



Financial Statements of

# **NORTHERN HEALTH AUTHORITY**

Year ended March 31, 2022

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of Northern Health Authority (the "Authority") for the year ended March 31, 2022 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, PricewaterhouseCoopers 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

ORIGINAL SIGNED BY

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Cathy Ulrich  
President and Chief Executive Officer  
June 13, 2022

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Mark De Croos  
Vice President, Financial & Corporate Services/Chief Financial Officer  
June 13, 2022



## Independent auditor's report

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

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### Our opinion

In our opinion, the accompanying financial statements of Northern Health Authority (the Authority) as at March 31, 2022 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

#### What we have audited

The Authority's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations and accumulated surplus (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
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 report.

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

#### Independence

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

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### Emphasis of matter – basis of accounting

We draw attention to note 1(a) to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 1(a) to the financial statements provides a description of the nature of these differences. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP  
Central City Tower, 13450 102 Avenue, Suite 1400, Surrey, British Columbia, Canada V3T 5X3  
T: +1 604 806 7000, F: +1 604 806 7806



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## **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 accounting requirements 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.

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## **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 these 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.

We 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.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Surrey, British Columbia  
June 17, 2022

# NORTHERN HEALTH AUTHORITY

## Statement of Financial Position

(Tabular amounts expressed in thousands of dollars)

As at March 31, 2022

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents (note 2)	\$ 181,000	\$ 120,171
Accounts receivable (note 3)	57,442	42,901
Healthcare Benefit Trust benefits (note 8(b))	31,455	24,710
	<u>269,897</u>	<u>187,782</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	143,847	109,165
Deferred operating contributions (note 5)	14,499	16,991
Obligations under public-private partnership (note 6)	30,101	30,563
Debt (note 7)	3,838	4,126
Retirement allowance (note 8(a))	42,056	41,293
Replacement reserves (note 9)	541	595
Deferred capital contributions (note 10)	853,944	649,385
	<u>1,088,826</u>	<u>852,118</u>
<b>Net debt</b>	<u>(818,929)</u>	<u>(664,336)</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 11)	821,983	667,339
Inventories held for use (note 12)	7,747	8,050
Prepaid expenses	5,719	4,589
	<u>835,449</u>	<u>679,978</u>
<b>Accumulated surplus</b>	<u>\$ 16,520</u>	<u>\$ 15,642</u>

Commitments and contingencies (note 13)

Approved on behalf of the Board:

ORIGINAL SIGNED BY

\_\_\_\_\_  
Director  
Colleen Nyce, Board Chair

ORIGINAL SIGNED BY

\_\_\_\_\_  
Director  
John Kurjata, Audit Committee Chair

# NORTHERN HEALTH AUTHORITY

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

Year ended March 31, 2022

	2022 Budget (note 1(j),18)	2022	2021
<b>Revenues:</b>			
Ministry of Health contributions	\$ 793,100	\$ 870,414	\$ 815,177
Medical Services Plan	114,400	113,642	101,222
Amortization of deferred capital contributions	45,500	45,478	44,130
Patients, clients and residents (note 14(a))	45,800	44,036	40,774
Other contributions (note 14(b))	20,400	19,566	16,026
Recoveries from other health authorities and BC government reporting entities	17,300	16,963	16,721
Investment income	1,400	917	566
Other revenues (note 14(c))	13,400	14,803	13,992
	<u>1,051,300</u>	<u>1,125,819</u>	<u>1,048,608</u>
<b>Expenses (note 14(d)):</b>			
Acute	555,400	593,213	561,005
Community care	177,500	180,011	164,398
Long term care	134,300	152,797	139,168
Mental health and substance use	64,400	60,044	54,723
Population health and wellness	34,500	48,445	32,443
Corporate	85,200	90,431	80,277
	<u>1,051,300</u>	<u>1,124,941</u>	<u>1,032,014</u>
Annual operating surplus (note 19)	-	878	16,594
Accumulated (deficit), beginning of year	15,642	15,642	(952)
<b>Accumulated surplus, end of year</b>	<b>\$ 15,642</b>	<b>\$ 16,520</b>	<b>\$ 15,642</b>

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, 2022

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	2022 Budget (note 1(j))	2022	2021
Annual operating surplus	\$ -	\$ 878	\$ 16,594
Acquisition of tangible capital assets	(274,389)	(204,601)	(65,907)
Amortization of tangible capital assets	50,539	49,489	48,229
(Gain) loss on disposal of tangible capital assets	-	283	(168)
Proceeds from the disposal of tangible capital assets	-	185	236
	(223,850)	(153,766)	(1,016)
Consumption of inventories held for use	-	303	(1,396)
Change in prepaid expenses	-	(1,130)	235
	-	(827)	(1,161)
(Increase) in net debt	(223,850)	(154,593)	(2,177)
Net debt, beginning of year	(664,336)	(664,336)	(662,159)
Net debt, end of year	\$ (888,186)	\$ (818,929)	\$ (664,336)

See accompanying notes to financial statements.



# NORTHERN HEALTH AUTHORITY

## Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

	2022	2021
Cash provided by (used in) operating activities:		
Annual surplus	\$ 878	\$ 16,594
Items not involving cash:		
Amortization of deferred capital contributions	(45,478)	(44,130)
Amortization of tangible capital assets	49,489	48,229
(Gain) loss on disposal of tangible capital assets	283	(168)
Retirement allowance expense	4,127	3,596
Long-term disability benefits expense	13,009	7,975
	22,308	32,096
Net change in non-cash operating items (note 15(a))	16,822	20,862
Net change in accrued acquisition of tangible capital assets	(24,242)	(2,767)
Retirement allowance benefits paid	(3,364)	(3,704)
Long-term disability benefits contributions	(19,754)	(20,799)
Net change in cash from operating activities	(8,230)	25,688
Capital activities:		
Acquisition of tangible capital assets (note 15(b))	(180,359)	(63,140)
Proceeds from the disposal of tangible capital assets	185	236
Net change in cash used in capital activities	(180,174)	(62,904)
Financing activities:		
Capital contributions	250,037	84,694
Change in obligations under public-private partnership	(462)	(288)
Repayment of debt	(288)	(280)
Change in replacement reserves	(54)	(340)
Net change in cash from financing activities	249,233	83,786
Increase in cash and cash equivalents	60,829	46,570
Cash and cash equivalents, beginning of year	120,171	73,601
Cash and cash equivalents, end of year	\$ 181,000	\$ 120,171

Supplementary cash flow information (note 15(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, 2022

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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 tax-payer 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, 2022

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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 (2021 – 11 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, 2022

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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) 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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# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (d) Non-financial assets (continued):

#### (i) Tangible capital assets (continued):

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.

### (e) 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.

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

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).

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Revenue recognition (continued):

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.

### (f) 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.

### (g) 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.

### (h) 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.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (h) Financial instruments (continued):

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.

### (i) 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.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (i) Capitalization of public-private partnership projects (continued):

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 partners' operating costs, financing costs and a return of their capital.

### (j) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Authority's Fiscal 2021/2022 Budget approved by the Board of Directors on August 20, 2021. 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.

### (k) Future accounting standards:

#### (i) In March 2018, PSAB issued PS 3280, Asset Retirement Obligations. PS 3280 defines and establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. The main features of PS 3280 are as follows:

- An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs associated with a tangible capital asset controlled by the entity increase the carrying amount of the related tangible capital asset (or a component thereof) and are expensed in a rational and systematic manner.
- Asset retirement costs associated with an asset no longer in productive use are expensed.
- Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the re-measurement and whether the asset remains in productive use.
- Asset retirement obligations include post-retirement operation, maintenance and monitoring.
- A present value technique is often the best method with which to estimate the liability.

PS 3280 applies to fiscal years beginning on or after April 1, 2022. Management is in the process of assessing the impact of adoption of PS 3280 on the financial statements of the Authority.

#### (ii) In June 2018, PSAB issued PS 3400 Revenue. PS 3400 proposes a framework describing two categories of revenue – transactions with performance obligations and transactions with no performance obligations. PS 3400 applies to fiscal years beginning on or after April 1, 2023. Management is in the process of assessing the impact of adoption of PS3400 on the financial statements of the Authority.



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 2. Cash and cash equivalents:

	2022	2021
Cash and cash equivalents	\$ 181,000	\$ 120,171
Cash restricted for the following:		
Unspent capital contributions	86,475	39,852
Deferred operating contributions	14,499	16,991
P3 project	5,593	6,455
Replacement reserves	541	595
Patient comfort funds	195	202
	107,303	64,095
Unrestricted cash and cash equivalents	73,697	56,076
	\$ 181,000	\$ 120,171

## 3. Accounts receivable:

	2022	2021
Medical Services Plan	\$ 20,558	\$ 16,112
Regional Hospital Districts	9,620	3,295
Other health authorities and BC government reporting entities	7,451	6,394
Patients, clients and residents	6,649	5,706
Ministry of Health	2,974	2,223
Federal government	1,383	862
WorkSafe BC	956	824
Foundations and auxiliaries	609	1,023
Other grantors	8,762	8,471
	58,962	44,910
Allowance for doubtful accounts (note 17 (a))	(1,520)	(2,009)
	\$ 57,442	\$ 42,901

## 4. Accounts payable and accrued liabilities:

	2022	2021
Trade accounts payable and accrued liabilities	\$ 66,575	\$ 38,743
Salaries and benefits payable	47,160	40,596
Accrued vacation pay	30,112	29,826
	\$ 143,847	\$ 109,165

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 5. Deferred operating contributions:

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

	2022	2021
Deferred operating contributions, beginning of year	\$ 16,991	\$ 9,947
Contributions received during the year	2,165	32,200
Transferred to deferred capital contributions	(375)	(23,165)
Amounts recognized as revenue in the year	(4,282)	(1,991)
Deferred operating contributions, end of year	\$ 14,499	\$ 16,991

## 6. Obligations under public-private partnership:

	2022	2021
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	\$ 30,101	\$ 30,563
	\$ 30,101	\$ 30,563

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

2023	\$	253
2024		110
2025		(62)
2026		314
2027		871
Thereafter		28,615
	\$	30,101

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 7. Debt:

### Mortgages:

	2022	2021
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.	\$ 1,715	\$ 1,806
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.	1,275	1,339
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.	848	981
	\$ 3,838	\$ 4,126

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

2023	\$ 295
2024	302
2025	310
2026	318
2027	326
Thereafter	2,287
	\$ 3,838

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 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, 2021 and extrapolated to March 31, 2022 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2022 are derived.

Information about retirement allowance benefits is as follows:

	2022	2021
Accrued benefit obligation:		
Severance benefits	\$ 27,182	\$ 23,609
Sick leave benefits	17,000	15,574
	<u>44,182</u>	<u>39,183</u>
Unamortized actuarial gain	(2,126)	2,110
Accrued benefit liability	<u>\$ 42,056</u>	<u>\$ 41,293</u>

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

	2022	2021
Accrued benefit liability, beginning of year	\$ 41,293	\$ 41,401
Net benefit expense:		
Current service cost	3,402	2,892
Interest expense	1,283	1,432
Amortization of actuarial gain	(558)	(728)
Net Benefit Expense	<u>4,127</u>	<u>3,596</u>
Benefits paid	<u>(3,364)</u>	<u>(3,704)</u>
Accrued benefit liability, end of year	<u>\$ 42,056</u>	<u>\$ 41,293</u>

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 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:

	2022	2021
Accrued benefit liability as at March 31:		
Discount rate	3.16%	3.14%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.14%	3.79%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

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### (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, 2022 are based on the actuarial valuation at December 31, 2021, extrapolated to March 31, 2022. The Authority's assets as of March 31, 2021 were based on the actuarial valuation at December 31, 2020. The next expected valuation will be as of December 31, 2021.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 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:

	2022	2021
Fair value of plan assets	\$ 87,169	\$ 78,690
Accrued benefit obligation	55,714	53,980
Net asset	\$ 31,455	\$ 24,710
	2022	2021
Net asset, beginning of year	\$ 24,710	\$ 11,886
Net benefit expense:		
Long-term disability expense	(14,283)	(13,452)
Interest expense	(2,814)	(3,088)
Return on assets	4,162	3,876
Contribution adjustment	(173)	27
Actuarial gain	2	4,653
	(13,106)	(7,984)
Transfer of affiliate pool surplus	97	9
Net benefit expense:	(13,009)	(7,975)
Contributions to the plan	19,754	20,799
Net asset, end of year	\$ 31,455	\$ 24,710
Benefits paid to claimants	\$ 17,242	\$ 15,267

Actual rate of return on plan assets was 8.83% for the year ended December 31, 2021 (December 31, 2020 – 9.17%).

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 8. Employee benefits (continued):

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

Plan assets consist of:

	2022	2021
Debt securities	42.1%	38.6%
Foreign equities	35.7%	35.0%
Equity securities and other	22.2%	26.4%
<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:

	2022	2021
Accrued benefit obligation as at March 31:		
Discount rate	5.10%	5.30%
Rate of benefit increase	2.00%	2.00%
Benefit costs for years ended March 31:		
Discount rate	5.10%	5.30%
Rate of compensation increase	2.00%	2.00%
Expected future inflationary increases (CPI)	2.00%	2.00%
Expected long-term rate of return on plan assets	5.10%	5.30%

### (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, 2022, the Authority made contributions to these joint benefit trusts totalling \$20.3 million (2021-\$18.3 million).

### (d) Employee pension benefits:

The Authority and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan, which are multi-employer defined benefit plans governed by the *BC Public Sector Pension Plans Act*.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 8. Employee benefits (continued):

### (d) Employee pension benefits (continued):

Employer contributions to the Municipal Pension Plan of \$37.6 million (2021 - \$36.9 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, 2018, indicated a surplus of approximately \$2,866 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 220,000 active members, of which approximately 7,598 are employees of the Authority. The next expected actuarial valuation date will be as of December 31, 2021 with results available in 2022.

Employer contributions to the Public Service Pension Plan of \$0.2 million (2021 - \$0.2 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, 2020, indicated a surplus of approximately \$2.667 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 68,000 active members, of which approximately 23 are employees of the Authority. The next actuarial valuation date will be as of March 31, 2023.

## 9. Replacement reserves:

Under the terms of the funding agreements with B.C. Housing Management Commission ("B.C. Housing"), the Authority is required to set aside certain amounts each year as a replacement reserve. Use of the reserve funds requires approval of B.C. Housing,

The change in the replacement reserves is calculated as follows:

	2022	2021
Balance, beginning of year	\$ 595	\$ 935
Expenditures	(69)	(333)
Provision for replacement reserve funding	9	9
Interest on replacement reserves	6	7
Discontinuation of reserves	-	(23)
Balance, end of year	\$ 541	\$ 595



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 9. Replacement reserves (continued):

The replacement reserves by facility are as follows:

	2022	2021
Laurier Manor - Prince George	\$ 299	\$ 360
Alward Place - Phase 2 - Prince George	169	165
McConnell Estates - Terrace	35	35
Nick Grosse - Masset	38	35
	<u>\$ 541</u>	<u>\$ 595</u>

## 10. Deferred capital contributions:

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

	2022	2021
Deferred capital contributions, beginning of year	\$ 649,385	\$ 608,821
Capital contributions received:		
Ministry of Health	178,539	61,953
Regional Hospital District	65,048	19,813
Foundations and Auxiliaries	1,827	1,897
Other	4,623	1,031
	<u>250,037</u>	<u>84,694</u>
Amortization for the year	(45,478)	(44,130)
Deferred capital contributions, end of year	<u>\$ 853,944</u>	<u>\$ 649,385</u>

Deferred capital contributions comprise of the following:

	2022	2021
Contributions used to purchase tangible capital assets	\$ 767,468	\$ 609,533
Unspent contributions	86,476	39,852
	<u>\$ 853,944</u>	<u>\$ 649,385</u>

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 11. Tangible capital assets:

Cost	2021	Additions	Disposals	Transfers	2022
Land	\$ 4,780	\$ -	\$ -	\$ -	\$ 4,780
Land improvements	5,823	-	-	-	5,823
Buildings	969,392	-	(99)	4,755	974,048
Equipment and vehicles	199,260	-	(10,750)	19,369	207,879
Information systems	112,908	-	(21)	5,168	118,055
Leasehold improvements	12,259	-	-	2,111	14,370
Construction in progress	49,407	170,881	-	(6,936)	213,352
Equipment and information systems in progress	12,346	33,720	-	(24,467)	21,599
<b>Total</b>	<b>\$ 1,366,175</b>	<b>\$ 204,601</b>	<b>\$ (10,870)</b>	<b>\$ -</b>	<b>\$ 1,559,906</b>

Accumulated amortization	2021	Amortization	Disposals	Transfers	2022
Land improvements	\$ 5,072	\$ 252	\$ -	\$ -	\$ 5,324
Buildings	447,758	22,953	(99)	-	470,612
Equipment and vehicles	146,702	17,521	(10,282)	-	153,941
Information systems	92,791	7,384	(21)	-	100,154
Leasehold improvements	6,513	1,379	-	-	7,892
<b>Total</b>	<b>\$ 698,836</b>	<b>\$ 49,489</b>	<b>\$ (10,402)</b>	<b>\$ -</b>	<b>\$ 737,923</b>

Cost	2020	Additions	Disposals	Transfers	2021
Land	\$ 4,780	\$ -	\$ -	\$ -	\$ 4,780
Land improvements	5,702	-	-	121	5,823
Buildings	966,197	-	(143)	3,338	969,392
Equipment and vehicles	200,037	-	(15,009)	14,232	199,260
Information systems	102,831	-	(3,623)	13,700	112,908
Leasehold improvements	12,190	-	-	69	12,259
Construction in progress	13,058	39,876	-	(3,527)	49,407
Equipment and information systems in progress	14,248	26,031	-	(27,933)	12,346
<b>Total</b>	<b>\$ 1,319,043</b>	<b>\$ 65,907</b>	<b>\$ (18,775)</b>	<b>\$ -</b>	<b>\$ 1,366,175</b>

Accumulated amortization	2020	Amortization	Disposals	Transfers	2021
Land improvements	\$ 4,813	\$ 259	\$ -	\$ -	\$ 5,072
Buildings	424,095	23,785	(122)	-	447,758
Equipment and vehicles	144,983	16,681	(14,962)	-	146,702
Information systems	90,128	6,286	(3,623)	-	92,791
Leasehold improvements	5,295	1,218	-	-	6,513
<b>Total</b>	<b>\$ 669,314</b>	<b>\$ 48,229</b>	<b>\$ (18,707)</b>	<b>\$ -</b>	<b>\$ 698,836</b>

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 11. Tangible capital assets (continued):

Net book value	2022	2021
Land	\$ 4,780	\$ 4,780
Land improvements	499	751
Buildings	503,436	521,634
Equipment and vehicles	53,938	52,558
Information systems	17,901	20,117
Leasehold improvements	6,478	5,746
Construction in progress	213,352	49,407
Equipment and information systems in progress	21,599	12,346
<b>Total</b>	<b>\$ 821,983</b>	<b>\$ 667,339</b>

Tangible capital assets are funded as follows:

	2022	2021
Deferred capital contributions	\$ 767,469	\$ 609,533
Public-private partnership	30,101	30,563
Internally funded	20,575	23,117
Debt	3,838	4,126
<b>Tangible capital assets</b>	<b>\$ 821,983</b>	<b>\$ 667,339</b>

## 12. Inventories held for use:

	2022	2021
Pharmaceuticals	\$ 4,106	\$ 3,519
Medical supplies	3,641	4,531
	<b>\$ 7,747</b>	<b>\$ 8,050</b>

## 13. Commitments and contingencies:

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

As at March 31, 2022, the Authority had outstanding commitments for construction, equipment and information systems projects in progress of \$442.7 million (2021 – \$42.2 million).

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 13. Commitments and contingencies (continued):

(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:

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2023	\$	44,413
2024		15,896
2025		11,302
2026		3,555
2027		285
Thereafter		147
	\$	75,598

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(c) Long term care contracts:

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

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2023	\$	12,285
2024		11,764
2025		11,999
2026		12,239
2027		12,484
Thereafter		167,061
	\$	227,831

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(d) Operating leases:

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

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2023	\$	10,780
2024		9,454
2025		7,783
2026		5,195
2027		2,634
Thereafter		6,070
	\$	41,915

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# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 13. Commitments and contingencies (continued):

### (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
2023	\$ 4,443	\$ 7,388	\$ 253	12,084
2024	4,405	7,695	110	12,210
2025	4,389	8,006	(62)	12,333
2026	4,398	7,825	314	12,537
2027	4,352	7,908	871	13,131
Thereafter	53,155	135,420	28,615	217,190
	\$ 75,142	\$ 174,242	\$ 30,101	\$ 279,485

### (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, 2022, 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 \$0.195 million (2021 - \$0.202 million).

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 14. Statement of operations:

(a) Patients, clients and residents revenue:

	2022		2021	
Long-term and extended care	\$	24,841	\$	24,598
Non-residents of BC		8,315		6,750
WorkSafe BC		6,013		5,047
Residents of BC-self pay		1,441		1,113
Uninsured residents		1,344		1,194
Non-residents of Canada		1,064		1,031
Other		1,018		1,041
	\$	44,036	\$	40,774

(b) Other contributions:

	2022		2021	
Provincial Health Services Authority	\$	6,800	\$	6,630
Other BC government reporting entities		6,087		3,641
Other		6,679		5,755
	\$	19,566	\$	16,026

(c) Other revenues:

	2022		2021	
Recoveries from the sale of goods and services	\$	6,179	\$	6,261
Compensation recoveries		5,641		3,891
Other		2,983		3,840
	\$	14,803	\$	13,992

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 14. Statement of operations (continued):

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

	2022	2021
Compensation:		
Compensation	\$ 545,248	\$ 508,070
Employee benefits	126,057	112,937
Purchased services - physicians	121,001	107,396
	<u>792,306</u>	<u>728,403</u>
Supplies:		
Medical and surgical	28,721	26,954
Drugs and medical gases	24,251	24,890
Diagnostic	17,755	13,312
Food and dietary	9,688	9,057
Laundry and linen	4,926	4,230
Housekeeping	3,141	3,232
Printing, stationery and office	2,112	1,930
Other	7,158	6,716
	<u>97,752</u>	<u>90,321</u>
Referred-out and contracted services:		
Health and support service providers	77,543	67,738
Other health authorities and BC government reporting entities	8,434	8,595
	<u>85,977</u>	<u>76,333</u>
Amortization of tangible capital assets	49,489	48,229
Equipment and building services:		
Equipment expenses	26,833	26,160
Rent	12,671	10,397
Utilities	11,618	10,498
Service contracts	5,815	5,242
Other	5,636	5,763
	<u>62,573</u>	<u>58,060</u>
Sundry:		
Professional fees	4,347	3,371
Patient transport	3,337	3,442
Communication and data processing	3,233	3,182
Travel and accommodation	2,880	1,460
Other	18,149	14,716
	<u>31,946</u>	<u>26,171</u>
Interest on debt	4,615	4,665
(Gain) loss on disposal of tangible capital assets	283	(168)
	<u>\$ 1,124,941</u>	<u>\$ 1,032,014</u>

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 15. Supplementary cash flow information:

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

	2022	2021
Accounts receivable	\$ (14,541)	\$ (5,928)
Accounts payable and accrued liabilities	34,682	20,907
Deferred operating contributions	(2,492)	7,044
Inventories held for use	303	(1,396)
Prepaid expenses	(1,130)	235
	<u>\$ 16,822</u>	<u>\$ 20,862</u>

(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.

	2022	2021
Externally funded acquisitions	\$ 203,413	\$ 65,688
Internally funded acquisitions	1,188	219
	<u>\$ 204,601</u>	<u>\$ 65,907</u>

(c) Supplementary cash flow information:

	2022	2021
Interest paid	\$ 4,615	\$ 4,665
Interest received	\$ 917	\$ 566



# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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## 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.

(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 27 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 \$2.203 million (2021 - \$2.615 million) to various facilities within the Authority.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

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

### (c) Foundations and auxiliaries (continued):

Auxiliary to GR Baker Memorial Hospital	Mackenzie Hospital Auxiliary
Bulkley Valley & District Hospital Auxiliary	Max Lang 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
Kitimat Hospital Foundation	

## 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.

### (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, 2022, the amount of allowance for doubtful accounts was \$1.520 million (2021 - \$2.009 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.

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2022

## 17. Risk management (continued):

### (b) Liquidity risk (continued)

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:

2022 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 143,847	\$ -	\$ -	\$ 143,847
Obligations under public-private partnership	253	1,233	28,615	30,101
Debt	295	1,256	2,287	3,838
	\$ 144,395	\$ 2,489	\$ 30,902	\$ 177,786

  

2021 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 109,165	\$ -	\$ -	\$ 109,165
Obligations under public-private partnership	462	615	29,486	30,563
Debt	288	1,225	2,613	4,126
	\$ 109,915	\$ 1,840	\$ 32,099	\$ 143,854

### (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 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

# NORTHERN HEALTH AUTHORITY

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currency financial instruments are short term in nature and do not give rise to significant foreign currency risk.

## 18. Budget

The original budget, as approved by the board on August 20, 2021, 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	Reallocations	Restated budget
<b>Revenue:</b>				
Ministry of Health contributions	\$ 785,900	\$ 7,200	\$ -	\$ 793,100
Medical Services Plan	114,800	-	(400)	114,400
Amortization of deferred capital contributions	45,500	-	-	45,500
Patients, clients and residents	45,800	-	-	45,800
Other contributions	19,800	-	600	20,400
Recoveries from other health authorities and BC government reporting entities	17,800	-	(500)	17,300
Investment income	700	-	700	1,400
Other revenues	13,000	-	400	13,400
	\$ 1,043,300	\$ 7,200	\$ 800	\$ 1,051,300
<b>Expenses:</b>				
Acute	\$ 552,800	\$ 400	\$ 2,200	\$ 555,400
Community care	179,200	-	(1,700)	177,500
Long term care	133,600	-	700	134,300
Mental health and substance use	63,800	1,500	(900)	64,400
Population health and wellness	34,200	300	-	34,500
Corporate	79,700	5,000	500	85,200
	\$ 1,043,300	\$ 7,200	\$ 800	\$ 1,051,300
Annual operating surplus	\$ -	\$ -	\$ -	\$ -

## 19. Annual operating surplus:

The Authority's annual operating surplus of \$878 million (2021 – \$16.594 million) can be broken down as follows:

	2022	2021
Annual operating surplus before the following:	\$ 779	\$ 11,932
Actuarial gain on long-term disability (note 8(b))	2	4,653
Transfer of affiliate pool surplus (note 8(b))	97	9
<b>Annual operating surplus</b>	<b>\$ 878</b>	<b>\$ 16,594</b>

# NORTHERN HEALTH AUTHORITY

Notes to Financial Statements

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Year ended March 31, 2022

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## **20. Significant event:**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, followed by BC's Provincial Health Officer declaration of a public health emergency on March 17, 2020. The financial statements of the Authority reflect its response to the pandemic. Events that affect the Authority's operations continued to be addressed through collaboration with and direction from the Ministry of Health. The Authority will continue to respond appropriately to ongoing COVID-19 related issues as necessary and as directed by provincial authorities.