

Stanton Territorial Health Authority

Financial Statements

March 31, 2014

Stanton Territorial Health Authority

Financial Statements

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STANTON
TERRITORIAL
HEALTH
AUTHORITY

30 June 2014

Hon. Glen Abernethy
Minister of Health and Social Services
Government of the Northwest Territories

Mr. Joe Handley
Public Administrator
Stanton Territorial Health Authority

Management's Responsibility for Financial Reporting

The accompanying financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent with the information contained in the financial statements.

Stanton Territorial Health Authority maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Authority acts in accordance with the laws of the Northwest Territories. 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 to a Territorial Health Authority.

The external auditors annually provide an independent, objective audit for the purposes of expressing an opinion on the financial statements. They also consider whether transactions which come to their notice in the course of this audit are, in all significant respect, in accordance with the specified legislation.


Brenda Fitzgerald
Chief Executive Officer
Stanton Territorial Health Authority

Independent Auditors' Report

**To the Minister of Health and Social Services
Government of the Northwest Territories
and
To the Public Administrator
Stanton Territorial Health Authority**

We have audited the accompanying financial statements of the Stanton Territorial Health Authority as at March 31, 2014, which comprise the statement of financial position and the statements of operations, changes in net financial debt, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. We have also audited the revenues and expenditures for all programs funded through contribution agreements with the Department 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 and fair presentation 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. Management is also responsible for the preparation of the revenues and expenditures of all programs funded through contribution agreements in accordance with the financial guidelines of the Department of Health and Social Services.

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 on the effectiveness of the Authority'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.

Independent Auditors' Report (continued)

Basis for Qualified Opinion

Salaries and benefits paid to employees of the Authority are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories audit. Our audit scope was limited as we did not audit the components of salaries and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to salaries and benefits expenditures, employee and payroll related liabilities, employee leave and termination benefits, and net financial debt.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Stanton Territorial Health Authority as at March 31, 2014, and its financial operations, changes in its net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, applied on a basis consistent with the preceding year. Furthermore, except for the limitation relating to payroll as described above, these financial statements present fairly, in all material respects, the revenues and expenditures of all programs funded through contributions with the the Department of Health and Social Services which total \$250,000 or more as per schedule F for the year ended March 31, 2014, in accordance with the financial guidelines of the Department of Health and Social Services.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the Financial Administration Act of the Northwest Territories that, in our opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith, and the transactions that have come under our notice have, in all material aspects, been within the statutory powers of the Authority.

Crowe MacKay LLP
Chartered Accountants

Yellowknife, Northwest Territories
June 30, 2014

Stanton Territorial Health Authority**Statement of Financial Position****STATEMENT I**

<u>As at March 31,</u>	<u>2014</u>	<u>2013</u>
Financial Assets		
Cash		
Cash	\$ 2,647,247	\$ 794,111
Restricted cash (capital advance) (Note 4)	216,663	286,644
Restricted cash (trust account)	11,606	9,618
Accounts receivable (Note 5)	19,106,720	20,215,459
	21,982,236	21,305,832
Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 6,919,387	\$ 5,936,778
Employee and payroll-related liabilities	26,652,993	26,377,959
Capital advances (Note 7)	216,663	286,644
Employee leave and termination benefits (Note 8)	5,938,203	5,572,926
Deferred revenue (Note 9)	2,975	-
Trust liabilities	11,606	9,618
Total Liabilities	39,741,827	38,183,925
Net Financial Debt	(17,759,591)	(16,878,094)
Non Financial Assets		
Prepaid expenses	281,839	359,408
Inventories (Note 10)	1,716,493	1,375,437
	1,998,332	1,734,845
Accumulated Deficit (Note 11)	\$ (15,761,259)	\$ (15,143,247)
Contingent Liabilities (Note 12)		
Contractual Obligations (Note 13)		

Approved on behalf of the Authority

Brenda Fitzgerald
 Brenda Fitzgerald
 Chief Executive Officer

C. Devitt
 Corinne Devitt, CGA
 Chief Financial Officer

STATEMENT II**Stanton Territorial Health Authority****Statement of Operations**

For the year ended, March 31**2014****2013**

	(unaudited) Budget	Actual	Actual
Revenue			
Operating advances from the GNWT (Schedule A)	\$ 81,624,000	\$ 83,957,155	\$ 79,618,599
Other recoveries (Schedule B)	22,183,142	24,172,885	21,996,970
Other revenues (Schedule C)	4,873,000	5,029,999	4,956,973
Non-insured recoveries and expenditures (Schedule E)	9,481,000	8,784,685	9,337,706
Investment revenue	70,000	77,038	71,618
	118,231,142	122,021,762	115,981,866
Expenditures			
Administration and support services (Schedule D)	42,912,838	45,311,519	40,584,936
Nursing inpatients services (Schedule D)	20,979,173	21,970,394	21,678,993
Ambulatory care services (Schedule D)	26,426,059	26,781,039	25,013,022
Diagnostic and therapeutic services (Schedule D)	18,469,832	17,897,485	17,832,457
Community health services (Schedule D)	850,902	775,286	846,703
Education (Schedule D)	951,304	775,140	670,303
Undistributed (Schedule D)	277,500	344,227	250,329
Non-insured recoveries and expenditures (Schedule E)	9,481,000	8,784,685	9,337,706
	120,348,607	122,639,774	116,214,448
Annual Operating Deficit	(2,117,465)	(618,012)	(232,582)
Prior Year Funding Received	-	(1,379,155)	(1,206,599)
Operating Deficit Before Prior Year Funding	(2,117,465)	(1,997,167)	(1,439,181)
Unfunded Item:			
Change in employee leave and termination benefits	-	365,277	544,808
Annual Deficit Before the Following:	(2,117,465)	(1,631,890)	(894,373)
Rent expense - GNWT assets provided at no cost (note 14)	-	(2,381,450)	(3,660,738)
Grant-in-kind - GNWT assets provided at no cost (note 14)	-	2,381,450	3,660,738
Annual Operating Deficit	\$ (2,117,465)	\$ (1,631,890)	\$ (894,373)
Opening Accumulated Deficit	-	(15,143,247)	(14,910,665)
Closing Accumulated Deficit	\$ (2,117,465)	\$ (15,761,259)	\$ (15,143,247)

STATEMENT III**Stanton Territorial Health Authority****Statement of Changes in Net Financial Debt**

For the year ended, March 31**2014****2013**

	(unaudited) Budget	Actual	Actual
Annual operating deficit	\$ (2,117,465)	\$ (618,012)	\$ (232,582)
Adjustments			
Consumption of inventories	-	2,328,467	2,796,342
Acquisition of inventories	-	(2,669,522)	(2,823,408)
Use of prepaid expenses	-	4,109,559	3,964,585
Acquisition of prepaid expenses	-	(4,031,989)	(3,943,965)
Decrease (Increase) in Net Financial Debt	(2,117,465)	(881,497)	(239,028)
Net Financial Debt, Beginning of Year	-	(16,878,094)	(16,639,066)
Net Financial Debt, End of Year	\$ (2,117,465)	\$ (17,759,591)	\$ (16,878,094)

Stanton Territorial Health Authority

Statement of Cash Flows

For the year ended, March 31	2014	2013
Net inflow (outflow) of cash related to the following activities:		
Operating transactions		
Operating surplus (deficit)	\$ (618,012)	\$ (232,582)
Non-cash operating items		
Accounts receivable	1,108,739	(1,801,150)
Prepaid expenses	77,571	20,621
Inventory	(341,056)	(27,067)
Accounts payable and accrued liabilities	982,609	416,652
Employee and payroll-related liabilities	275,034	1,736,422
Deferred revenue	2,975	(30,000)
Capital advances	(69,981)	(10,559)
Employee leave and termination benefits	365,279	544,807
Trust fund	1,988	3,613
Cash provided by operating transactions	1,785,143	620,757
Increase in cash and restricted cash during the year	1,785,143	620,757
Cash and restricted cash, beginning of year	1,090,373	469,615
Cash and restricted cash, end of year	\$ 2,875,516	\$ 1,090,373
Represented by		
Cash	\$ 2,647,247	\$ 794,111
Restricted cash - capital advance	216,663	286,644
Restricted cash - trust account	11,606	9,618
	\$ 2,875,516	\$ 1,090,373

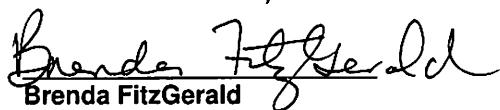
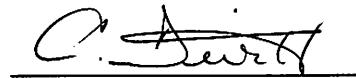
STATEMENT V**Stanton Territorial Health Authority****Statement of Expenses by Object**

For the year ended, March 31	2014	2013
	(unaudited) Budget	Actual
Expenditures		
Advertising and promotion	\$ 90,524	\$ 122,990
Communications	292,145	243,750
Compensation	62,931,984	63,126,004
Contracted and general services	4,460,822	4,336,007
Diagnostic and therapeutic supplies	986,800	1,097,541
Doubtful accounts	-	2,375,567
Drugs and vaccines	2,374,420	1,876,198
Education	944,832	681,417
Equipment maintenance	1,227,432	1,032,330
General supplies	680,763	647,745
Insurance	145,320	152,629
Interest and bank charges	16,500	30,104
Leases	432,644	409,439
Maintenance and biomedical	326,000	293,479
Medical and surgical supplies	3,361,910	3,107,825
Medical gases	94,300	91,224
Medical travel	30,326,900	30,523,651
Minor capital	323,500	520,832
Non-capital renovations	105,000	306,282
Office and general administration		
expenditures	474,984	416,184
Postage and freight	148,100	150,457
Professional services	135,250	145,209
Purchased services	8,762,113	9,185,422
Travel	1,694,364	1,756,093
Utilities	12,000	11,394
Total Expenditures	\$ 120,348,608	\$ 122,639,774
		\$ 116,214,448

STATEMENT VI**Stanton Territorial Health Authority****Endowment and Special Purpose Fund**
Statement of Financial Position

<u>As at March 31,</u>	<u>2014</u>	<u>2013</u>
Financial Assets		
<hr/>		
Cash	\$ 139,069	\$ 88,958
Accounts receivable	264	3,547
	139,333	92,505
<hr/>		
Liabilities		
<hr/>		
Accounts payable	\$ 6,668	\$ -
Due to Operating Fund	-	2,661
	6,668	2,661
Net Financial Assets	\$ 132,665	\$ 89,844
<hr/>		

Approved on behalf of the Authority


Brenda Fitzgerald
Chief Executive Officer
Corinne Devitt, CGA
Chief Financial Officer

STATEMENT VII**Stanton Territorial Health Authority****Endowment and Special Purpose Fund**
Statement of Revenue, Expenditures and Surplus

<u>For the year ended March 31,</u>					2014	2013
	Unrestricted	Equipment	Elks	Special Purpose	Total	Total
Surplus, beginning of year	\$ 21,743	\$ 31,611	\$ 22,061	\$ 14,429	\$ 89,844	\$ 75,989
Revenue						
Donations and grants	-	-	7,500	45,830	53,330	20,456
Interest	448	-	-	-	448	392
	448	-	7,500	45,830	53,778	20,848
Expenditures						
Equipment	-	-	10,957	-	10,957	5,417
Other	-	-	-	-	-	1,576
	-	-	10,957	-	10,957	6,993
Net change in funds	448	-	(3,457)	45,830	42,821	13,855
Surplus, end of year	\$ 22,191	\$ 31,611	\$ 18,604	\$ 60,259	\$ 132,665	\$ 89,844

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

1. Authority

The Stanton Territorial Health Authority (the "Authority") operates under the authority of the *Hospital Insurance and Health and Social Services Act* of the Northwest Territories. The Authority provides a wide range of hospital services to residents of the Northwest Territories.

The Authority is a public body performing a function of government in Canada. Paragraph 149 (1)(c) of the federal *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

2. Summary of Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board and by the directives of the Government of the Northwest Territories - Department of Health and Social Services (DHSS). Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Other organizations

The financial statements do not include the assets, liabilities and activities of any organizations that are related to the Authority, such as the Ladies Auxiliary or the Stanton Territorial Hospital Foundation.

(b) Funds

The Authority records financial information in individual funds that are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Authority are:

Operating Fund - reflecting activities associated with the Authority's day-to-day operations.

Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through the regular annual allocations from the Government of the Northwest Territories ("GNWT").

Endowment and Special Purpose Fund - reflecting activities relating to endowments and other special purpose funds made available to the Authority under conditions specified by donors and other providers.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

2. Summary of Significant Accounting Policies (continued)

(c) Surplus reserves

The DHSS policy requires the Authority to establish the following reserves:

Surplus Reserve - reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Termination Benefit Reserve - the funds received in advance for the severance liability of employees who were transferred to the Authority from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the Authority.

The Authority does not have sufficient funds to establish either of these reserves.

(d) Capital assets

The GNWT retains ownership of all tangible capital assets (TCA) used by the Authority, or purchased by the Authority (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years
Mainframe and software systems	5 - 10 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

The TCAs used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

(e) Inventories of supplies

Inventories of supplies include inventories held for use in the process of providing services and are distributed to clients at no charge or for a nominal charge. Inventories consist of pharmacy items, parts for various equipment, and office supplies. Inventories of supplies are valued at the lower of cost and replacement value.

(f) Accrued employee leave and termination benefits

In accordance with GNWT accounting policies specified for public agencies, the Authority annually accrues estimated employee leave and termination benefits payable.

(g) Pension contributions

The Authority and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by MD Management. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

2. Summary of Significant Accounting Policies (continued)

(h) Revenue recognition

The Authority is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS. Under the arrangements, the Authority is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required.

Billings processed through ICORE system by the medical centre's billing clerks are recognized as revenue upon submission of claim to the DHSS's Health Services Administration in Inuvik.

Other revenue is recognized when the service is performed or the goods are provided.

Government transfers

Government transfers are recognized as revenues when the transfer is authorised and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

(i) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets subsequently measured at amortized cost include cash, restricted cash (capital advance), restricted cash (trust account) and accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, employee and payroll-related liabilities and employee leave and termination benefits.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

2. Summary of Significant Accounting Policies (continued)

(j) Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Future Changes in Accounting Policies

Liability for Contaminated Sites - Section PS 3260

PSAB released Section PS 3260 - Liability for contaminated sites. This Section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of those organizations applying the CICA Public Section Accounting handbook. The Section is effective for fiscal years beginning on or after April 1, 2014.

The impact of the transition to these accounting standards has not yet been determined.

4. Restricted Cash (Capital Advance)

The Authority received advances from the DHSS for purchase of capital assets for the Authority and other health authorities in the Northwest Territories. This amount represents the unexpended funds.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

5. Accounts Receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2014	Net 2013
Government of NWT	\$ 6,501,127	\$ 294,453	\$ 6,206,674	\$ 6,943,974
Health Services				
Administration - THIS	5,198,508	1,180,299	4,018,209	4,095,504
Health Services				
Administration - NIHB	3,039,698	182,970	2,856,728	2,084,370
Health Services				
Administration - EHB	18,969	-	18,969	26,169
Total Government of the Northwest Territories	14,758,302	1,657,722	13,100,580	13,150,017
Government of Nunavut	923,967	188,239	735,728	900,073
Government of Canada	538,888	103,820	435,068	356,576
Workers' Safety & Compensation Commission				
Northwest Territories	492,308	25,652	466,656	469,250
Other Provinces/Territories	44,139	26,261	17,878	434
Alberta Blue Cross	610,392	156,508	453,884	607,870
Other	6,276,140	2,379,216	3,896,924	4,731,239
	\$ 23,644,137	\$ 4,537,417	\$ 19,106,720	\$ 20,215,459

6. Accounts payable and accrued liabilities

	2014	2013
Government of the Northwest Territories	\$ 929,527	\$ 57,120
Government of Canada	14,632	9,146
Other	5,975,228	5,870,512
	\$ 6,919,387	\$ 5,936,778

7. Capital Advances

	2014	2013
Opening balance	\$ 286,644	\$ 297,203
Disbursements	(69,981)	(10,559)
Closing balance	\$ 216,663	\$ 286,644

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

8. Employee Leave and Termination Benefits

Under the conditions of employment, employees qualify for annual leave of varying hours 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 the other amounts is dependent on employees leaving the employment of the Authority.

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

	2014	2013
Removal	\$ 1,429,063	\$ 1,328,178
Termination	2,132,870	2,085,685
Leave	2,376,270	2,159,063
	\$ 5,938,203	\$ 5,572,926

9. Deferred Revenue

Deferred revenue consists of fees collected in advance for courses with dates beyond the fiscal year end. These amounts will be recognized in revenue as expenditures are incurred.

	2014	2013
Fees collected for courses	\$ 2,975	\$ -

10. Inventories

	2014	2013
General	\$ 59,186	\$ 71,742
General plant	212,504	199,398
Laboratory	165,480	140,679
Medical/Surgical	739,896	710,300
Pharmacy	539,427	253,318
	\$ 1,716,493	\$ 1,375,437

Inventories are held for consumption in the process of providing services and are distributed at no charge or for a nominal charge.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

11. Accumulated Deficit

	2014	2013
Unfunded leave and termination benefits	\$ (5,938,203)	\$ (5,572,926)
Operating (deficit) surplus	(9,823,056)	(9,570,321)
	\$ (15,761,259)	\$ (15,143,247)

12. Contingent Liabilities

In the normal course of business, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. The Authority is defending actions brought against it and the Authority has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Authority's legal experts experience or case law in similar circumstances.

13. Contractual Obligations

The Authority has commitments for building and apartment leases, and service agreements that will require payment in future years. The minimum annual payments for these commitments are as follows:

	Expires in Fiscal Year	2015	2016 and thereafter	Total
Commercial and residential leases	2016	\$ 189,952	18,773	\$ 208,725
Services contracts	2026	12,921,810	2,706,646	15,628,456
Total		\$ 13,111,762	\$ 2,725,419	\$ 15,837,181

14. GNWT Assets Provided

	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 48,947,390	\$ 28,458,376	\$ 20,489,014	\$ 21,904,060
Mainframe and software systems	910,561	910,561	-	-
Medical equipment	15,614,702	9,241,756	6,372,946	6,012,489
Furniture and fixtures	218,604	218,604	-	-
	\$ 65,691,257	\$ 38,829,297	\$ 26,861,960	\$ 27,916,549

Rent expense for 2014 is \$2,381,450 (2013: \$3,660,738) with an offsetting grant-in-kind.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

15. Budget

Budget figures were those approved by the Authority's Public Administrator and DHSS. The budget figures are not audited and are intended for information purposes only.

16. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Authority operations would be significantly affected.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

17. Related Party Transactions

The Authority is related in terms of common ownership to all GNWT created departments, agencies, and corporations. The Authority enters into transactions with these entities in the normal course of business. The Authority is provided various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage and internal audit services by the Department of Finance and compensation services provided by Department of Human Resources.

	2014	2013
Due to related parties:		
Accounts payable		
Beaufort-Delta Health and Social Services Authority	\$ 495	\$ 1,337
Government of the Northwest Territories	929,527	57,120
Yellowknife Health and Social Services Authority	49,506	5,343
Employee and payroll-related liabilities		
Government of the Northwest Territories	25,852,993	26,377,959
	\$ 26,832,521	\$ 26,441,759
Due from related parties:		
	2014	2013
Accounts receivable		
Government of the Northwest Territories		
Government of the Northwest Territories	\$ 6,206,674	\$ 6,943,974
Health Services Administration - THIS	4,018,209	4,095,504
Health Services Administration - NIHB	2,856,728	2,084,370
Health Services Administration - EHB	18,969	26,169
Health and Social Services Authorities		
Beaufort-Delta Health and Social Services Authority	79,147	81,805
Dehcho Health and Social Services Authority	30,697	18,544
Fort Smith Health and Social Services Authority	27,758	33,524
Hay River Health and Social Services Authority	60,226	47,062
Sahtu Health and Social Services Authority	188,761	160,549
Tlicho Community Services Agency	59,899	15,471
Yellowknife Health and Social Services Authority	171,257	160,850
Stanton Territorial Hospital Foundation		
Stanton Territorial Hospital Foundation	112,497	38,858
	\$ 13,830,822	\$ 13,706,680

Transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

17. Related Party Transactions (continued)

The Authority controls the Stanton Territorial Hospital Foundation (the "Foundation"). The Foundation raises funds to be contributed to the acquisition of assets for the Authority. The Foundation is incorporated under the *Societies Act* of the Northwest Territories and is registered as a charity under the *Income Tax Act*.

The Foundation has not been consolidated in the Authority's financial statements. Financial statements of the Foundation are available upon request. A financial summary of this unconsolidated entity is as follows:

Financial Position as at March 31,	2014	2013
Total assets	\$ 1,729,394	\$ 1,318,840
Total liabilities (1)	887,593	636,138
Net assets (2)	\$ 841,801	\$ 547,718
Results of Operations for the year ended March 31,	2014	2013
Total revenues (3)	\$ 518,906	\$ 569,890
Total expenditures	239,116	295,666
Excess of revenue	\$ 279,790	\$ 119,353
Cash Flows as at March 31,	2014	2013
Cash from operations	\$ 228,349	\$ 139,830
Cash generated by (used in) financing and investing activities	703	1,369
Change in cash position	\$ 229,052	\$ 37,491

(1) At March 31, 2014 the Foundation owed \$112,497 (2013 - \$28,763) to the Authority.

(2) All of the Foundation's net assets must be provided to the Authority or be used for the Authority's benefit. In accordance with donor imposed restrictions, a surplus of \$137,809 (2013 - \$194,505) and a surplus of \$275,730 (2013 - \$95,797) is restricted for Run for Our Lives Fund and Capital Acquisition Fund respectively as designated by the donors.

(3) The Authority provided \$50,000 (2013 - \$50,000) to the Foundation as an operating contribution. The Authority also provides office space to the Foundation at no charge.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2014

18. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority does have credit risk in accounts receivable of \$19,106,720 (2013 - \$20,215,459). The Authority reduces this risk by regularly assessing the credit risk and monitoring overdue balances. This risk has not changed from the prior year.

(b) Concentration risk

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default of these customer(s). The Authority does have concentration risk. At March 31, 2014, receivables from one customer comprised 82% of the total outstanding accounts receivables (2013 - 64%). The Authority reduces this risk by monitoring overdue balances. The Authority also has concentration risk as the cash is held in one Canadian chartered bank. This risk has not changed from the prior year.

(c) Liquidity risk

Liquidity risk is the risk that the Authority would not repay its obligations as they become due. The Authority does have liquidity risk in accounts payable and accrued liabilities, employee and payroll-related liabilities, and employee leave and termination benefits \$33,800,649 (2013 - \$32,610,998). The Authority reduces its exposure to liquidity risk by monitoring budgets and cash flows. This risk has not changed from the prior year.

SCHEDULE A**Stanton Territorial Health Authority****Schedule of Operating Advances from the GNWT**

For the year ended, March 31	2014	2013
	(unaudited) Budget	Actual
Authority administration	\$ 3,961,000	\$ 3,961,000
Hospital services	50,210,000	50,210,000
Medical equipment	144,000	144,000
Medical travel	15,187,000	15,187,000
Physician services to NWT residents	12,031,000	12,985,000
Reallocation of surpluses - prior year	-	1,379,155
Social service delivery	91,000	91,000
	\$ 81,624,000	\$ 83,957,155
		\$ 79,618,599

SCHEDULE B

Stanton Territorial Health Authority

Schedule of Other Recoveries for Direct Charges for Services

For the year ended, March 31	2014	2013	
	(unaudited) Budget	Actual	Actual
Other Recoveries from the GNWT	\$ 15,172,220	\$ 17,048,269	\$ 15,283,154
Other Direct Recoveries			
Federal Government	475,000	277,004	599,611
Nunavut	2,180,696	2,038,056	1,957,852
Other	3,246,840	3,896,678	2,919,493
Union of Northern Workers	157,886	197,866	236,491
Workers' Safety and Compensation	950,500	715,013	1,000,368
	7,010,922	7,124,617	6,713,815
	\$ 22,183,142	\$ 24,172,885	\$ 21,996,970

Stanton Territorial Health Authority**Schedule of Other Revenues****For the year ended, March 31**

		(unaudited)	2014	2013
		Budget	Actual	Actual
Other Revenues from the GNWT				
GNWT - DHSS				
Allocation from Capital Advance for Cystoscopes	\$ -	\$ 69,981	\$ -	\$ -
Chief Clinical Advisor	-	87,419	-	-
Community Wellness Initiative (HSS01 - 2313)	177,167	147,895	124,647	
French Language Services (HSS01 - 2170am1)	75,000	85,187	86,850	
Deputy Chief Public Health Officer (HSS01 - 2435)	369,509	363,593	408,656	
Laboratory Information System (HSS01 - 997am2)	-	-	91,591	
NME Graduate Nurse Placement (HSS01-2228am1 & 2229am1)	104,002	104,002	100,000	
Implementation Specialist for the Electronic Medical Record (HSS01 - 2497)	8,505	8,505	-	
Foot Care Training Program for NWT Health Care Practitioners (HSS01 - 2454)	33,150	14,248	-	
THSSI - Medical Travel (HSS01 - 2239)	3,200,000	3,200,000	3,200,000	
THSSI - Physician Staffing Model, Dialysis Program, Physician Resident Program (HSS01 - 1883)	764,000	764,000	764,000	
GNWT - Human Resources				
Relevant Experience Program	-	50,925	75,705	
Progressive Experience Program	-	5,000	-	
Yellowknife Health & Social Services				
DI Clerk - Yellowknife Primary Care Clinic	41,803	26,705	30,196	
French Language	53,570	56,244	52,703	
Northern Options for Women	46,294	46,294	22,625	
	\$ 4,873,000	\$ 5,029,999	\$ 4,956,973	

Stanton Territorial Health Authority

Schedule of Expenses by Functional Centre

For the year ended, March 31

2014

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowance		Total	
	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual
711 Administrative & support services	\$ 3,328,570	3,416,412	\$ 23,792,396	\$ 27,056,856	\$ 15,791,872	\$ 14,838,251	-	-	\$ 42,912,838	\$ 45,311,519
712 Nursing inpatient / resident services	-	26,985	2,310,235	2,105,396	18,668,938	19,838,013	-	-	20,979,173	21,970,394
713 Ambulatory care services	706,399	809,358	2,130,408	2,079,649	23,589,252	23,892,032	-	-	26,426,059	26,781,039
714 Diagnostic and therapeutic services	100,203	93,505	7,279,960	6,705,872	11,089,669	11,098,108	-	-	18,469,832	17,897,485
715 Community health services	546,676	511,489	171,671	139,876	132,555	123,921	-	-	850,902	775,286
718 Education	191,152	172,250	488,002	334,142	272,150	268,748	-	-	951,304	775,140
719 Undistributed	-	-	277,500	344,227	-	-	-	-	277,500	344,227
Total	\$ 4,873,000	\$ 5,029,999	\$ 36,450,172	\$ 38,766,017	\$ 69,544,436	\$ 70,059,074	\$ -	\$ -	\$ 110,867,608	\$ 113,855,090

Stanton Territorial Health Authority**Schedule of Non-Insured Recoveries and Expenses**

For the year ended, March 31	2014	2013
	(unaudited) Budget	Actual
Recoveries	\$ 9,481,000	\$ 8,784,685
Expenditures		
Eye team	935,000	897,374
Eyeglasses	280,000	253,098
Medical travel	8,050,000	7,396,332
Patient aides	216,000	237,881
	9,481,000	8,784,685
Surplus	\$ -	\$ -

Stanton Territorial Health Authority**SCHEDULE F-1****Schedule of Contributions**
Deputy Chief Public Health Officer (HSS01-000000-2435)

For the year ended March 31,**2014**

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of Health and Social Services	\$ 369,509	\$ 363,593
Expenditures		
Compensation	362,588	362,855
Sundry	6,921	6,655
	369,509	369,510
Surplus	\$ -	\$ (5,917)

See scope limitation in the Independent Auditors' Report.

Stanton Territorial Health Authority**SCHEDULE F-2****Schedule of Contributions (continued)**
THSSI - Medical Travel (HSS01-000000-2239)

For the year ended March 31, 2014

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of Health and Social Services	\$ 3,200,000	\$ 3,200,000
Expenditures		
Travel	3,200,000	3,200,000
Surplus	\$ -	\$ -

Stanton Territorial Health Authority**SCHEDULE F-3****Schedule of Contributions (continued)****THSSI - Physician Staffing Model, Dialysis Program, Physician Resident Program (HSS01-000000-1883)**

For the year ended March 31,**2014**

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of Health and Social Services		
Project 1: Physician Staffing Model	\$ 612,000	\$ 612,000
Project 2: Dialysis Program	98,000	98,000
Project 3: Physician Resident Program	54,000	54,000
	764,000	764,000
Expenditures		
Project 1: Physician Staffing Model	612,000	612,000
Project 2: Dialysis Program	98,000	98,000
Project 3: Physician Resident Program	54,000	54,000
Surplus	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Stanton Territorial Health Authority

Schedule of Reserves

	Surplus / Deficit Reserve		Leave and Termination Benefits Reserve		Donations Reserve		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from (to) operating fund	-	-	-	-	-	-	-	-
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

This schedule is not used by the Authority