

**Fort Smith Health and Social  
Services Authority**

**Financial Statements**

**March 31, 2015**

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## Fort Smith Health and Social Services Authority

### **Financial Statements**

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## FORT SMITH HEALTH & SOCIAL SERVICES

THROUGH PARTNERSHIPS, STRIVES TO PROVIDE AN INTEGRATED CONTINUUM OF CARE THAT RESPECTS THE DIGNITY AND VALUES OF INDIVIDUALS, FAMILIES AND THE COMMUNITY.

### Management's Responsibility for Financial Reporting

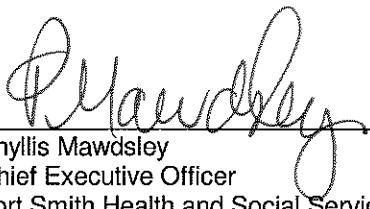
July 02, 2015

**To Minister of Health and Social Services and  
To the Public Administrator of Fort Smith Health & 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.

Fort Smith 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.



\_\_\_\_\_  
Phyllis Mawdsley  
Chief Executive Officer  
Fort Smith Health and Social Services Authority

## Independent Auditors' Report

**To the Minister of Health and Social Services  
Government of the Northwest Territories  
and  
To the Board of Management  
Fort Smith Health and Social Services Authority**

We have audited the accompanying financial statements of the Fort Smith Health and Social Services Authority (the "Authority") as at March 31, 2015, which comprise the statement of financial position and the statements of operations, change in net financial resources, 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.



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## **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 Fort Smith Health and Social Services Authority as at March 31, 2015, and its financial operations, changes in its net financial resources, and cash flows for the year then ended in accordance with Canadian public sector accounting standards consistently applied. 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.

*Crowe MacKay LLP*

Chartered Accountants

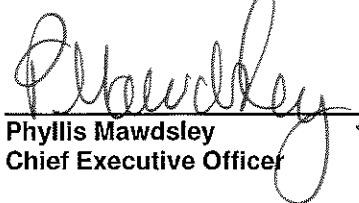
Yellowknife, Northwest Territories  
July 2, 2015

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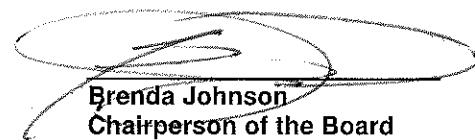
**STATEMENT I****Fort Smith Health and Social Services Authority****Statement of Financial Position**

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As at March 31,	2015	2014
<b>Financial Assets</b>		
Cash	\$ 218,864	\$ 224,611
Trust assets (Note 4)	21,804	30,546
Accounts receivable (Note 5)	260,403	697,287
	<b>501,071</b>	<b>952,444</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 990,913	\$ 817,761
Payroll liabilities (Note 7)	4,033,032	3,202,975
Employee future benefits (Note 8)	961,288	973,449
Trust liabilities (Note 4)	21,804	30,546
<b>Total liabilities</b>	<b>6,007,037</b>	<b>5,024,731</b>
<b>Net Financial Debt</b>	<b>(5,505,966)</b>	<b>(4,072,287)</b>
<b>Non-Financial Assets</b>		
Inventories held for use (Note 9)	188,220	266,335
Prepaid expenses (Note 10)	144,972	87,472
	<b>333,192</b>	<b>353,807</b>
<b>Accumulated Deficit (Note 11)</b>	<b>\$ (5,172,774)</b>	<b>\$ (3,718,480)</b>

**Contingent Liabilities (Note 12)****Contractual Obligations (Note 13)****Approved on behalf of the Authority**

Phyllis Mawdsley  
Chief Executive Officer



Brenda Johnson  
Chairperson of the Board

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**STATEMENT II**
**Fort Smith Health and Social Services Authority**
**Statement of Operations**


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For the year ended March 31,	2015	2014
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	(unaudited) Budget	Actual	Actual
<b>REVENUE</b>			
Operating advances from the GNWT (Schedule A)	\$ 17,446,000	\$ 17,500,000	\$ 16,717,000
Other recoveries (Schedule B)	230,992	198,690	249,738
Other revenues (Schedule C)	755,508	624,175	1,024,664
Interest revenue	6,000	8,932	8,125
	<b>18,438,500</b>	<b>18,331,797</b>	<b>17,999,527</b>
<b>EXPENDITURES</b>			
Administration and support services (Schedule D)	2,739,737	3,038,012	3,168,257
Nursing inpatients / residents (Schedule D)	2,517,141	3,049,656	3,128,148
Ambulatory care services (Schedule D)	2,692,173	3,403,514	2,902,909
Diagnostic and therapeutic services (Schedule D)	1,348,312	1,303,606	1,330,486
Community health services (Schedule D)	1,520,494	1,353,685	1,572,365
Social services (Schedule D)	7,610,647	7,631,653	7,189,089
Undistributed (Schedule D)	9,996	5,965	3,941
	<b>18,438,500</b>	<b>19,786,091</b>	<b>19,295,195</b>
<b>OPERATING DEFICIT</b>	<b>-</b>	<b>(1,454,294)</b>	<b>(1,295,668)</b>
<b>Prior Year Funding Received (Note 14)</b>	<b>-</b>	<b>(54,000)</b>	<b>-</b>
<b>OPERATING DEFICIT BEFORE PRIOR YEAR FUNDING</b>	<b>-</b>	<b>(1,508,294)</b>	<b>(1,295,668)</b>
<b>UNFUNDED ITEM</b>			
Change in employee future benefits (Note 8)	-	(12,161)	69,905
<b>ANNUAL DEFICIT BEFORE THE FOLLOWING</b>	<b>-</b>	<b>(1,520,455)</b>	<b>\$ (1,225,763)</b>
Rent expense - GNWT assets provided at no cost (Note 15)	-	1,727,477	836,301
Grant-in-kind - GNWT assets provided at no cost (Note 15)	-	(1,727,477)	(836,301)
<b>ANNUAL DEFICIT</b>	<b>\$ -</b>	<b>\$ (1,520,455)</b>	<b>\$ (1,225,763)</b>
<b>OPENING ACCUMULATED DEFICIT</b>	<b>\$ -</b>	<b>\$ (3,718,480)</b>	<b>\$ (2,422,812)</b>
<b>CLOSING ACCUMULATED DEFICIT (NOTE 11)</b>	<b>\$ -</b>	<b>\$ (5,172,774)</b>	<b>\$ (3,718,480)</b>

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**STATEMENT III****Fort Smith Health and Social Services Authority****Statement of Change in Net Financial Resources**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2014</b>
Annual operating deficit	\$ (1,454,294)	\$ (1,295,668)
Adjustments:		
Decrease/ (increase) in prepaid expenses	(57,500)	(43,247)
Decrease/ (increase) in inventory held for use	78,115	27,386
<b>DECREASE / (INCREASE) IN NET FINANCIAL RESOURCES</b>	<b>(1,433,679)</b>	<b>(1,311,529)</b>
<b>OPENING NET FINANCIAL RESOURCES, BEGINNING OF YEAR</b>	<b>(4,072,287)</b>	<b>(2,760,758)</b>
<b>CLOSING NET FINANCIAL RESOURCES, END OF YEAR</b>	<b>\$ (5,505,966)</b>	<b>\$ (4,072,287)</b>

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**STATEMENT IV****Fort Smith Health and Social Services Authority****Statement of Cash Flow**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2014</b>
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**Operating transactions**

Annual operating deficit	\$ (1,454,294)	\$ (1,295,668)
Change in Non-cash assets and liabilities		
Decrease (increase) in accounts receivable	436,884	625,087
Decrease (increase) in accounts payable and accrued liabilities	173,151	(98,041)
Decrease (increase) in payroll liabilities	830,057	794,425
Decrease (increase) in deferred revenue	-	(3,510)
Decrease (increase) in employee future benefits	(12,161)	69,905
Decrease (increase) in funds liabilities	(8,741)	12,745
Decrease (increase) in Inventories held for use	78,115	27,386
Decrease (increase) in Prepaid expenses	(57,500)	(43,247)
<b>Cash provided by/ (used in) operating activities</b>	<b>(14,489)</b>	<b>89,082</b>
<b>Cash and cash equivalent at beginning of year</b>	<b>255,157</b>	<b>166,075</b>
<b>Cash and cash equivalent at end of year</b>	<b>\$ 240,668</b>	<b>\$ 255,157</b>

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**Represented by**

Cash	\$ 218,864	\$ 224,611
Trust assets	21,804	30,546
	<b>\$ 240,668</b>	<b>\$ 255,157</b>

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## **Fort Smith Health and Social Services Authority**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **1. Authority**

The Fort Smith Health and Social Services Authority ("Authority") operates under the authority of the *Hospital Insurance and Health and Social Services Act* of the Northwest Territories. The Authority provides a full range of health and social services to the community of Fort Smith.

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) Reserves**

The Department of Health and Social Services (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 - reflects 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.

###### **(b) Funds**

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

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

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

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

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## **Fort Smith Health and Social Services Authority**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **2. Summary of significant accounting policies (continued)**

##### **(c) Inventory held for use**

Inventory is valued at the lower of cost and replacement value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Replacement value is the estimated cost to replace the inventory in the ordinary course of operations. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes and transport, handling and other costs directly attributable to the acquisition and inbound delivery of the inventory. Costs are determined using the first-in, first-out method.

##### **(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and trust assets

##### **(e) 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, 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.

##### **(f) Employee future benefits**

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

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## **Fort Smith Health and Social Services Authority**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **2. Summary of significant accounting policies (continued)**

##### **(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.

Billings processed through the ICORE system by the medical centre's billing clerks are recognized as revenue upon receipt of payment from the Department of Health and Social Service's Health Administration Office in Inuvik.

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

Program recoveries - The Authority has established program delivery contribution agreements with various non-governmental organizations for which the Authority receives funding from the territorial and federal governments. Excess revenues or expenditures on the program delivery are reported to the Authority when audited financial statements of the non-governmental organizations become available. Excess revenues on program delivery contribution agreements are recorded as recoveries when received.

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.

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital asset are recognized as acquired or built.

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## **Fort Smith Health and Social Services Authority**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **2. Summary of significant accounting policies (continued)**

##### **(i) 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
Medical equipment	5 - 10 years

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 as rent expense with an offsetting corresponding amount as a Grant-In-Kind revenue.

##### **(j) Measurement uncertainty**

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

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## Fort Smith Health and Social Services Authority

### Notes to Financial Statements

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March 31, 2015

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### 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. Trust assets

Trust assets represents funds held in trust for seniors living at the Northern Lights Special Care Home.

### 5. Accounts receivable

	Amount 2015	Allowance 2015	Net 2015	Net 2014
Government of Northwest Territories	\$ 153,150	\$ -	\$ 153,150	\$ 575,741
Government of Nunavut	-	-	-	4,232
Goods and Services Tax	63,547	-	63,547	53,165
Other	80,899	51,333	29,566	43,569
Workers' Safety & Compensation Commission	14,140	-	14,140	20,580
	\$ 311,736	\$ 51,333	\$ 260,403	\$ 697,287

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## Fort Smith Health and Social Services Authority

### Notes to Financial Statements

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**March 31, 2015**

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#### 6. Accounts payable and accrued liabilities

	<b>2015</b>	2014
Trade payables	\$ 858,678	\$ 664,272
Government of the Northwest Territories	132,235	153,489
	<b>\$ 990,913</b>	<b>\$ 817,761</b>

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#### 7. Payroll liabilities

	<b>2015</b>	2014
Government of the Northwest Territories	<b>\$ 4,033,032</b>	<b>\$ 3,202,975</b>

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#### 8. Employee future benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on their length of service. Certain employees earn severance remuneration based on the number of years of service. All employees will also receive assistance with removal costs to return to their point of recruitment depending on the number of years of service. 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.

	<b>2015</b>	2014
Removal	\$ 263,330	\$ 255,872
Termination, severance, resignation, retirement	175,944	218,309
Leave	522,014	499,268
	961,288	973,449
Less: current portion	<b>48,064</b>	48,672
Long term portion	<b>\$ 913,224</b>	<b>\$ 924,777</b>

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## Fort Smith Health and Social Services Authority

### Notes to Financial Statements

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March 31, 2015

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#### 9. Inventories held for use

	2015	2014
Drugs	\$ 44,025	\$ 41,218
Laboratory and x-ray	25,850	25,029
Laundry	785	1,436
Housekeeping	4,668	6,871
Medical and surgical	86,968	158,475
Office	18,200	23,463
Vaccines	7,724	9,843
	<hr/> <b>\$ 188,220</b>	<hr/> <b>\$ 266,335</b>

#### 10. Prepaid expenses

	2015	2014
Agreements, contracts and leases	\$ 135,849	\$ 87,472
Travel expenses	9,123	-
	<hr/> <b>\$ 144,972</b>	<hr/> <b>\$ 87,472</b>

#### 11. Accumulated deficit

	2015	2014
Operating accumulated deficit	\$ (4,211,486)	\$ (2,745,031)
Unfunded employee future benefits	(961,288)	(973,449)
	<hr/> <b>\$ (5,172,774)</b>	<hr/> <b>\$ (3,718,480)</b>

#### 12. Contingent liabilities

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

In common with many health authorities, claims are made against the Authority and its staff. As of March 31, 2015, there are no claims pending against the Authority.

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## Fort Smith Health and Social Services Authority

### Notes to Financial Statements

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March 31, 2015

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#### 13. Contractual obligations

The Authority has commitments for 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 - 2018	Total
Commercial and residential leases	2016	\$ 14,400	\$ -	\$ 14,400
Equipment leases	2016	1,956,973	-	1,956,973
Operational contracts	2018	315,647	75,726	391,373
<b>Total</b>		<b>\$ 2,287,020</b>	<b>\$ 75,726</b>	<b>\$ 2,362,746</b>

#### 14. Prior year funding

The Authority received funding for restricted physician during the year, which is intended to offset the March 31, 2014 operating deficit. This \$54,000 was included in revenues for the current year and has been disclosed separately in order to not impact the current year operating deficit.

#### 15. GNWT assets provided at no cost

		2015	2014
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 50,236,533	\$ (12,492,997)	\$ 37,743,536
Mainframe and software systems	55,407	(55,407)	-
Medical equipment	3,315,091	(2,003,853)	1,311,238
	<b>\$ 53,607,031</b>	<b>\$ (14,552,257)</b>	<b>\$39,054,774</b>
			\$10,730,922

Rent expense for 2015 is \$1,727,477 (2014 - \$836,301) with an offsetting grant-in-kind.

#### 16. Pension payable

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

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## **Fort Smith Health and Social Services Authority**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **17. 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's operations would be significantly affected.

#### **18. Budget**

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

#### **19. Comparative figures**

The comparative figures have been reclassified, where applicable, to conform with the presentation adopted in the current year.

#### **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.

	<b>2015</b>	<b>2014</b>
Accounts payable		
Government of the Northwest Territories	\$ 132,235	\$ 153,489
Government of the Northwest Territories - payroll	4,033,032	3,202,975
Hay River Health and Social Services Authority	2,189	6,377
Stanton Territorial Health Authority	16,790	16,865
Yellowknife Health and Social Services Authority	4,780	-
	<hr/> \$ 4,189,026	<hr/> \$ 3,379,706
Accounts receivable		
Government of the Northwest Territories	\$ 153,150	\$ 575,741
Hay River Health and Social Services Authority	-	9,120
	<hr/> \$ 153,150	<hr/> \$ 584,861

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.

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## Fort Smith Health and Social Services Authority

### Notes to Financial Statements

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March 31, 2015

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#### 21. Expenses by object

	2015 (unaudited) Budget	2015 Actual	2014 Actual
<b>Expenditures</b>			
Advertising and promotion	\$ 30,996	\$ 30,123	\$ 30,595
Bad debts (recovery)	-	(20,000)	-
Contracted and general services	2,146,932	2,084,759	1,757,962
Equipment rental	74,592	54,652	39,449
Equipment and software maintenance	108,696	135,550	85,188
Foster care	236,604	499,716	251,226
Groceries	158,988	211,921	165,842
Interest and bank charges	2,004	3,448	3,679
Medical supplies	393,180	410,979	416,872
Minor capital	237,964	243,869	90,215
Office and administration services	236,676	226,740	205,593
Postage and freight	71,004	108,310	84,137
Professional services	41,004	41,785	36,637
Rent	39,492	14,400	18,109
Salaries and wages	13,885,072	14,951,470	15,183,308
Telephone and communications	95,844	122,557	121,620
Training and development	257,456	75,786	89,400
Travel and relocation	371,488	560,996	673,591
Utilities	11,004	6,721	6,847
Vehicle operations and maintenance	39,504	22,309	34,926
<b>Total expenditures</b>	<b>\$ 18,438,500</b>	<b>\$ 19,786,091</b>	<b>\$ 19,295,196</b>

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## **Fort Smith Health and Social Services Authority**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **22. 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, 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 \$200,000.

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 5.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$260,403 (2014: \$697,287 )

Concentration of credit risk

Concentration 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 69% of the total outstanding accounts receivables (2014 - 78%). The Authority reduces this risk by monitoring overdue balances.

The Authority also has concentration risk of credit 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 \$501,071 (2014 - \$952,444) and financial liabilities are \$5,045,749 outflows \$4,051,282. The authority has disclosed future financial liabilities and commitments in Note 13.

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.

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**SCHEDULE A****Fort Smith Health and Social Services Authority****Schedule of Operating Advances from the GNWT**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>(unaudited) Budget</b>	<b>Actual</b>	<b>Actual</b>
Authority administration	\$ 1,321,000	\$ 1,321,000	\$ 1,393,000
Authority social service delivery	1,619,000	1,619,000	1,598,000
Community wellness programs	111,000	111,000	99,000
Family violence	519,000	519,000	519,000
Foster care	284,000	284,000	284,000
Homecare	376,000	376,000	363,000
Hospital services	6,942,000	6,942,000	5,658,000
Medical equipment	18,000	18,000	18,000
Physician programs	1,702,000	1,702,000	1,682,000
Prior year restricted physician funding	-	54,000	-
Prevention and promotion services	9,000	9,000	9,000
Protective services	281,000	281,000	21,000
Residential care - children	1,633,000	1,633,000	1,633,000
Residential care - elderly and persons with disabilities	2,420,000	2,420,000	3,229,000
Residential care - group home	211,000	211,000	211,000
	<b>\$ 17,446,000</b>	<b>\$ 17,500,000</b>	<b>\$ 16,717,000</b>

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**SCHEDULE B****Fort Smith Health and Social Services Authority****Schedule of Other Recoveries for Direct Charges for Services**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>(unaudited) Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Other Recoveries from the GNWT</b>	\$ -	\$ -	\$ -
<b>Other Recoveries directly from Third Parties</b>			
Non-Residents of the Territory -			
Territorial Health Insurance Plan	129,996	109,280	136,799
Other clinic recoveries	40,996	40,712	48,416
Workers' Safety Compensation Commission	60,000	48,698	64,523
	<b>\$ 230,992</b>	<b>\$ 198,690</b>	<b>\$ 249,738</b>

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**SCHEDULE C****Fort Smith Health and Social Services Authority****Schedule of Other Revenues**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>(unaudited) Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Other Revenues from the GNWT</b>			
<b>GNWT - DHSS</b>			
Applied Suicide Intervention Skills (HSS01-2643)	\$ -	\$ 7,475	\$ -
Collective Kitchen (HSS01-2718)	-	18,003	9,885
Commit to be FIT	-	5,000	5,000
Chronic Disease (HSS01-2310)	-	-	103,536
Electronic Medical Record (HSS01-2652)	-	64,519	-
French Language (HSS01-2168)	48,000	12,211	50,691
Healthy Family Kids Safety Education (HSS01-2723)	-	2,325	1,781
Healthy Family Program (HSS01-2208)	-	-	159,093
Home Care Enhancement (HSS01-2694)	484,500	256,771	224,297
Mental Health First Aid (HSS01-2688)	-	4,207	1,326
Nurse Practitioner (HSS01-1880)	-	-	242,268
Other	-	-	651
	<b>532,500</b>	<b>370,511</b>	<b>798,528</b>
<b>Other Revenues directly from Third Parties</b>			
Room and Board	<b>223,008</b>	<b>253,664</b>	<b>226,136</b>
	<b>\$ 755,508</b>	<b>\$ 624,175</b>	<b>\$ 1,024,664</b>

**SCHEDULE D**

**Fort Smith Health and Social Services Authority**

**Schedule of Expenditures by Functional Centre**

**For the year ended March 31,**

**2015**

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowance		Total	
	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	(unaudited) Budget	(unaudited) Budget	Actual
711 Administrative and support services	\$ 49,200	\$ 12,211	\$ 474,082	\$ 509,652	\$ 2,216,455	\$ 2,516,149	\$ -	\$ -	\$ 2,739,737	\$ 3,038,012
712 Nursing Inpatients/ Residents	-	-	247,992	376,864	2,269,149	2,672,792	-	-	2,517,141	3,049,656
713 Ambulatory care services	-	64,519	496,008	508,241	2,196,165	2,830,754	-	-	2,692,173	3,403,514
714 Diagnostic and Therapeutic Services	-	-	370,464	461,284	977,848	842,322	-	-	1,348,312	1,303,606
715 Community health services	483,300	282,098	141,192	137,923	896,002	933,664	-	-	1,520,494	1,353,685
716 Social services	-	11,682	2,731,984	2,754,366	4,878,663	4,865,605	-	-	7,610,647	7,631,653
719 Undistributed Nursing Rent	-	-	9,996	5,965	-	-	-	-	9,996	5,965
<b>Total</b>	<b>\$ 532,500</b>	<b>\$ 370,510</b>	<b>\$4,471,718</b>	<b>\$4,754,295</b>	<b>\$13,434,282</b>	<b>\$14,661,286</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$18,438,500</b>	<b>\$19,786,091</b>

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**SCHEDULE E****Fort Smith Health and Social Services Authority****Schedule of Non-insured Recoveries and Expenditures**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>(unaudited)</b> <b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Recoveries</b>	\$ -	\$ -	\$ -
<b>Expenditures</b>	-	-	-
<b>Net Expenditure</b>	\$ -	\$ -	\$ -

**This schedule is not applicable to the Authority.**

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**SCHEDULE F****Fort Smith Health and Social Services Authority****Other Contributions - Home Care Enhancement**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2015</b>
	<b>(unaudited) Budget</b>	<b>Actual</b>
<b>Funding</b>		
Government of the Northwest Territories	\$ 283,495	\$ 256,771
Compensation	251,995	236,679
Nutrition supplies	15,000	7,842
Office supplies	1,500	-
Training	15,000	12,250
<b>Expenditures</b>	<b>283,495</b>	<b>256,771</b>
<b>Surplus</b>	<b>\$ -</b>	<b>\$ -</b>

See payroll scope limitation in the Independent Auditors' Report.

## Fort Smith Health and Social Services Authority

## Reserves

	Surplus/Deficit		Leave and Termination		Special Projects		TOTAL	
	March 31, 2015	2014	2015	2014	2015	2014	2015	2014
Balance, beginning of year	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers between reserves	-	-	-	-	-	-	-	-
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**This schedule is not applicable to the Authority because there are no reserves.**