians	181,611	151,100
Purchased services - other	101,829	84,956
	1,227,702	1,033,217
Supplies:		
Medical and surgical	39,396	35,569
Drugs and medical gases	27,731	29,246
Diagnostic	16,721	15,575
Food and dietary	14,358	13,107
Laundry and linen	6,509	5,815
Housekeeping	4,340	3,526
Printing, stationery and office	3,365	2,988
Other	11,066	10,175
	123,486	116,001
Referred-out and contracted services:		
Health and support service providers	97,102	89,485
Other health authorities and BC government reporting entities	6,050	9,529
	103,152	99,014
Amortization of tangible capital assets	66,881	50,903
Equipment and building services:		
Equipment expenses	58,700	50,096
Rent	14,936	14,745
Utilities	13,159	12,103
Service contracts	10,688	8,787
Other	11,870	9,396
	109,353	95,127

NORTHERN HEALTH AUTHORITY

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

14. Statement of operations (continued):

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

	2025	2024
Sundry:		
Travel and accommodation - GoHealth BC	13,461	4,266
Travel and accommodation - Other	5,946	5,132
Professional fees	4,444	4,806
Patient transport	3,824	3,538
Communication and data processing	3,301	3,245
Other	22,047	21,786
	53,023	42,773
Interest on debt	4,465	4,495
Loss on disposal of tangible capital assets	371	178
	\$ 1,688,433	\$ 1,441,708

15. Supplementary cash flow information:

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

	2025	2024
Accounts receivable	\$ (37,995)	\$ 58,127
Accounts payable and accrued liabilities	1,831	29,527
Deferred operating contributions	(3,811)	3,138
Inventories held for use	(1,399)	(1,381)
Prepaid expenses	389	705
	\$ (40,985)	\$ 90,116

NORTHERN HEALTH AUTHORITY

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Year ended March 31, 2025

15. 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.

	2025	2024
Externally funded acquisitions	\$ 341,405	348,678

(c) Supplementary cash flow information:

	2025	2024
Interest paid	\$ 4,465	\$ 4,495
Interest received	\$ 9,061	\$ 12,468

16. 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

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

16. 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 25 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 \$6.94 million (2024 - \$5.28 million) to various facilities within the Authority.

Auxiliary to GR Baker Memorial Hospital	Kitimat General Hospital Auxiliary
Auxiliary to University Hospital of Northern British Columbia Society	Kitimat Hospital Foundation
Bulkley Valley & District Hospital Auxiliary	Mackenzie Hospital Auxiliary
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	QCI Hospital Days Foundation
Dawson Creek Hospital Foundation	Spirit of the North Health Care Foundation
Dr. REM Lee Foundation	St. John Hospital Auxiliary Society
Fort Nelson Hospital & Healthcare Foundation	Stuart Lake Hospital Auxiliary Society
Fort Nelson Hospital Auxiliary	Wrinch Memorial Foundation
Fort St. John Hospital Foundation	Wrinch Memorial Hospital Auxiliary
Fort St. John Hospital Ladies Auxiliary	

17. 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.

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Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

17. 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, 2025, the amount of allowance for doubtful accounts was \$2.04 million (2024 - \$2.10 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.

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(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

17. Risk management (continued):

(b) Liquidity risk (continued):

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

2025 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 256,879	\$ -	\$ -	\$ 256,879
Obligations under public-private partnership	314	3,136	26,350	29,800
Debt	318	1,028	1,585	2,931
	\$ 257,511	\$ 4,164	\$ 27,935	\$ 289,610

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

(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.

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18. Budget

The original budget, as approved by the Board on July 17, 2024, 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
Revenue:				
Ministry of Health contributions	\$ 1,297,700	\$ 46,200	\$ -	\$ 1,343,900
Medical Services Plan	133,600	-	6,700	140,300
Amortization of deferred capital contributions	55,500	-	-	55,500
Patients, clients and residents	52,600	-	900	53,500
Other contributions	17,800	-	(1,000)	16,800
Recoveries from other health authorities and BC government reporting entities	18,000	-	300	18,300
Investment income	10,200	-	-	10,200
Other revenues	15,100	-	-	15,100
	\$ 1,600,500	\$ 46,200	\$ 6,900	\$ 1,653,600
Expenses:				
Acute	\$ 860,900	\$ 30,700	\$ 13,300	\$ 904,900
Community care	263,700	8,900	(100)	272,500
Long term care	194,000	(7,100)	200	187,100
Mental health and substance use	107,400	9,000	(4,400)	112,000
Population health and wellness	49,700	(600)	(900)	48,200
Corporate	124,800	5,300	(1,200)	128,900
	\$ 1,600,500	\$ 46,200	\$ 6,900	\$ 1,653,600
Annual operating surplus	\$ -	\$ -	\$ -	\$ -

19. Comparative figures:

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