

**Sahtu Health & Social Services Authority
Financial Statements
Norman Wells, NT
Year End March 31, 2014**

Sahtu Health & Social Services Authority

Table of Contents

Management Responsibility for Financial Reporting

Auditors' Report

Statement of Financial Position

Statement of Operations

Statement Changes in Net Financial Resources

Statement of Changes in Financial Position

Notes to the Financial Statement

Schedule A - Schedule of Territorial Operating Advances

Schedule B - Schedule of Other Recoveries for Direct Charges for Services

Schedule C - Schedule of Other Revenues

Schedule D - Schedule of Expenses by Functional Centre

Schedule E - Schedule of Non-Insured Recoveries and Expenses

Schedule F - Schedule of Other Contribution

Schedule K - Schedule of Reserves



Sahtu Health Social Services Authority

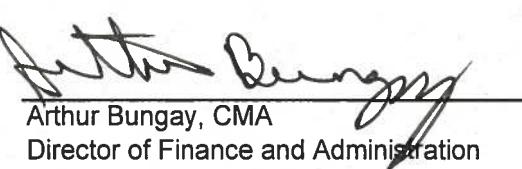
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

P.O. BOX 340
NORMAN WELLS, NT
X0E 0V0
Phone: (867) 587-3650
Fax: (867) 587-3436

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with generally accepted accounting principles, unless otherwise indicated in the notes to the financial statements. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Authority's management recognizes its responsibility for conducting the Authority's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion of the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services, Government of the Northwest Territories.



Arthur Bungay, CMA
Director of Finance and Administration

June 26, 2014



AVERY, COOPER & CO.

Certified General Accountants

Gerald F. Avery, FCGA
W. Brent Hinckley, B. Comm., C.G.A.
Cathy A. Cudmore, B. Rec, C.G.A.

Toll-Free: 1-800-661-0787
Website: www.averycooper.com

4918 - 50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
Telephone: (867) 873-3441
Facsimile: (867) 873-2353

INDEPENDENT AUDITORS' REPORT

To the Minister of Health and Social Services Government of the Northwest Territories

Report on the Financial Statements

We have audited the accompanying financial statements of the Sahtu Health and Social Services Authority, which comprise the Statement of Financial Position as at March 31, 2014, and the Statements of Operations, Changes in Net Financial Resources and Changes in Financial Position for the year then ended. We have also audited the revenue and expenditures of programs funded through contribution agreements by the Departments of Health and Social Services which total \$250,000 or more as listed in Schedule F.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian public sector accounting standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The GNWT is responsible for the calculation and distribution of the salaries and wages that appear on the statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Agency's records.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2014 and the results of operations, net debt and changes in financial position for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been kept by the Sahtu Health and Social Services Authority, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Authority.

Avery, Cooper & Co.

Avery, Cooper & Co.
Certified General Accountants
Yellowknife, NT

June 26, 2014

Sahtu Health & Social Services Authority

Statement of Financial Position

As of March 31, 2014

FINANCIAL ASSETS

	2014	2013
<i>Cash</i>	134,213	312,764
<i>Accounts Receivable (Note 5)</i>	804,974	916,424
	939,187	1,229,188

LIABILITIES

<i>Accounts Payable (Note 6)</i>	1,173,082	945,576
<i>Wages & Benefits Payable - GNWT</i>	281,275	624,486
<i>Employee Leave and payroll related Liabilities (Note 3)</i>	655,893	589,668
	2,110,250	2,159,730

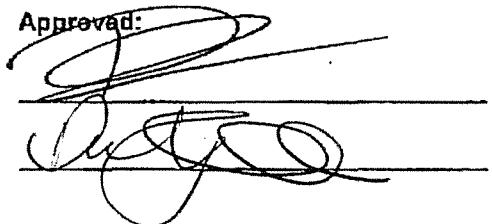
Net Financial Assets/(Debt)

(1,171,063)	(930,541)
--------------------	------------------

Non-Financial Assets

<i>Inventory (Note 9)</i>	174,450	82,403
<i>Prepaid Expenses</i>	2,290	10,865
	176,740	93,268
<i>Accumulated Surplus/(Deficit)</i>	(994,322)	(837,273)

Approved:



Chairperson

Chief Executive Officer

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

Statement of Operations

For the year ended March 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013 Actual
REVENUE			
Territorial Operating Advance (Schedule A)	\$ 12,025,000	\$ 11,945,618	\$ 11,593,631
Other Recoveries (Schedule B)	103,200	169,377	107,831
Other Revenues (Schedule C)	1,533,056	1,022,382	1,084,609
Non-insured Health Benefits (Schedule E)	240,000	114,445	245,663
Investment Revenue	15,000	17,891	16,460
	13,916,256	13,269,713	13,048,194
EXPENSES			
Administration (Schedule D)	1,828,041	1,858,083	1,473,701
Ambulatory Care Services (Schedule D)	945,000	865,618	785,631
Community Health Services (Schedule D)	7,920,566	7,812,764	7,955,664
Social Services (Schedule D)	2,433,188	2,367,117	2,492,326
Education (Schedule D)	549,461	408,736	178,486
Non-Insured Expenses (Schedule E)	240,000	114,445	245,663
	13,916,256	13,426,762	13,131,471
OPERATING SURPLUS (DEFICIT)	-	(157,049)	(83,277)
Unfunded Items			
Change in employee leave and termination benefits (Note 3)		66,225	136,820
ANNUAL SURPLUS (DEFICIT) Before the Following		(90,824)	53,544
Amortization of Building & Equipment	257,577	216,129	257,577
Grant-in-Kind - GNWT Assets provided at no cost	(257,577)	(216,129)	(257,577)
ANNUAL SURPLUS (DEFICIT)	-	(90,824)	53,544
Opening Accumulated Surplus	-	(837,273)	(753,997)
Closing Accumulated Surplus	-	(994,322)	(837,273)

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

Statement of Changes in Net Financial Resources (Debt)

For the year ended March 31, 2014

	2014	2013
Annual Surplus/(Deficit)	(157,049)	(83,277)
Adjustments:		
Consumption of Inventories Used	196,302	307,154
Acquisition of Inventories Used	(288,350)	(389,557)
Use of Prepaid Expenses	10,865	42,270
Acquisition of Prepaid Expenses	(2,290)	(10,865)
(Increase)/Decrease in net debt	(240,522)	(134,275)
Opening net financial resources	(930,541)	(796,266)
Closing net financial resources	<u>(1,171,063)</u>	<u>(930,541)</u>

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended March 31, 2014

	2014	2013
Operating Surplus / (Deficit)	(157,049)	(83,277)
(Increase) Decrease in Accounts Receivable	111,450	(376,067)
Increase (Decrease) in Accounts Payable	227,506	(98,257)
Increase (Decrease) in Wages and Benefits Payable	(276,986)	565,226
Net (Acquisition) Consumption of Prepaid	8,575	31,405
Net (Acquisition) Consumption of Inventory	(92,048)	(82,403)
Net Cash from Operations	(178,552)	(43,373)
Cash Provided by Investing Transactions	-	-
Cash Provided by Financing Transactions	-	-
Increase/(Decrease) in Cash and Cash Equivalents	(178,552)	(43,373)
Opening Cash and Cash Equivalents	312,764	356,137
Closing Cash and Cash Equivalents	134,212	312,764

See accompanying notes and schedules.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2014

1. NATURE OF OPERATIONS

The Sahtu Health & Social Services Authority (the "Authority") was established under the Hospital Insurance and Health and Social Services Administration Act on October 1, 2003 to manage, control and operate the public health facilities and services assigned to it by the Northwest Territories Department of Health and Social Services. Consequently the Authority is dependent upon funding from the Department of Health & Social Services.

2. SIGNIFICANT ACCOUNTING POLICIES

a) General

The financial statements are prepared in accordance with the Public Sector Accounting Standards and as directed by the Government of the Northwest Territories - Department of Health and Social Services. The accounting policies of the Authority are as follows:

b) Tangible capital assets

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCA's over \$50,000 are amortized over the estimated useful lives of the assets at the rates established by the Financial Administration Manual of the GNWT. The amortization expense is recorded with an offsetting amount as Grant in Kind Revenue, representing the use of the assets that are owned by the GNWT.

c) Inventory

The Authority has established the policy of accounting for inventory at the lower of cost or replacement value.

d) Operating Surplus (Deficit)

The Operating Surplus (Deficit) section of the Balance Sheet reflects any accumulated excess expenditures over revenue (net of repayments from or to the Department of Health & Social Services). The Authority is funded using a block funding approach. Under this approach the authority is responsible for all deficits and is to return the "Adjusted Operating Surplus" to the Department of Health and Social. The Authority can request to retain up to 1% of the Audited revenues to a maximum of \$250,000 with certain stipulations. At March 31, 2014 the Authority had an accumulated Deficit of \$837,273.

e) Budget

The presented budget figures are those approved by the Department of Health & Social Services. These figures represent the Authority's original fiscal plan for the year and reflect subsequent changes arising from amendments by the Department. The contribution agreement prohibits the Authority from budgeting for a deficit.

f) Revenue Recognition

Revenue is recognized as per the Department of Health and Social Services directives. Other revenue is recognized when the service is performed or goods provided.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2014

g) Pension Contributions

The Authority and its employees make contributions to the Public Service Superannuation Plan. These contributions represent the total liability to the Authority.

h) Use of Estimates

The preparation of these financial statements in conformity with Public Sector Accounting Standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. The actual results may differ from these estimates.

3. EMPLOYEE LEAVE AND TERMINATION BENEFITS

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Annual leave is payable within one fiscal year. The payment of other amounts is dependent on employees leaving the Authority.

These liabilities are to be funded in the year they become due through regular annual budget allocations.

Employee leave and termination benefits are comprised as follows:

	2014	2013
<i>Leave</i>		
<i>Termination, Severance, Resignation, Retirement</i>	324,087	290,555
<i>Removal</i>	121,374	111,913
	<hr/> 210,432	<hr/> 187,200
	<hr/> 655,893	<hr/> 589,668

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2014

4. CONTRACTUAL OBLIGATIONS

The Authority has entered into agreements for, or is contractually committed to, the following expenses subsequent to March 31, 2014.

	Expires in Fiscal Year	2014	Remaining Obligation	Total
Commercial & Residential Leases				
Seamus Quigg	2015	21,300	5,400	26,700
Steven Rose	2015	21,600	5,400	27,000
Norman Wells Claimant Corporation L	2018	54,980	232,500	287,480
Northwest Territories Housing Corp	2015	12,650	16,920	29,570
Two Rivers Development Group Ltd.	2015	23,267	1,267	24,534
Northwest Territories Housing Corp	2015	34,455	21,520	55,975
Equipment Leases				
Xerox Canada Limited	2017	14,767	44,901	59,668
Total		183,019	327,908	510,927

5. ACCOUNTS RECEIVABLE

	Accounts Receivable	AFDA 2014	Net		
	2014		2014	Net	2013
Due from GNWT	771,747	2,751	768,996	873,390	
Due from Third Parties	102,483	66,505	35,978	43,034	
	874,230	69,256	804,974	916,424	

6. ACCOUNTS PAYABLE

	2014	2013
Due to GNWT	543,521	342,416
Due to Stanton Territorial Hospital	212,525	149,298
Due to BDHSSA	29,457	47,616
Due to Third Parties	387,579	406,246
	1,173,082	945,576

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2014

7. CONTRIBUTION PAYABLE

Included in accounts payable Note 6 are the following contributions payable.

Government of the Northwest Territories

Healthy Families Program	69,171
Enhanced Home Care	99,972
	<u>169,143</u>

8. EXPENSES SET OFF WITH GRANTS IN KIND

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCA are amortized over the estimated useful life of the assets at the following rates:

Buildings	40 Years	2.5%
Computer & Software	7 Years	14.3%
Furniture, Fixtures & Equipment	15 Years	6.7%

	2014	2013	
	Accumulated		
	Cost	Amortization	Net Book Value
Buildings	(unaudited)	(unaudited)	(unaudited)
	7,877,795	(5,068,850)	2,808,945
Furniture, Fixtures & Equipment			2,199
	66,955	(64,756)	6,597
Computer & Software			-
	46,728	(46,728)	-
	<u>7,991,478</u>	<u>(5,180,334)</u>	<u>2,811,144</u>
			2,898,349

The above information was provided by the Government of the Northwest Territories.

Amortization expense for 2013-14 is \$216,129 (\$257,577 2012-13).

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2014

9. INVENTORY

Inventories, consisting of medical supplies and drugs and vaccines are held for consumption as part of the provision of service and not for re-sale. Items are expensed when taken out inventory.

	2014	2013
Medical Supplies	162,007	69,604
Pharmacy	12,443	12,799
	<hr/> 174,450	<hr/> 82,403

10. ECONOMIC DEPENDENCE

The Authority is dependent on funding from the Government of the Northwest Territories. Management acknowledges that the operations would be negatively affected if funding agreements were to change.

11. EXPENSES BY OBJECT

	2014	2013
Compensation	9,875,214	9,421,379
Other	<hr/> 3,767,677	<hr/> 3,967,669
	<hr/> 13,642,891	<hr/> 13,389,048

12. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Authority is not exposed to significant interest, or credit risks arising from these instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying value.

13. RELATED PARTY TRANSACTIONS

	2014
Expenditures	278,110
Stanton Territorial Hospital Authority	<hr/> 152,771
Beaufort-Delta Health & Social Services Authority	<hr/> 430,881

All other related party transactions are disclosed elsewhere in the statements.

Sahtu Health & Social Services Authority
SCHEDULE A
Schedule of Territorial Operating Advances
For the year ended March 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<i>Authority Administration</i>	1,357,000	1,357,000	1,124,000
<i>Equipment (under \$50,000)</i>	13,000	13,000	13,000
<i>Health Centres</i>	5,703,000	5,703,000	5,533,000
<i>Physician Services to NWT Residents</i>	945,000	865,618	785,631
<i>Intervention Services</i>	52,000	52,000	52,000
<i>Foster Care</i>	768,000	768,000	768,000
<i>Prevention & Promotion</i>	287,000	287,000	276,000
<i>Authority Social Services Delivery</i>	2,094,000	2,094,000	2,090,000
<i>Family Violence</i>	122,000	122,000	122,000
<i>Community Wellness Programs</i>	86,000	86,000	106,000
<i>Home Care</i>	598,000	598,000	724,000
	12,025,000	11,945,618	11,593,631

Sahtu Health & Social Services Authority

SCHEDULE B

Schedule of Other Recoveries directly from Third Parties

For the year ended March 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013 Actual
Other Recoveries directly from Third Parties			
<i>RCMP</i>	-	-	6,000
<i>WSCC</i>	18,600	56,529	21,330
<i>Other Provincial Plans</i>	74,400	94,832	68,864
<i>Co-payment Users</i>	10,200	7,057	11,093
<i>Other Payment Sources</i>	-	10,959	544
	103,200	169,377	107,831

Sahtu Health & Social Services Authority
SCHEDULE C
Schedule of Other Revenues
For the year ended March 31, 2014

	2014 Budget (unaudited)	2014	Actual	2013	Actual
Other Revenue from the GNWT					
<i>Enhanced Home Care</i>	556,560	456,588		597,879	
<i>Nutrition North</i>	15,120	15,120		30,875	
<i>Community Wellness Program</i>	-	-		42,089	
<i>Healthy Family Program</i>	250,000	55,829		108,049	
<i>Diabetes Awareness</i>	67,776	67,776		67,776	
<i>Mental Health First Aid</i>	11,544	10,400		6,897	
<i>Family Violence Protocol</i>	70,000	38,094		-	
<i>Community Health Nurse Development</i>	516,184	295,982		178,486	
<i>Other</i>	4,032	3,284		-	
	1,491,216	943,073		1,032,050	

Sahtu Health & Social Services Authority
SCHEDULE C
Schedule of Other Revenues
For the year ended March 31, 2014

	2014 Budget (unaudited)	2014	Actual	2013	Actual
Grants					
<i>NIHB Administration Fee</i>	800	10,976		750	
<i>Donations - Unrestricted</i>	-	1,549		1,488	
<i>Transient Accommodation</i>	-	-		1,650	
	41,040	66,785		48,670	
	41,840	79,310		52,558	
	1,533,056	1,022,382		1,084,609	

Sahtu Health & Social Services Authority

SCHEDULE D

Schedule of Expenses by Functional Services

For the year ended March 31, 2014

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowances		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Support Services	-	-	648,949	640,287	1,179,092	1,159,020	-	58,775	1,828,041	1,858,083
Ambulatory Care Services	-	-	195,705	224,905	749,295	640,713	-	-	945,000	865,618
Community Health Services	893,488	603,140	1,516,043	1,631,318	5,511,035	5,578,306	-	-	7,920,566	7,812,764
Social Services	81,544	49,039	690,654	659,330	1,660,990	1,658,747	-	-	2,433,188	2,367,117
Education	516,184	295,982	33,277	4,027	-	108,727	-	-	549,461	408,736
	1,491,216	948,162	3,084,628	3,159,867	9,100,412	9,145,514	-	58,775	13,676,256	13,312,317

For the year ended March 31, 2013

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowances		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Support Services	-	-	334,419	373,521	1,216,486	1,074,413	-	25,767	1,550,905	1,473,701
Ambulatory Care Services	-	-	144,305	237,947	786,695	547,684	-	-	931,000	785,631
Community Health Services	1,093,381	846,667	1,505,458	1,653,784	5,356,067	5,455,213	-	-	7,954,906	7,955,664
Social Services	22,930	6,897	726,864	793,177	1,835,646	1,692,251	-	-	2,585,440	2,492,326
Education	270,335	178,486	-	-	-	-	-	-	270,335	178,486
	1,386,646	1,032,050	2,711,046	3,058,429	9,194,894	8,769,561	-	25,767	13,292,586	12,885,808

Sahtu Health & Social Services Authority
SCHEDULE E
Schedule of Non-Insured Recoveries and Expenses
For the year ended March 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<i>Recoveries</i>	240,000	114,445	245,663
<hr/>			
<i>Expenses</i>			
<i>Transportation</i>	-	-	-
<i>Vision</i>	-	-	-
<i>Drugs</i>	24,000	20,249	21,398
<i>Medical Supplies</i>	-	-	-
<i>Dental</i>	216,000	94,196	224,265
<i>Medical Equipment</i>	-	-	-
	240,000	114,445	245,663
<hr/>			
<i>Net Expense</i>	-	-	-
	<hr/>	<hr/>	<hr/>

Sahtu Health & Social Services Authority

SCHEDULE F

Schedule of Other Contribution

Home Care Enhancement Program

HSS01-2219am1

For the year ended March 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013 Actual
Funding			
GNWT			
Department of Health & Social Services	556,560	456,588	597,879
Expenses			
Compensation and Benefits			
Norman Wells	43,937	32,080	36,762
Tulita	32,526	20,050	32,795
Fort Good Hope	145,104	168,368	154,540
Deline	192,039	181,912	235,321
Colville Lake	5,000	5,015	8,475
Compensation and Benefits Total	418,606	407,425	467,893
Operations & Maintenance			
Regional	57,954	-	10,923
Norman Wells	-	7,057	-
Tulita	20,000	4,027	45,213
Fort Good Hope	60,000	36,479	29,292
Deline	-	1,600	40,443
Colville Lake	-	-	4,114
Operations & Maintenance Total	137,954	49,163	129,986
Expense Total	556,560	456,588	597,879
Excess Funding Over Expense	-	-	-

Sahtu Health & Social Services Authority
SCHEDULE K
Schedule of Reserves
For the year ended March 31, 2014