

Beaufort-Delta Health and Social Services Authority
Financial Statements
March 31, 2012

Beaufort-Delta Health and Social Services Authority

Financial Statements

March 31, 2012

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Management's Responsibility for Financial Reporting

June 28, 2012

**To Minister of Health and Social Services and
Beaufort-Delta Health & Social Services Authority**

The accompanying financial statements were prepared by management in conformity with Canadian Public Sector Accounting Standards and the directives of the Department of Health and Social Services.

Beaufort-Delta Health and Social Services 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 and Canada. 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 Authority of Health and Social Services.

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.



Ruth Robertson
Chief Executive Officer
Beaufort-Delta Health and Social Services Authority

Management Discussion Analysis

March 31, 2012

The Beaufort-Delta Health and Social Services Authority (BDHSSA) has a mandate to provide leadership in defining and implementing a vision for health care and a framework for health systems. The Authority assesses, promotes and protects the health and well-being of the Beaufort-Delta population.

The Authority delivers publicly-funded health and social services under the Hospital Insurance and Health and Social Services Administration Act. The Authority works with a range of stakeholders to provide defined health and social services to empower people to live healthy lives.

The Authority is committed to assisting and encouraging Beaufort-Delta residents in achieving their best possible health and well-being. We do this by overseeing and delivering a complex, multi-faceted health and social services care system.

The BDHSSA serves a population of approximately seven thousand one hundred people (7,100). A Public Administrator appointed by the Minister provides strategic direction and vision to the health and/or social services facilities in the region: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok. These communities range in size from 120 people (Sachs Harbour) to 3,600 people (Inuvik).

The Inuvik Regional Hospital is the only hospital located above Canada's Arctic Circle. This 51 bed (class D) accredited hospital offers acute, long term, preventative and rehabilitative care as well as elective and emergency surgery. The BDHSSA is funded for nine physicians to provide a full range of medical services to eight communities in the Beaufort-Delta region. Clients with significant needs or those in emergency situations are transferred from the Beaufort-Delta, Fort Good Hope and Colville Lake to Inuvik and by air medevac to services outside the region if specialized treatment is required. The hospital has an affiliation with the University of BC medical programs and provides teaching and mentoring to residents and students (at least one resident and one student per month).

The Authority has a dedicated workforce of approximately 225 employees and the administration of approximately 75 contracted services providers.

As at March 31, 2012 the BDHSSA incurred an operating surplus of \$3,397,391 thereby reducing the accumulated operating deficit to \$5,128,696. The current year operating surplus is a result of the Government of the Northwest Territories (GNWT) providing one-time supplementary funding of \$ 3,031,000 in this fiscal year to address the prior year operating deficit. Funding was provided to cover costs that were incurred in operating period of April 1, 2010 to March 31 2011; the funding was provided for the hiring of workers to back fill during essential services workers vacation, the payroll benefits, position reclassification and H1N1 Pandemic Supplies.

The Beaufort-Delta Health and Social Services Authorities accumulated deficit can be contributed to a number of factors:

1. This year the Authority incurred relocation expenses for staff hiring of both permanent and locum staff of \$746,345. This is down from last year's \$760,098. This expense is within the normal rate for GNWT staff turnover but it is an unfunded expense of the Authority. As a result the Authority has to fund staff relocation in/out from its existing budget sources. The Authority has made steps to reduce this relocation in/out cost by handling its own travel booking. The Authority has also taken on the recruitment of nurses to eliminate the extra costs of using an agency.
2. The Authority has experienced significant cost increase of \$1,228,000 in our adult assisted living, community group home, and youth group home over the past five years. This leaves the Authority short the necessary funding to cover these contract expenses.
3. Hospital, Community Health Centres and certain Social Services and MH&A Services are required on a 24/7 basis as agreed to and required by the Department of Health. These services are provided during business hours at the various locations throughout the Beaufort Delta region. During non-business hours the services required on a 24/7 basis are provided via on call (standby) staff that can be called back as the need arises. Stand-by costs for this fiscal year were \$786,000.
4. Call back continues to be a major cost factor contributing to the Authority's accumulated deficit. When staff are called to return to work after our regular operating hours employees are paid in accordance with the Collective Agreement. The Authority incurred \$645,000 in call back expenses this fiscal year. The Authority also pays overtime when a staff member has to work outside their regular scheduled hours; the BDHSSA incurred \$943,000 in overtime expenses in this fiscal year. As an organization the BDHSSA is required to operate many mandated services seven days a week twenty-four hours per day and is legally obligated to pay overtime rates in accordance with the Collective Agreement and Labour Standards.
5. The operations of the health centres were over budget by \$723,000; this is 18% over budget. The cost overrun was caused by call back pay, overtime pay and the hiring of relief works to cover leave for the permanent staff of the health centres.
6. The Acute Care and Emergency Wards were \$445,000 over budget as a result of overtime costs, stand by and shift premiums.

7. The provision of care for the elder residents in our long-term care (LTC) facilities is a significant cost for the Authority. LTC was \$299,000 over budget as a result of overtime costs, stand by and shift premiums.

The Authority was able to reduce the amount of accumulated deficit for the fiscal year through prudent management of many of its other services using vacancy management, staff reductions, reducing the staffing of non-essential services positions when they were vacant for annual leave, providing services in more efficient ways, reducing the amount of free medication provided to patients by assisting them with the filling of prescriptions.

This year the Authority has continued to have substantial billing for patients services to third parties of \$1,228,000. In addition to Authority has been able to recover \$840,000 in other services such as dietary, dental surgery, occupational services and staff rent. The demand for quality health care in the region continues to show forced growth which result in increased operational costs. Management has endeavored to actively control and monitor budgets to secure best use of available resources and to ensure quality care for our clients.

The key cost driver continues to be the care required for the residents of the Beaufort-Delta resulting from the number of our population who are aging and requiring additional services and the costs related to providing these services. This operating year the Inuvik Regional Hospital had over 10,474 patients visit the general clinics. The emergency department had 7,686 patients. The Authority's laboratory provided services to more than 5,880 patients. BDHSSA's operating room provided 205 surgeries and 414 day surgeries during this fiscal year. The Authority delivery services at the Inuvik regional Hospital on 28,459 occasions.

All of the Community Health Centre's combined together had 14,275 patient visits during 2011 in addition our Physicians saw 1,451 patients in the Community Health Centre. The Community Health Centre's also had 1,978 after hour's calls. The community Home Support Workers made 884 home care visits in the communities excluding Inuvik.

During April 1, 2011 to March 31, 2012 there have been intake 352 reports for 582 identified children of concern in the Beaufort Delta Health and Social Services Region. There have been 229 of these calls during the day and 123 are reported after hours. Twenty-Nine children are or have been in the care of Child Protection under a permanent custody order during last year.

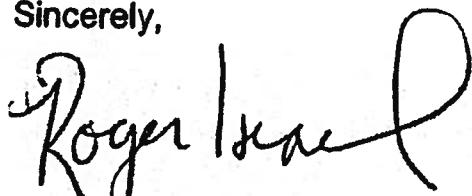
While recognizing the GNWT is in a period of fiscal restraint the realities of health and social services program delivery requires increased funding, the cost of maintaining basic services and the cost of recruiting and retaining professionals from the south continues to grow. BDHSSA has many fixed operating costs that continue to increase such as wage rates under the UNW's Collective Agreement, supplies, transportation, and contract services that add further pressure on the already overtaxed financial resources. The result of no funding increases, and continued cost increases is an operating budget deficit.

Our Authority continues to be challenged by the DHSS to submit a balanced budget and live within our means. This year BDHSSA implemented many cost saving actions that will reduce our budget deficit and allow us to strive towards a balanced budget. The cost saving actions take time to implement and this delay's the cost saving to future time periods. The Authority will continue to reduce costs and find alternative methods of delivering programs and services in our collaborative effort with the DHSS to find win-win solutions for delivering health and social services in the NWT so that all residents have access to basic health and social services

regardless of where they live, that the physical, mental and social health of individuals, families and communities will improve and that we do this in an affordable way.

We will continue to provide quality services to the people in our region, delivering services that are client-focused, universally available, accessible, accountable and adaptable to our diverse needs as determined by the people of the region. The resources provided to the Authority have increased and have resulted in a much smaller operating deficit for the Authority. If the level of resources provided was to match the level of services the Authority is obligated to deliver, has active partners, is allowed to determine the best courses of action and aggressively manages its day-to-day operations we will be able to achieve a balance between client-focused high quality service and sustainability.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Israel".

Roger Israel, BA, CGA
Director Finance & Operations

Independent Auditors' Report

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

**To the Public Administrator
Beaufort-Delta Health and Social Services Authority**

We have audited the accompanying financial statements of the Beaufort-Delta Health and Social Services Authority as at March 31, 2012, 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.

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.

Auditor's 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 auditor's 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 were instructed not to audit the components of salaries and benefits expenditures. Accordingly, we were not able to determine whether any adjustments might be necessary to salaries and benefits expenditures, accounts payable and accrued liabilities, employee leave and termination benefits, and net financial debt.

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 Beaufort-Delta Health and Social Services Authority as at March 31, 2012, and its financial operations, and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards, applied on a basis consistent with the preceding year.

Report on Other Legal and Regulatory Requirements

As a result of the adoption of Public Sector Accounting Standards, the basis of accounting is not applied consistent with the preceding year; however, the comparative amounts in the financial statements have been reclassified to conform to the Public Sector Accounting Standards.

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 my notice have, in all material aspects, been within the statutory powers of the Authority.

We have also audited the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services with total \$250,000 or more, as included in Schedule C and F. Except for the effects of the matter described in the Basis of Qualified Opinion paragraph, these statements present fairly, in all material respects, the revenues and expenditures of programs funding through contribution agreements with the Department of Health and Social Service which total \$250,000 or more, as included in Schedule C and F, for the year ended March 31, 2012 in accordance with the provisions established by the individual contribution agreements.

Yellowknife, Northwest Territories
June 28, 2012

Mackay LLP
Chartered Accountants

Beaufort-Delta Health and Social Services Authority**STATEMENT I****Statement of Financial Position****As at March 31,****2012****2011****Financial Assets****Current****Cash****Accounts receivable (Note 5)**

\$ 2,452,956

1,931,392

\$ 1,996,002

2,918,113

\$ 4,384,348

\$ 4,914,115

Liabilities**Accounts payable and accrued liabilities**

\$ 7,502,848

\$ 11,736,839

Deferred revenue (Note 7)

-

78,994

Employee leave and termination benefits (Note 8)

2,235,798

2,116,932

Patient trust liabilities

300,872

57,334

Total Liabilities

10,039,518

13,990,099

Net Financial Debt

(5,655,170)

(9,075,984)

Non-Financial Assets**Prepaid expenses**

-

82,270

Inventory (Note 6)

526,474

467,627

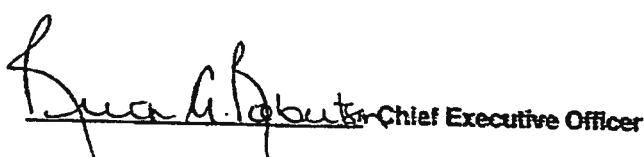
526,474

549,897

Accumulated deficit

\$ (5,128,696)

\$ (8,526,087)

Contingencies (Note 9)**Contractual Obligations (Note 10)****Approved on behalf of the Authority**
Brian G. Roberts, Chief Executive Officer
Peter C. Cuthbert, Public Administrator

Beaufort-Delta Health and Social Services Authority

STATEMENT II

Statement of Operations

For the year ended March 31,	2012	2012	2011
	(unaudited) Budget	Actual	Actual
REVENUE			
Operating Advance from GNWT (Schedule A)	\$ 43,809,000	\$ 43,883,000	\$ 37,888,148
Other Recoveries (Schedule B)	388,300	849,223	859,426
Other Revenues (Schedule C)	-	2,175,987	2,784,274
Patient services	743,012	1,227,955	1,094,236
Non-Insured Recoveries (Schedule E)	-	840,898	752,675
Transient centre	575,000	662,774	616,085
Investment revenue	3,500	20,893	4,904
	\$ 45,518,812	49,660,730	43,999,748
EXPENDITURES			
Administration and Support Services (Schedule D)	7,340,046	8,835,830	7,974,563
Nursing Inpatient / Resident Services (Schedule D)	8,021,042	8,340,390	7,878,996
Ambulatory Care Services (Schedule D)	4,984,514	5,323,097	6,167,317
Diagnostic and Therapeutic Services (Schedule D)	3,401,246	3,551,544	3,927,955
Regional Health Services (Schedule D)	7,978,014	7,556,458	7,226,418
Regional Social Services (Schedule D)	9,890,286	9,631,353	10,032,442
Education (Schedule D)	-	31,131	404,670
Undistributed and Service Contracts (Schedule D)	3,903,664	2,141,787	2,475,892
Non-Insured Services (Schedule E)	-	851,749	818,193
	\$ 45,518,812	46,263,339	46,906,446
OPERATING SURPLUS (DEFICIT)			
	-	3,397,391	(2,906,698)
UNFUNDED ITEM			
Change in employee leave and termination benefits	-	118,866	11,344
SURPLUS (DEFICIT) BEFORE THE FOLLOWING			
	-	3,516,257	(2,895,354)
Rent expense - GNWT assets provided at no cost (note 11)	-	(1,988,978)	(1,921,791)
Grant-In-Kind - GNWT assets provided at no cost (note 11)	-	1,988,978	1,921,791
SURPLUS (DEFICIT)	\$ -	\$ 3,516,257	\$ (2,895,354)
OPENING ACCUMULATED DEFICIT	\$ -	\$ (8,526,087)	\$ (5,630,733)
CLOSING ACCUMULATED DEFICIT	\$ -	\$ (5,128,696)	\$ (8,526,087)

Beaufort-Delta Health and Social Services Authority**STATEMENT III****Statement of Changes in Net Financial Debt**

<u>For the year ended March 31,</u>	2012	2011
Annual operating surplus (deficit)	\$ 3,397,391	\$(2,906,698)
Change in prepaid expenses	82,270	98,001
Change in other	(58,847)	34,812
INCREASE IN NET FINANCIAL ASSET (DEBT)	3,420,814	(2,773,885)
NET FINANCIAL DEBT, BEGINNING OF YEAR	(9,075,984)	(6,302,099)
NET FINANCIAL DEBT, END OF YEAR	\$(5,655,170)	\$(9,075,984)

Beaufort-Delta Health and Social Services Authority**STATEMENT IV****Statement of Cash Flows****For the year ended March 31,****2012****2011****Net inflow (outflow) of cash related to the following activities:****Operating activities**

Annual operating surplus (deficit)	\$ 3,397,391	\$ (2,906,698)
Non-cash charges to operations:		
Accounts receivable	986,721	851,658
Prepaid expenses	82,270	98,001
Inventory	(58,847)	34,812
Accounts payable and accrued liabilities	(4,233,991)	1,318,949
Deferred revenue	(78,994)	-
Employee leave and termination benefits	118,866	11,344
Patient trust liabilities	243,538	-
Net cash inflow (outflow) from operating activities	456,954	(591,934)
Increase (Decrease) in cash the year	456,954	(591,934)
Cash, beginning of year	1,996,002	2,587,936
Cash, end of year	\$ 2,452,956	\$ 1,996,002

Beaufort-Delta Health and Social Services Authority**Statement of Expenses by Object**

For the year ended March 31,	2012 Budget	2012 Actual	2011 Actual
Expenditures			
Advertising and promotion	\$ 85,950	\$ 65,778	\$ 119,856
Bad debts expense	65,000	269,731	40,747
Contracted and general services	738,996	519,504	920,028
Equipment rental	44,261	84,278	47,667
Foster care	1,304,000	910,508	1,053,759
Groceries	381,400	477,012	492,973
Interest and bank charges	15,500	37,468	36,097
Maintenance	277,600	409,401	662,708
Medical supplies	1,223,572	1,634,547	1,774,002
Minor capital	200,000	297,468	193,284
Housekeeping and laundry supplies	316,330	339,169	342,595
Postage and freight	178,500	314,817	309,213
Professional services	51,077	220,687	58,884
Dental Travel	-	1,028,686	818,193
Membership fees	176,550	168,507	225,385
Rent	210,395	181,917	212,369
Salaries and wages	39,019,959	37,606,031	37,511,143
Telephone and communications	150,550	306,105	249,028
Travel	1,039,173	1,339,650	1,792,115
Vehicle operations and maintenance	40,000	52,075	46,400
Total expenditures	\$ 45,518,813	\$ 46,263,339	\$ 46,906,446

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

1. Authority

The Beaufort-Delta Health and Social Services Authority (the "Authority") operates under the authority of the *Hospital Insurance and Health and Social Services Act* of the Northwest Territories. The Authority was established on April 1, 1988 to manage, control, and operate the public health facilities and services assigned to it by the Northwest Territories Department of Health and Social Services.

2. Accounting Policies and Reporting Procedures

The Authority adopted Canadian Public Service Accounting Standards (PSAS). The adoption of PSAS is accounted for by the retroactive application with restatement of prior periods. The Authority prepares and presents an opening statement of financial position at the date of the transition to PSAS. This opening statement of financial position is the starting point for the Authority's accounting in accordance with PSAS. The following is a summary of the main qualitative difference for the Authority between the previous and current financial statements:

The March 31, 2011 Balance Sheet has been replaced by the Statement of Financial Position, segregating financial and non-financial assets as well as the net debt (liabilities less financial assets) of the Authority; and accumulated surplus as the Statement of Change in Net Financial Debt

The Statement of Equity is no longer used. The Statement of Change in Net Debt shows the impact of the financial operations throughout the year on the ability of the Authority to meet its immediate obligations. A statement of net financial asset (debt) is important because it indicates the financial assets available to meet financial obligations.

The Operating fund, leave and termination liability fund, termination benefits reserve and donations reserve were combined to create the opening accumulated net debt of the Authority as of April 1, 2010.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

3. Accounting Policies and Reporting Procedures

Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and in accordance with the directives of the Government of the Northwest Territories (GNWT) - Department of Health and Social Services (DHSS). Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) 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 daily operations, as well as short and long-term capital requirements.

Leave and Termination Liability Fund - reflecting the activities associated with the employee leave and termination benefits liability.

(b) Surplus reserves

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

Deficit Reserve - reflects the funds maintained in a reserve according to the DHSS Surplus/Deficit Retention Policy.

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

(c) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Authority are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

2. Accounting Policies and Reporting Procedures (continued)

(d) Capital assets

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCAs are amortized over the estimated useful lives of the assets at the rates established in the Financial Administration Manual of the GNWT.

(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 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.

(f) 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 the Government of Canada. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis

(h) 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.

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

(i) Use of estimates

The preparation of these financial statements in conformity with DHSS directives 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.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

4. Future Changes to Accounting Policies

Government Transfers – Section PS 3410

The Public Sector Accounting Board (PSAB) revised and replaced Section PS3410 - Government Transfers. The Section applies to fiscal years beginning on or after April 1, 2012 and may be applied retroactively or prospectively. The Authority expects to adopt this standard for the year ended May 31, 2013.

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

Financial Instruments - Section PS 3450 and related amendments to Financial Statement Presentation - Section PS 1200

PSAB approved Section PS3450 - Financial Instruments, and related to Section PS1201 - Financial Statement Presentation. The effective date for Section PS3450 is April 1, 2012 for government organizations. Earlier adoption is permitted. Government organizations adopt Section PS3450 in the same fiscal year Section PS2601 - Foreign Currency Translation is adopted.

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

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 or after April 1, 2014.

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

5. Accounts Receivable

	2012	2011
Government of the Northwest Territories	\$ 2,100,812	\$ 3,071,416
Government of Canada	743	30,536
Other	213,874	1,197,259
Allowance for doubtful accounts	2,315,429	4,299,211
	(384,037)	(1,381,098)
	<u>\$ 1,931,392</u>	<u>\$ 2,918,113</u>

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

6. 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. These amounts will be recognized in revenue as expenditures are incurred or conditions of funding are satisfied.

	2012	2011
Government of Northwest Territories - DHSS Professional development	\$ -	\$ 78,994

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.

	2012	2011
Removal	\$ 946,409	\$ 950,249
Termination	597,905	436,719
Leave	691,484	729,964
Long term portion	\$ 2,235,798	\$ 2,116,932

8. Inventories

	2012	2011
Pharmacy - weighted average cost	\$ 228,345	\$ 149,735
Stores - weighted average cost	298,129	317,892
	\$ 526,474	\$ 467,627

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

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

9. Contingent Liabilities

In common with many health authorities, claims are made against the Authority and its staff. As of March 31, 2012, there was one claim pending against the Authority. While the final outcome cannot be predicted with certainty, the Authority believes the resolution will not have a material effect on the Authority's financial position, funding, or cash flows.

The Authority's operations are affected by federal, territorial and local laws and regulations regarding environmental protection. The Authority is committed to meeting these existing laws and regulations. Management is not aware of any material environmental liabilities.

10. 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	2013	2014 and thereafter	Total
Commercial and residential leases	2012	\$ 2,861,033	\$ -	\$ 2,861,033
Equipment leases	2013	20,950	50,780	71,730
Operational leases/contracts	2014	2,500,316	3,649,166	6,149,482
Total		\$ 5,382,299	\$ 3,699,946	\$ 9,082,245

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

11. GNWT Assets Provided at No Cost

The GNWT retains ownership of all tangible capital assets (TCA) used by the Authority. The GNWT charges the Authority annual rent expense for the use of the assets equal to the amortization expense of those assets to the GNWT. The GNWT provides the Authority with an annual grant in kind equal to the rent expenses to offset the expenditure.

Tangible Capital Assets are amortized over the estimated useful life of the assets at the following rates:

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

		2012	2011
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 66,501,711	\$ (20,468,165)	\$ 46,033,546
Mobile equipment	89,375	(89,375)	-
Software systems	290,790	(266,916)	23,874
Medical equipment	3,095,179	(2,248,254)	846,925
General equipment	249,028	(228,582)	20,446
	\$ 70,226,083	\$ (23,301,292)	\$ 46,924,791
			\$ 47,300,380

Rent expense for 2012 is (\$1,988,978) (2011: \$1,921,791) with an offsetting grant-in-kind.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2012

12. Budget

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

13. 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.

14. 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 with 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, payroll services by the Department of Human Resources, and internal audit services by the Department of Finance.

Beaufort-Delta Health and Social Services Authority

SCHEDULE A

Schedule of Operating Advances from the GNWT

For the year ended March 31,	2012	2012	2011
	(unaudited) Budget	Actual	Actual
Application systems telehealth	\$ 100,000	\$ 100,000	\$ 100,000
Authority administration	3,223,000	3,223,000	3,073,000
Community wellness programs	157,000	157,000	156,997
Elderly and persons with disabilities	2,525,000	2,525,000	1,777,000
Equipment <\$50,000	48,000	48,000	48,000
Family violence	669,000	669,000	669,000
Foster care	1,605,000	1,605,000	1,605,000
Health centre	7,852,000	7,852,000	7,310,000
Health promotion	89,000	89,000	90,000
Homecare	755,000	755,000	730,000
Hospital services	16,610,000	16,684,000	12,197,000
Intervention services	142,000	142,000	142,000
Physician services to NWT residents	4,796,000	4,796,000	5,024,082
Residential care - children	325,000	325,000	281,000
Social service delivery	4,913,000	4,913,000	4,517,003
Unallocated	-	-	168,066
	\$ 43,809,000	\$ 43,883,000	\$ 37,888,148

Beaufort-Delta Health and Social Services Authority**SCHEDULE B****Schedule of Other Recoveries for Direct Charges for Services****For the year ended March 31,**

	2012	2012	2011
	(unaudited) Budget	Actual	Actual
Other Recoveries directly from Third Parties			
Administration(recovery)	\$ -	\$ 15,301	\$ (3,943)
Dietary	221,800	174,407	255,456
Occupational therapy	50,000	63,547	52,797
Operating room	-	58,673	44,056
Other recoveries	116,500	351,138	355,461
Staff rent	-	186,157	155,599
	\$ 388,300	\$ 849,223	\$ 859,426

Beaufort-Delta Health and Social Services Authority

SCHEDULE C

Schedule of Other Revenues

For the year ended March 31,

2012

2011

		Actual	Actual
Adult Trauma and Addiction	\$ -	\$ 55,146	
Carol McCormack	-	15,470	
Championing Health - Food Calendar	(4,484)	4,484	
Children's counselling	(8,907)	263	
Community based diabetes self management	30,301	42,608	
Community Health Nurse in Sachs Harbour	114,000	114,000	
Dental Therapist	-	130,000	
Elder's Day	-	186,120	
Enhanced Homecare	976,976	762,400	
Family Violence - Inuvik	86,534	86,534	
Family Violence - North	60,729	94,714	
Graduate Social Worker Placement	-	30,000	
Healthy families program	21,454	-	
Health buddies	-	176,132	
New resident nurse practitioners	254,271	267,000	
Nurse grad placement	40,000	60,000	
Nutrition North Canada - We Cook	125,476	25,871	
Other	2,615	8,050	
Physician resident support	32,485	-	
Prenatal program, nutrition support	185,989	189,000	
Professional development initiative	23,548	331,140	
Regional cooking class	-	94,962	
Regional Dialogue	-	13,956	
Regional Tobacco Conference	-	9,197	
Suicide prevention project	-	51,110	
Physician staffing model	235,000	-	
Other Revenue from the GNWT	\$ 2,175,987	\$ 2,748,157	
Other Revenues directly from Third Parties			
Inuvialuit Regional Corporation	-	36,117	
	\$ 2,175,987	\$ 2,784,274	

Beaufort-Delta Health and Social Services Authority

Schedule of Expenses by Functional Centre

SCHEDULE D

For the year ended March 31,

2012

Function Centre	Operations and Maintenance		Compensation and Benefits		Valuation Allowance		Total
	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget
711 Administration and Support Services	\$ 1,613,634	\$ 2,497,225	\$ 5,661,412	\$ 6,068,874	\$ 65,000	\$ 269,731	\$ 7,340,046
712 Nursing Inpatient / Resident Services	579,600	778,806	7,441,442	7,561,584	-	-	8,021,042
713 Ambulatory Care Services	415,823	481,551	4,568,691	4,841,546	-	-	4,984,514
714 Diagnostic and Therapeutic Services	1,131,464	1,036,083	2,269,782	2,515,461	-	-	3,401,246
715 Regional Health Services	924,710	1,003,508	7,053,304	6,552,950	-	-	7,978,014
716 Regional Social Services	1,729,095	1,484,769	8,161,191	8,146,584	-	-	9,890,286
718 Education	-	31,131	-	-	-	-	31,131
719 Undistributed and Service Contracts	39,528	342,793	3,864,136	1,798,994	-	-	3,903,664
Total	\$ 6,433,854	\$ 7,655,866	\$ 39,019,958	\$ 37,485,993	\$ 65,000	\$ 269,731	\$ 45,518,812
							\$ 45,411,590

Beaufort-Delta Health and Social Services Authority**SCHEDULE E****Schedule of Non-Insured Recoveries and Expenses****For the year ended March 31,****2012****2011**

	Actual	Actual
Recoveries	\$ 840,898	\$ 752,675
Expenditures		
Denta	376,685	365,637
Eyeglass	200,522	188,475
Ophthalmology services travel	6,269	2,762
Orthodontics	35,417	45,404
Patient and escort transportation	232,856	215,915
	851,749	818,193
Excess expenditures	\$ (10,851)	\$ (65,518)

Beaufort-Delta Health and Social Services Authority**SCHEDULE F-1****Schedule of Contribution Agreements
Physician Residents Support**

<u>For the year ended March 31,</u>	<u>2012</u>	<u>2012</u>
	<u>(Unaudited)</u>	
	<u>Budget</u>	<u>Actual</u>
Funding		
Department of Health & Social Services	\$ 53,000	\$ 32,485
Expenditures		
Travel	53,000	32,485
Excess revenue	\$ -	\$ -

Beaufort-Delta Health and Social Services Authority**Schedule of Contribution Agreements (continued)**
Physician Staffing Model**For the year ended March 31,****2012****2012**

	(unaudited) Budget	Actual
Funding		
Department of Health & Social Services	\$ 235,000	\$ 235,000
Expenditures		
Compensation	235,000	235,000
Excess revenue	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority**Schedule of Contribution Agreements (continued)**
Home Care Enhancement**For the year ended March 31,****2012****2012**

	(unaudited) Budget	Actual
Funding		
Department of Health & Social Services	\$ 976,976	\$ 976,976
Expenditures		
Compensation	951,956	953,640
Equipment expense	6,000	6,000
Supplies	9,120	6,091
Transportation	9,900	9,900
Travel	-	1,390
	976,976	977,021
Excess expenditures	\$ -	\$ (45)

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority**SCHEDULE F-4****Schedule of Contribution Agreements (continued)**
Community Health Nurse in Sachs Harbour

For the year ended March 31,	2012	2012
	(unaudited) Budget	Actual
Revenue		
Department of Health & Social Services	\$ 114,000	\$ 114,000
Expenditures		
Compensation	105,566	106,633
Supplies	8,434	8,434
	114,000	115,067
Excess expenditures	\$ -	\$ (1,067)

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority**SCHEDULE F-5****Schedule of Contribution Agreements (continued)**
New Resident Nurse Practitioners

<u>For the year ended March 31,</u>	<u>2012</u>	<u>2012</u>
	<u>(unaudited)</u>	
	<u>Budget</u>	<u>Actual</u>
Funding		
Department of Health & Social Services	\$ 267,000	\$ 254,271
Expenditures		
Compensation	216,938	234,271
Supplies	10,062	-
Sundry	40,000	20,000
	267,000	254,271
Excess revenue	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority**Schedule of Contribution Agreements (continued)**
CPNP

<u>For the year ended March 31,</u>	<u>2012</u>	<u>2012</u>
	(unaudited) Budget	Actual
Revenue		
Department of Health & Social Services	\$ 201,075	\$ 185,989
Expenditures		
Compensation	107,000	97,028
Supplies	44,500	37,004
Sundry	49,575	51,957
	201,075	185,989
Excess revenue	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority**Schedule of Contribution Agreements (continued)**
Community Based Diabetes Self Management Education Program

For the year ended March 31,	2012	2012
	(unaudited) Budget	Actual
Funding		
Department of Health & Social Services	\$ 98,767	\$ 30,301
Expenditures		
Compensation	67,580	23,071
Sundry	27,087	5,944
Supplies	4,100	1,286
	<hr/> 98,767	<hr/> 30,301
Excess revenue	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority**SCHEDULE F-8****Schedule of Contribution Agreements (continued)**
Nutrition North Canada - We Cook, You Cook

<u>For the year ended March 31,</u>	<u>2012</u>	<u>2012</u>
	<u>(unaudited)</u>	
	<u>Budget</u>	<u>Actual</u>
Funding		
Department of Health & Social Services	\$ 146,633	\$ 125,476
Expenditures		
Supplies	69,850	82,395
Sundry	6,983	7,034
Travel	69,800	36,047
	146,633	125,476
Excess revenue	\$ -	\$ -

Beaufort-Delta Health and Social Services Authority**Schedule of Contribution Agreements (continued)**
Family Violence - Inuvik**For the year ended March 31,****2012****2012**

	(unaudited) Budget	Actual
Funding		
Department of Health & Social Services	\$ 86,534	\$ 86,534
Expenditures		
Compensation	76,534	61,745
Sundry	10,000	24,789
	86,534	86,534
Excess revenue	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements (continued)
Family Violence - North

For the year ended March 31,	2012	2012
	(unaudited) Budget	Actual
Funding		
Department of Health & Social Services	\$ 94,714	\$ 60,729
Expenditures		
Compensation	74,000	54,479
Supplies	14,464	-
Sundry	6,250	6,250
	94,714	60,729
Excess revenue	\$ -	\$ -

See scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Reserves

SCHEDULE G

	Surplus / Deficit Reserve	Leave and Termination Benefits Reserve	Special Projects Reserve	Total
March 31,	2012	2011	2012	2011
Balance, beginning of year	\$ - \$ 400,000	\$ 84,172	\$ 84,172	\$ 50,540 \$ 38,837 \$ 134,712 \$ 523,009
Transfer from deficit reserve	-	(400,000)	-	-
Transfer from (to) operating fund	-	-	-	11,703 - 11,703
Balance, end of year	\$ - \$ -	\$ 84,172	\$ 84,172	\$ 50,540 \$ 50,540 \$ 134,712 \$ 134,712