

Beaufort-Delta Health and Social Services Authority

Financial Statements

March 31, 2015

Beaufort-Delta Health and Social Services Authority

Financial Statements

March 31, 2015

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Management's Responsibility for Financial Reporting

June 30, 2015

**To Minister of Health and Social Services and
To the Public Administrator of Beaufort-Delta Health and Social Services 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.

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. 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.



Arlene Jorgensen, B.A. B.S.W.
Chief Executive Officer
Beaufort-Delta Health and Social Services Authority

Management Discussion Analysis
For the year ended March 31, 2015

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 246 employees and the administration of approximately 75 contracted services providers.

As at March 31, 2015 the BDHSSA incurred an operating deficit of \$1,536,548 thereby increasing the accumulated operating deficit to \$9,986,361.

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

1. This year the Authority incurred relocation expenses for staff hiring of both permanent and locum staff of \$1,059,496 which is very close to last year's costs. This operating cost is not part of the Authority's base budget. 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 is responsible for all minor capital; this is defined as items that are less than \$50,000 in cost. The Authority receives \$118,000 as a capital budget and in this fiscal period incurred expenses of \$316,144. Some of the major items were two vehicles for the remote Health Centre of Paulatuk and Sachs Harbour and computer equipment.
3. The cost of medical supplies was \$510,000 over budget caused by increased costs, increased standards and changes to treatment plans required to improve patient care and safety.
4. The costs of the ambulance services are unfunded and the Authority has to cover these costs from other budget sources at a cost of \$360,000.
5. The authority was \$2,590,000 over budget in overtime, callback and stand by pay across the organization.
6. Shortfall in contracted services of \$1,853,000, this is the difference between the funding and the cost of delivering the services. The cost of delivering the services would greatly increase if the services were provided by our own forces or through southern placement.

The Health Authority received a total of \$165,000 in forced growth initiative and \$172,000 in one time funding to offset contract obligations. The Health Authority received \$653,000 to cover collective agreement wage increases and \$18,000 to cover increases in northern allowances. The authority has not received any funding to cover overtime which is governed by the collective agreement, relocation of staff for work, nor funds to cover the shortfall in contracted services.

There are a number of improvements that have reduced the historical operating deficit for the Authority.

This year the Authority has continued to have substantial billing for patients services to third parties of \$977,000. In addition the Authority has been able to recover \$964,000 in other services such as dietary, dental surgery, occupational services and staff rent. Further the Authority was able to recover an additional \$500,000 for patient accommodations. 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 7,636 patients visit the general clinics, and 4,461 visit the walk in clinic. The emergency department had 7,111 patients. The Authority's laboratory provided services to 5,563 patients. BDHSSA's operating room provided 48 surgeries and 418 day surgeries during this fiscal year. There were also 1,722 specialist appointments during the year. The total number of patient visits to the Inuvik regional Hospital for this fiscal period was 27,497 visits.

All of the Community Health Centre's combined together had 21,675 patient visits during 2015. In addition our Physicians saw 2,416 patients in the Community Health Centre. The Community Health Centre's also had 3,153 after hours calls. The community Home Support Workers made 966 home care visits in the communities excluding Inuvik.

During April 1, 2014 to March 31, 2015 there have been 467 intake reports for 1,165 identified children of concern in the Beaufort Delta Health and Social Services Region. There was 324 of these calls during the day and 143 are reported after hours.

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.

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 also has to comply with GNWT contracts and regulations that limit cost saving opportunities. The Authority continues to look for opportunities to reduce costs and find alternative methods of delivering programs and services in our collaborative effort with the DHSS and our stakeholders to find 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.



Roger Israel
Director Finance & Operations
Beaufort-Delta Health and Social Services Authority

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, 2015, 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 on 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 with the Department of Health and Social Services which total \$250,000 or more 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 related 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 compensation and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated deficit as well as note disclosures associated with transactions and year-end balances relating to compensation and benefits.

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, 2015, and its financial operations, changes in its net 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, Schedule F presents fairly, in all material respects, the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more for the year ended March 31, 2015, 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.

Yellowknife, Northwest Territories
June 30, 2015

Crowe MacKay LLP
Chartered Accountants

Beaufort-Delta Health and Social Services Authority**STATEMENT I****Statement of Financial Position**

As at March 31,	2015	2014
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Financial Assets

Cash	\$ 1,018,960	\$ 474,272
Special purpose funds (Note 4)	119,915	119,915
Trust assets (Note 5)	206,287	204,543
Accounts receivable (Note 6)	1,944,964	2,843,917
	3,290,126	3,642,647

Liabilities

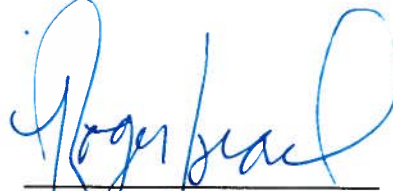
Accounts payable and accrued liabilities (Note 7)	1,224,109	1,411,984
Payroll liabilities (Note)	10,101,217	8,820,313
Employee future benefits (Note 9)	2,372,189	2,302,606
Trust liabilities (Note 5)	206,287	204,543
Contributions repayable (Note 10)	15,768	15,768
Total Liabilities	13,919,570	12,755,214

Net Financial Debt	(10,629,444)	(9,112,567)
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Non-Financial Assets

Inventory held for use (Note 11)	519,704	537,706
Prepaid expenses	123,379	125,048
	643,083	662,754

Accumulated deficit (Note 12)	\$ (9,986,361)	\$ (8,449,813)
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Contingent Liabilities (Note 13)**Contractual Obligations (Note 14)****Approved on behalf of the Authority**
Arlene Jorgensen, B.A. B.S.W.
Chief Executive Officer
Roger Israel, CGA
Director of Finance and Admin

STATEMENT II

Beaufort-Delta Health and Social Services Authority

Statement of Operations

For the year ended March 31,	2015	2015	2014
	(unaudited) Budget	Actual	Actual
REVENUE			
Operating Advance from GNWT (Schedule A)	\$ 45,139,000	\$ 45,139,000	\$ 43,563,000
Other Recoveries (Schedule B)	2,103,456	2,957,941	2,446,943
Other Revenues (Schedule C)	1,734,548	1,734,500	2,725,164
Non-Insured Recoveries (Schedule E)	-	859,371	851,680
Interest revenue	5,004	19,812	24,710
	48,982,008	50,710,624	49,611,497
EXPENDITURES			
Administration and Support Services (Schedule D)	8,349,736	9,269,428	10,311,743
Nursing Inpatient / Resident Services (Schedule D)	9,213,667	9,931,899	9,529,274
Ambulatory Care Services (Schedule D)	6,665,294	6,835,080	7,026,481
Diagnostic and Therapeutic Services (Schedule D)	3,846,864	4,412,709	4,006,253
Regional Health Services (Schedule D)	9,590,834	10,326,182	10,431,894
Regional Social Services (Schedule D)	11,305,617	10,485,432	10,011,324
Education (Schedule D)	-	58,393	25,862
Undistributed and Service Contracts (Schedule D)	9,996	69,991	185
Non-Insured Services (Schedule E)	-	858,058	851,680
	48,982,008	52,247,172	52,194,696
OPERATING DEFICIT	-	(1,536,548)	(2,583,199)
Prior year funding received (Note 15)	-	(172,000)	-
OPERATING DEFICIT BEFORE PRIOR YEAR FUNDING	-	(1,708,548)	(2,583,199)
UNFUNDED ITEM			
Change in employee future benefits	-	69,583	7,177
ANNUAL DEFICIT BEFORE THE FOLLOWING	-	(1,638,965)	(2,576,022)
Rent expense - GNWT assets provided at no cost (Note 16)	-	(1,998,442)	(1,984,721)
Grant-In-Kind - GNWT assets provided at no cost (Note 16)	-	1,998,442	1,984,721
ANNUAL DEFICIT	-	(1,638,965)	(2,576,022)
OPENING ACCUMULATED DEFICIT		\$ (8,449,813)	\$ (5,866,614)
CLOSING ACCUMULATED DEFICIT (NOTE 12)	\$	\$ (9,986,361)	\$ (8,449,813)

Statement of Changes in Net Financial Resources

For the year ended March 31,	2015	2014
Operating deficit	\$ (1,536,548)	\$ (2,583,199)
Adjustments		
Decrease/ (increase) in prepaid expenses	1,669	(10,672)
Decrease/ (increase) in inventories held for use	18,002	17,259
DECREASE / (INCREASE) IN NET FINANCIAL DEBT	(1,516,877)	(2,576,612)
OPENING NET FINANCIAL RESOURCES	(9,112,567)	(6,535,955)
CLOSING NET FINANCIAL RESOURCES	\$ (10,629,444)	\$ (9,112,567)

Beaufort-Delta Health and Social Services Authority

Statement of Cash Flows

For the year ended March 31,	2015	2014
Cash provided by (used in) the following activities:		
Operating activities		
Annual operating deficit	\$ (1,536,548)	\$ (2,583,199)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	898,953	(33,016)
Decrease (increase) in prepaid expenses	1,669	(10,672)
Decrease (increase) in inventories held for use	18,002	17,259
Decrease (increase) in accounts payable and accrued liabilities	(187,875)	60,265
Decrease (increase) in payroll related liabilities	1,280,904	(84,002)
Decrease (increase) in employee future benefits	69,583	7,178
Decrease (increase) in trust liabilities	1,744	(47,139)
Decrease (increase) in contributions repayable	-	3,297
Decrease (increase) in foundation donations	-	(20,000)
Cash provided by/ (used in) operating activities	546,432	(2,690,029)
Increase (decrease) in cash and cash equivalents during the year	546,432	(2,690,029)
Cash and cash equivalents at beginning of year	798,730	3,488,759
Cash and cash equivalents at end of year	\$ 1,345,162	\$ 798,730
Represented by		
Cash	\$ 1,018,960	\$ 474,272
Trust assets	206,287	204,543
Special purpose funds	119,915	119,915
	\$ 1,345,162	\$ 798,730

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

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.

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. 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) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, trust assets, and special purpose funds that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

(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 the activities associated with the 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").

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

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

2. Summary of Significant Accounting Policies (continued)

(c) Special Purpose Funds

The DHSS 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.

(d) Tangible 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) Inventory 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 recorded at cost and expensed at the time of purchase.

(f) Accrued employee leave and termination benefits

In accordance with GNWT accounting policies specified for public agencies, the Authority annually accrues estimated employee future 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.

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 receipt of payment from the DHSS's Health Administration Office 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 authorized and any eligibility criteria are met, except to 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

The Authority classifies its financial instruments at cost or amortized cost.

The Authority's accounting policy for this financial instrument category is as follows:

This category includes cash, special purpose funds, trust assets, accounts receivable, accounts payable and accrued liabilities, payroll liabilities and trust liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

2. Summary of Significant Accounting Policies (continued)**(j) Non-financial assets**

Non-financial assets are accounted for as assets by the Authority because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold.

(k) Prepaid expenses

Prepaid expenses include payments made in advance of receipt of service or good and are charged to expense of the periods when the service or good is consumed.

(l) Program recoveries

The Authority has established program delivery contribution agreements with various non-governmental organizations for which the Authority receives funding from the territorial government. Excess revenues or expenditures on the program delivery is reported to the Authority when audited financial statements of the non-governmental organization becomes available. Excess revenues on program delivery contribution agreements, if applicable, are recorded when the non-governmental organizations refund unspent monies to the Authority.

(m) 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.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

3. Future accounting changes

a) Related party disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

b) Inter-entity transactions, Section PS 3420

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

4. Special Purpose Funds

	2015	2014
Special projects reserve (Schedule G)	\$ 50,540	\$ 50,540
Funded leave and termination benefits reserve (Schedule G)	69,375	69,375
	\$ 119,915	\$ 119,915

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

5. Trust Assets

The Authority has an inactive foundation. When the foundation became inactive, the monies were transferred to the control of the Authority; the Authority has an internal restriction on the funds. Changes in the trust assets and trust liabilities represent interest earned on the dormant account.

The Authority also has patient trust accounts that it administers.

	2015	2014
Beaufort-Delta Hospital Foundation	\$ 40,272	\$ 40,272
Patient trust	166,015	164,271
	\$ 206,287	\$ 204,543

6. Accounts Receivable

	Amount	Allowance	Net 2015	Net 2014
Government of the Northwest Territories	\$ 2,130,382	\$ 453,918	\$ 1,676,464	\$ 2,459,580
Workers' Safety & Compensation Commission Northwest Territories	-	-	-	250
General	469,894	201,394	268,500	384,087
	\$ 2,600,276	\$ 655,312	\$ 1,944,964	\$ 2,843,917

7. Accounts payable and accrued liabilities

	2015	2014
Government of the Northwest Territories	\$ -	\$ 778
Trade	1,224,109	1,411,206
	\$ 1,224,109	\$ 1,411,984

8. Payroll liabilities

	2015	2014
Government of the Northwest Territories	\$10,101,217	\$ 8,820,313

Beaufort-Delta Health and Social Services Authority**Notes to Financial Statements**

March 31, 2015

9. Employee future benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on their length of service. Employees also earn retirement and severance remuneration based on the 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 Authority.

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

	2015	2014
Removal	\$ 971,133	\$ 994,451
Termination, severance, resignation, retirement	414,095	298,220
Leave	986,961	1,009,935
	2,372,189	2,302,606

10. Contributions Repayable

	2015	2014
Government of Northwest Territories - DHSS		
Canada Prenatal Nutrition	\$ 15,768	\$ 15,768

11. Inventories held for use

	2015	2014
Pharmacy - weighted average cost	\$ 231,239	\$ 239,068
Stores - weighted average cost	288,465	298,638
	\$ 519,704	\$ 537,706

12. Accumulated Deficit

	2015	2014
Funded employee future benefits reserve	\$ 69,375	\$ 69,375
Operating deficit	(7,741,473)	(6,197,747)
Special projects reserve	50,540	50,540
Unfunded employee future benefits	(2,364,803)	(2,371,981)
	\$(9,986,361)	\$(8,449,813)

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

13. Contingent Liabilities

In common with many health authorities, claims are made against the Authority and its staff. As of March 31, 2015, 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.

14. 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	2016	2017 and thereafter	Total
Equipment leases	2016	8,645	-	8,645
Operational leases/contracts	2018	4,053,906	\$ 6,475,845	10,529,751
Total		\$ 4,062,551	\$ 6,475,845	\$ 10,538,396

15. Prior Year Funding Received

The Authority received prior year funding during the year. The funding is reported in Schedule A and then reversed out of the operating deficit in order to arrive at the annual deficit.

	2015	2014
Restricted physician funding	\$ 152,000	\$ -
Physician maternity/paternity funding	20,000	-
	\$ 172,000	\$ 15,768

Beaufort-Delta Health and Social Services Authority**Notes to Financial Statements**

March 31, 2015

16. GNWT Assets Provided at No Cost

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 66,761,805	\$ (25,880,445)	\$ 40,881,360	\$ 42,719,572
General equipment	249,028	(249,028)	-	4,089
Medical equipment	3,995,936	(2,783,185)	1,212,751	1,030,439
Software systems	290,790	(266,916)	23,874	23,874
	\$ 71,297,559	\$ (29,179,574)	\$ 42,117,985	\$ 43,777,974

17. 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.

18. Comparative Figures

The financial statements have been reclassified, where applicable, to confirm to the presentation used in the current year.

19. 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.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

20. 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.

	2015	2014
Due from related parties:		
Accounts receivable:		
Government of the Northwest Territories	\$ 1,676,184	\$ 2,870,836
NWT Power Corporation	23,610	-
Stanton Territorial Health Authority	27,180	12,141
Sahtu Health and Social Services Authority	36,998	47,410
Yellowknife Health and Social Services Authority	-	7,768
	\$ 1,763,972	\$ 2,938,155

	2015	2014
Due to related parties:		
Accounts payable		
Department of Health Home Based Safety	\$ 700	\$ -
Financial Shared Services	2,500	-
Government of the Northwest Territories	-	778
Beaufort Delta Education Council	1,547	-
NWT Power Corporation	-	104
Stanton Territorial Health Authority	30,072	42,862
Petroleum Products Division	584	-
Payroll-related liabilities		
Government of the Northwest Territories	10,101,217	8,820,313
Contributions repayable		
Government of the Northwest Territories	15,768	15,768
	\$ 10,152,388	\$ 8,879,825

Related party 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.

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

21. Expenses by Object

For the year ended March 31,	2015 Budget	2015 Actual	2014 Actual
Expenditures			
Grants and contribution			
Purchased services	\$ 903,816	\$ 780,130	\$ 741,056
Travel	12,996	5,695	4,523
	916,812	785,825	745,579
Compensation			
El / CPP	-	1,138,475	1,092,345
Employee benefits	107,676	703,853	700,389
Leave	20,000	1,508,055	1,237,954
Locums	861,717	2,504,512	2,183,366
Merit/retention bonus	210,324	307,380	115,217
Northern allowance	3,904,791	3,638,610	3,723,380
Other	159,996	383,898	379,881
Overtime/callback/shift/responsibility	1,465,416	4,055,567	4,098,917
Purchased services	5,638,388	5,470,449	5,624,273
Removal	-	77,943	243,840
Salaries and wages	23,579,745	19,286,096	18,995,720
Severance/superannuation	4,999,853	2,141,750	2,466,012
	40,947,906	41,216,588	40,861,294
Operations and Maintenance			
Advertising and promotion	35,322	45,199	59,863
Contracted and general services	683,820	722,404	649,083
Equipment rental	189,988	235,613	142,650
Foster care	1,205,028	906,172	866,611
Insurance	-	-	738
Interest and bank charges	15,000	16,722	18,514
License and membership fees	229,260	267,136	289,497
Maintenance	407,676	398,044	390,448
Minor equipment	184,008	316,144	609,065
Other	7,189	2,375	24,256
Postage and freight	315,030	400,276	455,975
Professional services	84,996	126,602	146,923
Removal	57,340	981,559	1,140,714
Rent	17,504	51,123	28,266
Supplies - education and general	141,104	117,894	147,411
Supplies - food	442,128	467,751	436,045
Supplies - housekeeping and laundry	181,868	225,244	198,131
Supplies - medical	1,306,884	1,817,288	1,827,410
Supplies - office	148,944	189,996	189,435
Training	85,996	151,069	141,055
Telephone	248,640	328,155	336,060
Travel	1,048,225	1,293,723	1,427,893
Vehicle operations and maintenance	61,504	77,143	74,041
	7,097,454	9,137,632	9,600,084
Valuation Allowance			
Bad debts expense	19,836	249,069	136,059
Non-insured expenses	-	858,058	851,680
Total expenditures	\$ 48,982,008	\$ 52,247,172	\$ 52,194,696

Beaufort-Delta Health and Social Services Authority

Notes to Financial Statements

March 31, 2015

22. Pension payable

The Authority does not have pension payable as of March 31, 2015.

23. Risk Management

The Authority is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Authority's financial instruments by type of risk is provided below:

(i) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its cash, special purpose funds, trust assets and accounts receivable.

The Authority holds its cash and trust asset deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash and trust asset deposits in trust accounts are insured up to \$300,000.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Note 6.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$ 6,475,845 (2014: \$ 2,843,917)

Concentration of credit risk

Concentration risk of credit risk is the risk that a customer(s) has a significant portion (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. The Authority does have concentration risk. At March 31, 2015, receivables from one customer comprised 80% of the total outstanding accounts receivables (2014 - 83%). The Authority reduces this risk by monitoring overdue balances.

The Authority also has concentration risk as deposits are held in one Canadian chartered bank.

(ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Authority's financial assets and financial liabilities at March 31, 2015 mature within the next six months. Total financial assets are \$3,290,126 (2014 \$3,642,647) and financial liabilities are \$11,547,381 (2014 \$10,452,608) The authority has disclosed future financial liabilities and commitments in Note 14.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

Beaufort-Delta Health and Social Services Authority

Schedule of Operating Advances from the GNWT

For the year ended March 31,	2015	2015	2014
	(unaudited) Budget	Actual	Actual
Authority administration	3,445,000	3,445,000	3,446,000
Community wellness programs	157,000	157,000	157,000
Elderly and persons with disabilities	1,946,000	1,946,000	1,946,000
Epidemiology	-	-	21,000
Equipment <\$50,000	48,000	48,000	118,000
Family violence	856,000	856,000	856,000
Foster care	1,605,000	1,605,000	1,605,000
Health centre	8,707,000	8,707,000	8,425,000
Health promotion	217,000	217,000	198,000
Homecare	1,268,004	1,268,000	1,241,000
Hospital services	15,486,000	15,486,000	14,752,000
Intervention services	141,996	142,000	142,000
Physician services to NWT residents	5,608,000	5,608,000	5,120,000
Residential care - children	402,000	402,000	402,000
Social service delivery	5,252,000	5,252,000	5,134,000
	\$ 45,139,000	\$ 45,139,000	\$ 43,563,000

SCHEDULE B**Beaufort-Delta Health and Social Services Authority****Schedule of Other Recoveries for Direct Charges for Services**

For the year ended March 31,	2015	2015	2014
	(unaudited) Budget	Actual	Actual
Other Recoveries from the GNWT	\$ 626,004	\$ 1,017,222	\$ 634,281
Other Recoveries directly from Third Parties			
Dietary	176,496	208,466	192,615
Patient services	867,960	827,299	898,152
WSCC	9,996	149,399	56,763
Occupational therapy	50,004	34,317	83,638
Other recoveries	198,000	479,464	310,550
Staff rent	174,996	241,774	270,944
	1,477,452	1,940,719	1,812,662
	\$ 2,103,456	\$ 2,957,941	\$ 2,446,943

Beaufort-Delta Health and Social Services Authority

Schedule of Other Revenues

For the year ended March 31,	2015	2015	2014
	(unaudited) Budget	Actual	Actual
Canadian prenatal nutrition program	\$ -	\$ -	\$ 236,100
Community Health Nurse in Sachs Harbour	-	-	114,000
Dental health and healthy eating	-	-	7,122
Diabetic specialty clinics	-	-	184,946
Elders day program	627,617	627,617	398,923
Enhanced Homecare	549,218	547,989	680,053
French Language services	-	410	16,023
Healthy families	404,000	404,000	252,038
Healthy families program	45,770	44,890	25,074
Home based safety education	4,725	3,539	-
Inuvik warming shelter	75,000	75,000	75,000
Mental health and first aid: northern adaption workshops	15,090	7,545	7,961
Mental health first aid and applied suicide prevention skills workshop	13,128	12,150	21,842
New resident nurse practitioners	-	-	267,000
Nutrition Health Canada	-	8,842	-
Nutrition North Canada - We Cook	-	-	136,251
Physician residents support	-	-	53,000
Physician staffing model	-	-	235,000
Professional development initiative	-	2,518	3,281
Summer students	-	-	11,550
	\$ 1,734,548	\$ 1,734,500	\$ 2,725,164

SCHEDULE D

Beaufort-Delta Health and Social Services Authority

Schedule of Expenses by Functional Centre

For the year ended March 31,

2015

	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowance		Total	
Function Centre	Budget	actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual
711 Administration and Support Services	\$ -	\$ -	\$ 2,197,804	\$ 2,563,496	\$ 6,132,096	\$ 6,456,863	\$ 19,836	\$ 249,069	\$ 8,349,736	\$ 9,269,428
712 Nursing Inpatient / Resident Services	-	-	777,036	1,159,523	8,436,631	8,772,376	-	-	9,213,667	9,931,899
713 Ambulatory Care Services	-	-	479,071	426,990	6,186,223	6,408,090	-	-	6,665,294	6,835,080
714 Diagnostic and Therapeutic Services	-	-	1,100,568	1,381,372	2,746,296	3,031,337	-	-	3,846,864	4,412,709
715 Regional Health Services	-	-	813,358	1,708,786	8,777,476	8,617,396	-	-	9,590,834	10,326,182
716 Regional Social Services	916,812	785,825	1,719,621	1,776,004	8,669,184	7,923,603	-	-	11,305,617	10,485,432
718 Education	-	-	-	57,783	-	610	-	-	-	58,393
719 Undistributed and Service Contracts	-	-	9,996	63,678	-	6,313	-	-	9,996	69,991
Total	\$ 916,812	\$ 785,825	\$ 7,097,454	\$ 9,137,632	\$ 40,947,906	\$ 41,216,588	\$ 19,836	\$ 249,069	\$ 48,982,008	\$ 51,389,114

SCHEDULE E**Beaufort-Delta Health and Social Services Authority****Schedule of Non-Insured Recoveries and Expenses**

For the year ended March 31,	2015	2014
	Actual	Actual
Recoveries	\$ 859,371	\$ 851,680
Expenditures		
Dental	367,141	359,015
Eyeglass	208,620	221,181
Ophthalmology services travel	-	1,379
Orthodontics	22,621	16,068
Patient and escort transportation	259,676	254,037
	858,058	851,680
Excess revenue	\$ 1,313	\$ -

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements
Home Based Safety Education

For the year ended March 31,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 4,725	\$ 3,539
Expenditures		
Compensation	225	225
Supplies	4,500	3,314
	4,725	3,539
Excess revenue	\$ -	\$ -

See payroll scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements (continued)
Healthy Families Program Collective Kitchen Inuvik

For the year ended March 31,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 45,770	\$ 44,890
Expenditures		
Building expenses	-	750
Compensation	-	13,179
Equipment expenses	-	2,131
Sundry	2,180	2,532
Supplies	43,590	26,298
	45,770	44,890
Excess revenue	\$ -	\$ -

See payroll 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,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 1,176,835	\$ 1,176,835
Expenditures		
Compensation	1,077,215	1,078,876
Equipment expense	-	-
Supplies	58,756	58,756
Sundry	40,864	40,864
	1,176,835	1,178,496
Excess expenditures	\$ -	\$ (1,661)

See payroll scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements (continued)
Healthy Families

For the year ended March 31,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 404,000	\$ 404,000
Expenditures		
Compensation	276,507	241,435
Equipment	79,720	85,000
Sundry	30,878	47,439
Supplies	16,895	30,126
	404,000	404,000
Excess revenue	\$ -	\$ -

See payroll scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements (continued)
Inuvik Warming Shelter

For the year ended March 31,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 75,000	\$ 75,000
Expenditures		
Compensation	75,000	75,000
Excess revenue	\$ -	\$ -

See payroll scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements (continued)
 Mental Health First Aid and Applied Suicide Intervention Skills

For the year ended March 31,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 13,128	\$ 12,150
Expenditures		
Compensation	3,636	3,553
Sundry	6,082	5,308
Supplies	3,410	3,289
	13,128	12,150
Excess revenue	\$ -	\$ -

See payroll scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Contribution Agreements (continued)
Mental Health First Aid: Northern Adaption Workshop

For the year ended March 31,	2015	2015
	(unaudited) Budget	Actual
Revenue		
Department of Health and Social Services	\$ 15,090	\$ 9,403
Expenditures		
Sundry	12,390	7,003
Supplies	2,700	2,400
	15,090	9,403
Excess revenue	\$ -	\$ -

See payroll scope limitation in the Independent Auditors' Report.

Beaufort-Delta Health and Social Services Authority

Schedule of Reserves

	Surplus / Deficit Reserve		Funded Employee Future Benefits Reserve		Special Projects Reserve		Total	
March 31,	2015	2014	2015	2014	2015	2014	2015	2014
Balance, beginning of year	\$ -	\$ -	\$ 69,375	\$ 69,375	\$ 50,540	\$ 50,540	\$ 119,915	\$ 119,915
Balance, end of year	\$ -	\$ -	\$ 69,375	\$ 69,375	\$ 50,540	\$ 50,540	\$ 119,915	\$ 119,915