

Stanton Territorial Health Authority
Financial Statements
March 31, 2013

Stanton Territorial Health Authority

Financial Statements

March 31, 2013

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Management's Responsibility for Financial Reporting

July 12, 2013

**To Minister of Health and Social Services and
Stanton Territorial Health Authority**

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.



Kay Lewis
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, 2013, 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.

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. 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.

**CHARTERED
ACCOUNTANTS**

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Independent Auditors' Report (continued)

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, 2013, 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, 2013, 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.

Mackay LLP

Yellowknife, Northwest Territories
July 12, 2013

Chartered Accountants

Stanton Territorial Health Authority

Statement of Financial Position

STATEMENT I

As at March 31,

2013

2012

Financial Assets

Cash	\$ 794,111	\$ 166,407
Restricted cash (capital advance) (Note 4 and Note 7)	286,644	297,203
Restricted cash (trust account)	9,618	6,005
Accounts receivable (Note 5)	20,215,459	18,414,308
	21,305,832	18,883,923

Liabilities

Accounts payable and accrued liabilities	\$ 5,936,778	\$ 5,520,124
Employee and payroll-related liabilities	26,377,959	24,641,536
Capital advances (Note 7)	286,644	297,203
Employee leave and termination benefits (Note 7)	5,572,926	5,028,118
Deferred revenue (Note 8)	-	30,000
Trust liabilities	9,618	6,005
Total Liabilities	38,183,924	35,522,986
Net Financial Debt	(16,878,092)	(16,639,064)

Non Financial Assets

Prepaid expenses	359,408	380,029
Inventory (Note 9)	1,375,437	1,348,370
	1,734,845	1,728,399
Accumulated Deficit (Note 10)	\$ (15,143,247)	\$ (14,910,665)

Contingencies (Note 11)

Contractual Obligations (Note 12)

Approved on behalf of the Authority


 Kay Lewis
 Chief Executive Officer


 Corinne Devitt
 Chief Financial Officer

STATEMENT II

Stanton Territorial Health Authority

Statement of Operations

<u>For the year ended March 31,</u>	<u>2013</u>	<u>2012</u>
	(unaudited) Budget	Actual
Revenue		
Operating advances from the GNWT (Schedule A)	\$ 78,382,000	\$ 79,618,599
Other recoveries (Schedule B)	21,152,129	21,996,970
Other revenues (Schedule C)	4,963,430	4,956,973
Non-insured recoveries and expenses (Schedule E)	9,551,385	9,337,706
Investment revenue	70,000	71,618
	114,118,944	115,981,866
		116,839,167
Expenditures		
Administration and support services (Schedule D)	40,858,549	40,584,936
Nursing inpatients services (Schedule D)	21,212,630	21,678,993
Ambulatory care services (Schedule D)	24,691,220	25,013,022
Diagnostic and therapeutic services (Schedule D)	17,743,085	17,832,457
Community health services (Schedule D)	912,314	846,703
Education (Schedule D)	989,692	670,303
Undistributed (Schedule D)	439,000	250,329
Non-insured recoveries and expenses (Schedule E)	9,551,385	9,337,706
	116,397,874	116,214,448
		112,134,728
Operating Surplus (Deficit)	(2,278,930)	(232,582)
Prior Year Funding Received	-	(1,206,599)
Operating Deficit Before Prior Year Funding	(2,278,930)	(1,439,181)
Unfunded Item:		
Change in employee leave and termination benefits	-	544,808
Annual Deficit Before the Following:	(2,278,930)	(894,373)
Rent expense - GNWT assets provided at no cost (note 13)	-	(3,660,738)
Grant-in-kind - GNWT assets provided at no cost (note 13)	-	3,660,738
Annual Operating Surplus (Deficit)	\$ (2,278,930)	\$ (894,373)
Opening Accumulated Deficit	-	(14,910,665)
Closing Accumulated Deficit	\$ (2,278,930)	\$ (15,143,247)
		\$ (14,910,665)

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

<u>For the year ended March 31,</u>	<u>2013</u>	<u>2012</u>
	(unaudited) Budget	Actual
Operating surplus (deficit)	\$ (2,278,930)	\$ (232,582)
Change in prepaid expenses	-	20,621
Change in inventory	-	(27,067)
Increase (Decrease) in Net Financial Debt	(2,278,930)	(239,028)
Net Financial Debt, Beginning of Year	-	(16,639,064)
Net Financial Debt, End of Year	\$ (2,278,930)	\$ (16,878,092)
		\$ (16,639,064)

Stanton Territorial Health Authority

Statement of Cash Flows

For the year ended March 31,

	2013	2012
Net inflow (outflow) of cash related to the following activities:		
Operating transactions		
Operating surplus (deficit)	\$ (232,582)	\$ 4,704,437
Non-cash charges to operations		
Accounts receivable	(1,801,151)	(2,377,173)
Prepaid expenses	20,621	101,147
Inventory	(27,067)	(115,131)
Accounts payable and accrued liabilities	416,656	(873,926)
Employee and payroll-related liabilities	1,736,422	(4,526,156)
Deferred revenue	(30,000)	(9,524)
Capital advances	(10,559)	(408,774)
Employee leave and termination benefits	544,808	317,776
Trust fund	3,613	(6,000)
Cash provided by operating transactions	620,758	(3,193,324)
Increase in cash and restricted cash during the year	620,758	(3,193,324)
Cash and restricted cash, beginning of year	469,615	3,662,938
Cash and restricted cash, end of year	\$ 1,090,373	\$ 469,615
Represented by		
Cash	\$ 794,111	\$ 166,407
Restricted cash - capital advance	286,644	297,203
Restricted cash - trust account	9,618	6,005
	\$ 1,090,373	\$ 469,615

Stanton Territorial Health Authority

Statement of Expenses by Object

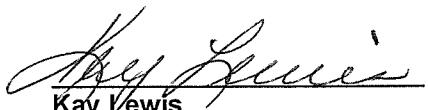
For the year ended March 31,	(unaudited) Budget	2013	2012
Expenditures			
Advertising and promotion	\$ 105,000	\$ 70,936	\$ 81,583
Communications	310,865	309,976	307,254
Compensation	59,171,681	59,366,554	56,041,185
Contracted and general services	3,435,646	3,270,502	3,076,681
Diagnostic and therapeutic supplies	917,150	930,220	871,006
Doubtful accounts	300,000	15,512	1,097,753
Drugs and vaccines	2,145,375	2,304,086	3,480,997
Education	832,427	384,748	520,750
Equipment maintenance	994,794	1,111,461	941,765
General supplies	674,620	702,322	617,382
Insurance	128,124	153,104	108,726
Interest and bank charges	16,100	18,423	19,077
Leases	1,097,904	1,111,729	1,052,513
Maintenance and biomedical	324,900	257,146	394,841
Medical and surgical supplies	3,229,475	3,268,679	2,841,154
Medical gases	93,000	84,272	77,037
Medical travel	30,056,366	30,672,217	27,786,955
Minor capital	324,800	318,935	334,502
Non-capital renovations	105,000	144,414	114,917
Office and general admin expenses	462,120	388,488	397,367
Postage and freight	165,690	137,309	152,288
Professional services	127,250	113,386	130,303
Purchased services	9,658,983	9,283,276	10,035,579
Travel	1,710,105	1,777,487	1,641,106
Utilities	10,500	19,269	12,011
Total Expenditures	\$ 116,397,874	\$ 116,214,448	\$ 112,134,730

Stanton Territorial Health Authority

Endowment and Special Purpose Fund
Balance Sheet

<u>As at March 31,</u>	2013	2012
Assets		
Cash	\$ 88,958	\$ 81,191
Accounts receivable	3,547	803
	\$ 92,505	\$ 81,994
Surplus		
Due to Operating Fund	\$ 2,661	\$ -
Fund Balances	89,844	81,994
	\$ 92,505	\$ 81,994

Approved on behalf of the Authority



Kay Lewis
Chief Executive Officer



Corinne Devitt
Chief Financial Officer

STATEMENT VII**Stanton Territorial Health Authority****Endowment and Special Purpose Fund
Statement of Revenue, Expenditures and Surplus****For the year ended March 31,**

	2013	2012				
	Unrestricted	Equipment	Elks	Special Purpose	Total	Total
Surplus, beginning of year	\$ 18,400	\$ 31,611	\$ 19,978	\$ 6,000	\$ 75,989	\$ 77,292
 Revenue						
Donations and grants	4,527	-	7,500	8,429	20,456	13,512
Other	-	-	-	-	-	150
Interest	392	-	-	-	392	377
	4,919	-	7,500	8,429	20,848	14,039
 Expenditures						
Equipment	-	-	5,417	-	5,417	13,706
Other	1,576	-	-	-	1,576	1,636
	1,576	-	5,417	-	6,993	15,342
 Net change in funds	3,343	-	2,083	8,429	13,855	(1,303)
 Surplus, end of year	\$ 21,743	\$ 31,611	\$ 22,061	\$ 14,429	\$ 89,844	\$ 75,989

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2013

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.

2. Accounting Policies and Reporting Procedures

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 GNWT - 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, 2013

2. Accounting Policies and Reporting Procedures (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) Territorial operating advance

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 up to 1% of audited revenues to a maximum of \$250,000 subject to the provisions of the operations and maintenance surplus retention policy. 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.

(f) Inventories of supplies

Inventories are valued at the lower of cost and current replacement value

(g) 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.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2013

2. Accounting Policies and Reporting Procedures (continued)

(h) 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

(i) Revenue recognition

Territorial Health Insurance Service funding is recognized as dictated by the DHSS. The revenue is recognized on a straight-line basis throughout the fiscal year.

Billings processed through the ICORE system by the medical centre's billing clerks are recognized as revenue upon receipt of payment from the DHSS Administration Office in Inuvik. An estimate of outstanding receipts at March 31, 2013 are included in the Authority's financial statements.

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

(j) Measurement uncertainty

The preparation of these financial statements in conformity with Public Sector Accounting Standards (PSAS) 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.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2013

3. Changes in Accounting Policies

The Authority adopted the following new accounting policies:

Government Transfers

On April 1, 2012, the Authority adopted the PSA Handbook Section 3410 "Government Transfers". The standard includes the requirement for recognition, measurement, presentation, and disclosure of transfers received from government and is effective for years beginning on or after April 1, 2012. This accounting change had no significant impact on the Authority's financial statements.

Financial Instruments

On April 1, 2012, the Authority adopted the PSA Handbook Section 3450 "Financial Instruments". The standard includes the requirement for recognition, measurement, presentation, and disclosure of financial instruments and is effective for years beginning on or after April 1, 2012. This accounting change had no significant impact on the Authority's financial statement.

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, 2013

5. Accounts Receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2013	Net 2012
Clinical	\$ 136,062	\$ 9,788	\$ 126,274	\$ 102,479
Government of NWT	-	-	-	-
Government of Nunavut	2,585,190	1,685,918	899,272	784,775
Grants receivable	-	-	-	-
GST receivable	13,117	-	13,117	6,186
Inpatients	4,789,226	557,429	4,231,797	5,071,545
Medical travel	5,034,837	564,552	4,470,284	4,082,038
Miscellaneous	9,278,756	471,826	8,806,929	6,782,432
Outpatients	1,740,090	98,449	1,641,641	1,583,805
Travel advances	26,146	-	26,146	1,048
	\$ 23,603,424	\$ 3,387,962	\$ 20,215,460	\$ 18,414,308

6. Capital Advances

	2013	2012
Opening balance	\$ 297,203	\$ 705,977
Additions - GNWT	-	30,353
	297,203	736,330
Disbursements	(10,559)	(439,127)
Closing balance	\$ 286,644	\$ 297,203

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2013

7. 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.

	2013	2012
Removal	\$ 1,328,178	\$ 1,296,051
Termination	2,085,685	1,905,583
<u>Leave</u>	<u>2,159,063</u>	<u>1,826,484</u>
	\$ 5,572,926	\$ 5,028,118

8. Deferred Revenue

Deferred revenue consists of amounts received for which project completion dates extend beyond the fiscal year end, or conditions attached to the use of the funds have not yet been met, or an operating advance from the DHSS for the upcoming fiscal year. These amounts will be recognized in revenue as expenditures are incurred or conditions of funding are satisfied.

	2013	2012
Sterilization steam infrastructure	\$ -	\$ 30,000

9. Inventories

	2013	2012
General	\$ 71,742	\$ 64,148
General plant	199,398	207,022
Laboratory	140,679	147,531
Medical/Surgical	710,300	675,999
Pharmacy	253,318	253,670
	\$ 1,375,437	\$ 1,348,370

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, 2013

10. Accumulated Deficit

	2013	2012
Opening accumulated deficit	\$ (14,910,665)	\$ (19,615,104)
Operating (deficit) surplus	(232,582)	4,704,439
	<hr/> \$ (232,582)	<hr/> \$ 4,704,439

11. Contingent Liabilities

In common with many health authorities, claims are made against the Authority and its staff. The Authority is defending actions brought against them and management does not believe a significant loss will occur.

12. Contractual Obligations

The Authority has commitments for office space leases, contractual agreements for services and purchases, and program contribution agreements which will require payment in upcoming years. The minimum annual payments for these commitments are as follows:

	Expires in Fiscal Year	2014	2015 and thereafter	Total
Commercial and residential leases	2016	\$ 231,170	44,858	\$ 276,028
Services contracts	2019	26,886,917	12,872,386	39,759,303
Total		\$ 27,118,087	\$ 12,917,244	\$ 40,035,331

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2013

13. GNWT Assets Provided

			2013	2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 48,947,390	\$ 27,043,330	\$ 21,904,060	\$ 18,624,851
Mainframe and software systems	910,561	910,561	-	23,245
Medical equipment	14,498,282	8,485,793	6,012,489	2,697,420
Furniture and fixtures	218,604	218,604	-	4,574
	\$ 64,574,837	\$ 36,658,288	\$ 27,916,549	\$ 21,350,090

Rent expense for 2013 is \$3,660,738 (2012: \$2,126,213) with an offsetting grant-in-kind.

14. 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.

15. 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, 2013

16. 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 by the Department of Finance, compensation services provided by Department of Human Resources, and internal audit services provided by the Department of Finance.

The Authority also 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,	2013	2012
Total assets	\$ 1,318,840	\$ 1,059,707
<u>Total liabilities (1)</u>	<u>636,138</u>	<u>511,989</u>
Net assets (2)	\$ 682,702	\$ 547,718
Results of Operations for the year ended March 31,	2013	2012
Total revenues (3)	\$ 569,890	\$ 465,665
<u>Total expenditures</u>	<u>295,666</u>	<u>346,312</u>
Excess of revenue	\$ 274,224	\$ 119,353
Cash Flows as at March 31,	2013	2012
Cash from operations	\$ 139,830	\$ 16,918
<u>Cash generated by (used in) financing and investing activities</u>	<u>1,369</u>	<u>20,573</u>
Change in cash position	\$ 141,199	\$ 37,491

- (1) At March 31, 2013 the Foundation owed \$28,763 (2012 - \$55,638) 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 \$194,505 (2012 - \$93,665) and a surplus of \$95,797 (2012 - \$58,936) is restricted for Run for Our Lives Fund and Capital Acquisition Fund respectively as designated by the donors.
- (3) The Authority provided \$50,000 (2012 - \$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, 2013

17. Financial Instruments

The Following sections describe the Authority's financial risk management objectives and policies and the Authority's financial risk exposures.

Financial risk management objectives and policies:

The Authority has a formalized risk management position that adheres to the risk management objectives and policies as set by the GNWT. Risks identified are addressed by the GNWT Insurance Policy which sets out reporting of risk and potential to the insurer, who in turn determine acceptance and assignment of external legal counsel. GNWT employment, labour relation and policy risk matters are addressed by the GNWT Department of Justice.

Financial instruments consist of recorded amounts of cash, restricted cash, and accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, employee and payroll related liabilities, and contributions repayable which will result in future cash outlays.

The Authority is exposed to the following risks in respect to certain financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Authority is exposed to credit risk from its customers. However, the Authority's customers are the Government of the Northwest Territories, the Government of Nunavut as well as other Health Authorities in the Territory, therefore credit risk is mitigated. The Authority also has a significant number of individual customers which minimizes the concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The Authority is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Authority reduces its exposure to liquidity risk by monitoring budgets and cash flows.

Stanton Territorial Health Authority

Schedule of Operating Advances from the GNWT

For the year ended March 31,	2013	2012
	(unaudited) Budget	Actual
Application systems	\$ 100,000	\$ 100,000
Authority administration	2,608,000	2,608,000
Hospital services	48,677,500	48,707,500
Medical equipment	144,000	144,000
Medical travel	14,965,500	14,965,500
Physician services to NWT residents	11,796,000	11,796,000
Reallocation of surpluses - prior year	-	1,206,599
Social service delivery	91,000	91,000
	\$ 78,382,000	\$ 79,618,599
		\$ 79,035,000

Stanton Territorial Health Authority**Schedule of Other Recoveries for Direct Charges for Services**

For the year ended March 31,	2013	2012	
	(unaudited)		
	Budget	Actual	Actual
Other Recoveries from the GNWT	\$ 16,432,974	\$ 16,812,658	\$ 17,647,330
Other Direct Recoveries			
Federal Government	287,204	599,611	339,935
Nunavut	1,979,694	1,957,852	1,754,838
Other	1,728,065	1,626,478	2,673,631
Workers' Safety and Compensation	724,192	1,000,368	867,806
	4,719,155	5,184,309	5,636,210
	\$ 21,152,129	\$ 21,996,970	\$ 23,283,540

Stanton Territorial Health Authority**Schedule of Other Revenues**

For the year ended March 31,		2013	2012
	(unaudited) Budget	Actual	Actual
Other Revenues from the GNWT			
GNWT - DHSS			
3M-Dipacs Project	\$ -	\$ -	\$ 2,855
Biological Technologist Services (HSS01 - 1361)	-	-	3,064
Breastfeeding Education for NWT Health Professionals (HSS01 - 1472)	-	-	13,948
Healthy Child & Youth Development			
FASD/CPNP (HSS01 - 1684)	177,167	124,647	126,158
French Language Services (HSS01 - 2010)	90,563	86,850	97,936
Health Promotion (HSS01 - 1778)	389,184	408,656	420,877
Laboratory Information System (HSS01 - 997am2)	92,090	91,591	163,143
NME Graduate Nurse Placement (HSS01-1897 & 1898)	100,000	100,000	40,000
Nicotine Replacement Therapy Pilot Project (HSS01 - 1548)	-	-	2,180
Nurse Practitioner Training (SC417961)	-	-	6,999
Relevant Experience Program (HSS01 - 1857)	75,705	75,705	58,170
THSSI - Medical Travel (HSS01 -1723)	3,200,000	3,200,000	3,200,000
THSSI - Physician Staffing Model, Dialysis Program, Physician Resident Program (HSS01 - 1883)	764,000	764,000	755,441
GNWT - Human Resources			
Progressive Experience Program	-	-	7,524
ScheduleSoft Project	-	-	73,245
Yellowknife Health & Social Services			
DI Clerk - Yellowknife Primary Care Clinic	-	30,196	-
French Language	52,096	52,703	52,107
Northern Options for Women	22,625	22,625	-
	\$ 4,963,430	\$ 4,956,973	\$ 5,023,647

Stanton Territorial Health Authority

Schedule of Expenses by Functional Centre

For the year ended March 31,

2013

SCHEDULE D

Functional Centre	Grants and Contributions (unaudited) Budget	Operations and Maintenance (unaudited) Budget	Compensation and Benefits (unaudited) Budget	Valuation Allowance (unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	Total
711 Administrative & support services	\$ 50,000	\$ 50,000	\$ 25,893,130	\$ 26,431,992	\$ 14,615,419	\$ 14,087,432	300,000	15,512	\$ 40,858,549	\$ 40,584,936
712 Nursing inpatient / resident services	-	-	2,055,290	2,179,917	19,157,340	19,499,076	-	-	21,212,630	21,678,993
713 Ambulatory care services	-	-	2,448,633	2,564,493	22,242,587	22,448,529	-	-	24,691,220	25,013,022
714 Diagnostic and therapeutic services	-	-	6,747,769	7,003,892	10,995,316	10,828,565	-	-	17,743,085	17,832,457
715 Community health services	-	-	182,787	130,883	729,527	715,820	-	-	912,314	846,703
718 Education	-	-	526,417	227,133	463,275	443,170	-	-	989,692	670,303
719 Undistributed	-	-	439,000	250,329	-	-	-	-	439,000	250,329
Total	\$ 50,000	\$ 50,000	\$ 38,293,026	\$ 38,788,639	\$ 68,203,464	\$ 68,022,592	\$ 300,000	\$ 15,512	\$ 106,846,490	\$ 106,876,743

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

For the year ended March 31,	2013	2012
	(unaudited)	
	Budget	Actual
Recoveries	\$ 9,551,385	\$ 9,337,706
Expenditures		
Eye team	888,000	888,058
Eyeglasses	250,000	283,785
Medical travel	8,168,384	7,946,314
Patient aides	245,001	219,549
	9,551,385	9,337,706
Surplus	\$ -	\$ -

Stanton Territorial Health Authority**SCHEDULE F-1****Schedule of Contributions****Health Promotion (HSS01-000000-1778)**

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

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of Health and Social Services	\$ 389,184	\$ 408,656
Expenditures		
Compensation	370,593	382,244
Sundry	-	1,344
	370,593	383,588
Surplus	\$ 18,591	\$ 25,068

See scope limitation in the Independent Auditors' Report.

Stanton Territorial Health Authority**SCHEDULE F-2****Schedule of Contributions (continued)**
THSSI - Medical Travel (HSS01-000000-1763)**For the year ended March 31,****2013**

	(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,****2013**

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of		
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

SCHEDULE G

	Surplus / Deficit Reserve	Leave and Termination Benefits Reserve	Special Projects Reserve	Total
	2013	2012	2013	2012
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Transfer from (to) operating fund	-	-	-	-
Balance, end of year	\$ -	\$ -	\$ -	\$ -

This schedule is not used by the Authority