

**Sahtu Health & Social Services Authority
Financial Statements
Norman Wells, NT
Year End March 31, 2016**

Sahtu Health & Social Services Authority

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Management Discussion and Analysis

Introduction

Preparation of this Management Discussion and Analysis is the responsibility of Sahtu Health and Social Services Authority (SHSSA) Senior Management and Board of Trustees to promote transparency and accountability regarding financial management of the Authority.

SHSSA's mission statement is to ensure that people, families and communities of the Sahtu are mentally, emotionally, spiritually, physically and culturally healthy. To achieve this, the SHSSA Board of Trustees developed eight Guiding Principles which highlight care and services based on relationships, bringing care to the people, provision of care and services through partnerships and as an integrated team. SHSSA's fictional "Esther Story" serves as an example and a reminder that providing relationship-based care and service to the residents of the Sahtu is at the heart of what we are trying to achieve.

SHSSA Board Trustees:

Danny Bayha – Chair

Dakota Erutse – Youth Trustee

Irene Kodakin – Deline Trustee

Margaret McDonald – Norman Wells Trustee

Alphonsine McNeely – Elder Trustee

Alvin Orlas – Colville Lake Trustee

Brenda T'Seleie – Fort Good Hope Trustee

Key SHSSA Senior Management staff:

Mireille (Mimi) Hamlyn – Acting CEO and Director, Health and Social Programs

Arthur (Art) Bungay – Director, Finance and Administration

Financial Highlights

Sahtu Health and Social Services Authority receives the majority of its funding from the Government of Northwest Territories (see Chart 1).

Community Health Services accounts for the majority of Sahtu Health and Social Services expenditures (see Chart 2).

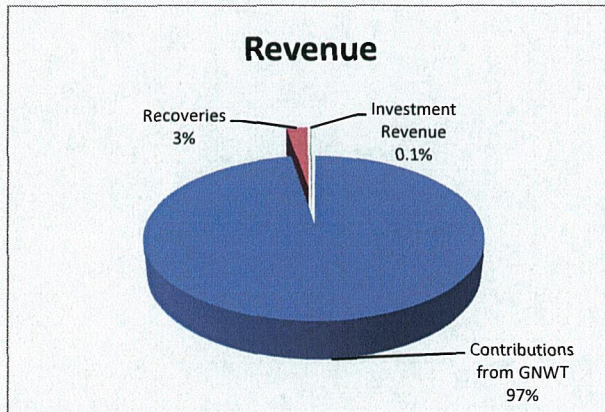


Chart 1

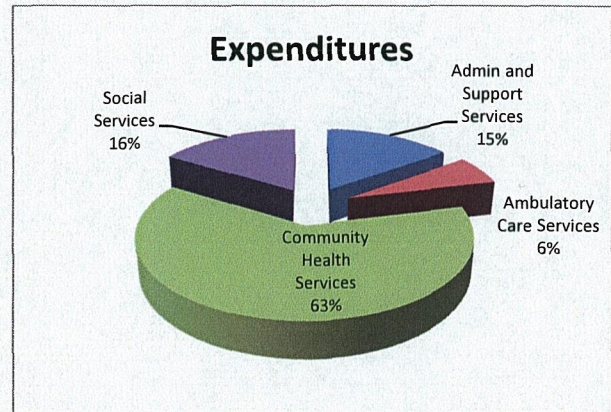
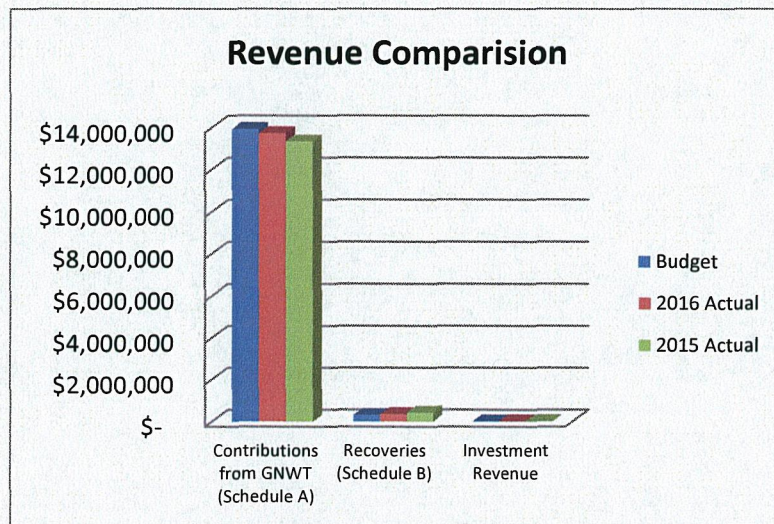
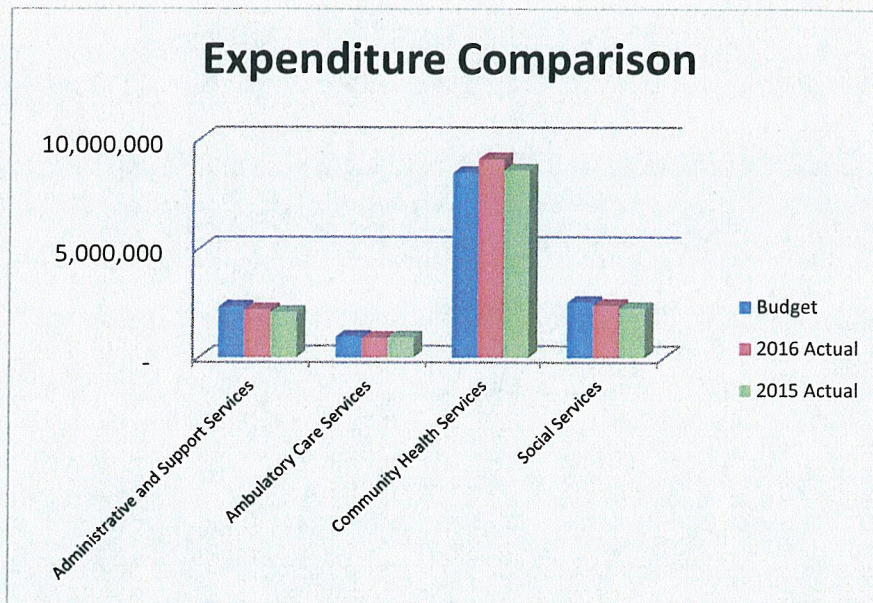


Chart 2

Sahtu Health and Social Services Authority received additional funding from the Government of Northwest Territories for Collective Agreement increases during the year.



Sahtu Health and Social Services Authority experienced a 6% increase in expenditures over last year. Approximately half of the increase was related to training Sahtu residents for possible employment positions in the new Long Term Care Facility in Norman Wells. Total actual expenditures were slightly over budget at 2%.



Operating Environment

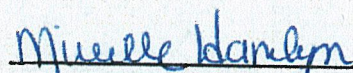
Sahtu Health and Social Services Authority was able to staff many of its positions over the last year which is essential in providing adequate programs. However, vacancy and turnover is an issue within the Health and Social Services field -- particularly in remote regions.

Financial Conditions

Sahtu Health and Social Services Authority had a \$416,136 deficit which equals 3% of its budget. Its accumulated deficit stands at \$1,484,587. Higher demands in all programs have put pressure on areas which are already struggling to meet budget. In addition, meeting the needs of an aging population, children and families accessing care, as well as supporting residents living with chronic disease, is placing budgetary pressures on all program areas.

Summary and Outlook

Sahtu Health and Social Services Authority has been able to manage its current resources to meet the ever increase in demands. This will continue to be a challenge in the future as demands continue to rise.


 Mireille Hamlyn, Acting CEO

July 22, 2016

Date

Management Responsibility Letter

To the Minister of Health and Social Services

Management Responsibility for Financial Reporting for the year ended March 31, 2016

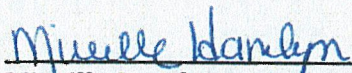
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Accounting Standards (CPAS) as well as the Financial Administration Manual (FAM) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriated accountability for performance within well-defined areas of responsibility. The operations and administration of Sahtu Health and Social Services Authority have been conducted with the statutory powers of the Health Authority. The operations and administration of the Health Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Financial Administration Act, CPSAS, FAM, Human Resources Manual, Ministerial Directives and the policies of the Health Authority Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management and employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion of the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services, Government of the Northwest Territories.

Approved and confirmed on behalf of the Sahtu Health and Social Services Authority



Mireille Hamlyn, Acting CEO

July 22, 2016



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Certified General Accountants

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Sahtu Health and Social Services Authority, which comprise the Statement of Financial Position as at March 31, 2016, and the Statements of Operations, Changes in Net Financial Resources and Changes in Financial Position for the year then ended. We have also audited the revenue and expenditures of programs funded through contribution agreements by the Departments of Health and Social Services which total \$250,000 or more as listed in Schedule A.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

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 of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The GNWT is responsible for the calculation and distribution of the salaries and wages that appear on the statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Agency's records.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2016 and the results of operations, net debt and changes in financial position for the year then ended in accordance with Canadian public sector accounting standards. Furthermore, these statements present fairly, in all material respects, the funding and expenditures of all health and Social Services funded programs \$250,000 or more in Schedule A for the year ended March 31, 2016 in accordance with the provisions established by the individual contribution agreements.

Auditors' Report cont'd

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been kept by the Sahtu Health and Social Services Authority, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Authority.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Certified General Accountants
Yellowknife, NT

July 22, 2016

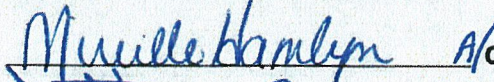
Sahtu Health & Social Services Authority

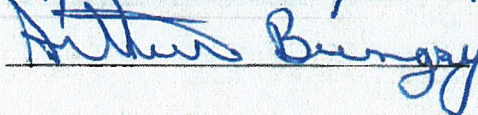
Statement of Financial Position

As of March 31, 2016

FINANCIAL ASSETS	2016	2015
<i>Cash and Cash Equivalents (Note 4)</i>	694,431	399,176
<i>Accounts Receivable (Note 8)</i>	290,357	577,703
	<u>984,788</u>	<u>976,879</u>
LIABILITIES		
<i>Accounts Payable & Accrued Liabilities (Note 10)</i>	1,138,213	728,793
<i>Wages & Benefits Payable - GNWT (Note 10)</i>	753,894	673,960
<i>Contribution Repayable (Note 12)</i>	36,736	73,728
<i>Employee Leave and payroll related Liabilities (Note 16)</i>	717,014	705,906
	<u>2,645,856</u>	<u>2,182,387</u>
Net Financial Assets/(Debt)	<u>(1,661,069)</u>	<u>(1,205,508)</u>
Non-Financial Assets		
<i>Inventory held for use (Note 9)</i>	157,057	157,057
<i>Prepaid Expenses</i>	19,425	-
	<u>176,482</u>	<u>157,057</u>
<i>Accumulated Surplus/(Deficit)</i>	<u>(1,484,587)</u>	<u>(1,048,451)</u>
Contractual Obligations (note 23)		
Contingent Liabilities (note 24)		

Approved on behalf of the Authority:

 Muirle Hamlyn A/Chief Executive Officer

 Arthur Bungay Director of Finance & Administration

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

Statement of Operations

For the year ended March 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUE			
Contributions from GNWT (Schedule A)	\$ 13,927,068	\$ 13,728,636	\$ 13,345,277
Recoveries (Schedule B)	314,208	355,153	435,573
Investment Revenue	15,996	19,475	19,342
	14,257,272	14,103,264	13,800,192
EXPENSES			
Administrative and Support Services	2,321,857	2,191,949	2,084,917
Ambulatory Care Services	947,000	887,847	920,299
Community Health Programs	8,457,389	9,074,468	8,578,219
Community Social Programs	2,531,026	2,385,135	2,270,887
Total Expenses (Schedule E)	14,257,272	14,539,401	13,854,321
OPERATING SURPLUS (DEFICIT)	-	(436,136)	(54,129)
Unfunded Items			
Change in employee leave and termination benefits (Note 8)		11,108	50,013
ANNUAL SURPLUS (DEFICIT) Before the Following		(425,028)	(4,116)
Rent Expense-GNWT Assets provided at no cost (Note 22)	257,577	215,971	302,042
Grant-in-Kind - GNWT Assets provided at no cost (Note 22)	(257,577)	(215,971)	(302,042)
ANNUAL SURPLUS (DEFICIT)	-	(425,028)	(4,116)
Opening Accumulated Surplus	-	(1,048,451)	(994,322)
Closing Accumulated Surplus	-	(1,484,587)	(1,048,451)

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

Statement of Changes in Net Financial Resources (Debt)

For the year ended March 31, 2016

	2016 Budget (unaudited)	2016	2015
Annual Surplus/(Deficit)	-	(436,136)	(54,129)
Adjustments:			
Consumption of Inventories Used	200,000	211,857	194,826
Acquisition of Inventories Used	(200,000)	(211,857)	(177,432)
Use of Prepaid Expenses		-	2,290
Acquisition of Prepaid Expenses		(19,425)	-
(Increase)/Decrease in net debt		(455,561)	(34,445)
Opening net financial resources	(1,661,069)	(1,205,508)	(1,171,063)
Closing net financial resources		(1,661,069)	(1,205,508)

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

STATEMENT OF CASH FLOW

For the year ended March 31, 2014

	<u>2016</u>	<u>2015</u>
Operating Surplus / (Deficit)	(436,136)	(54,129)
(Increase) Decrease in Accounts Receivable	287,347	227,271
Increase (Decrease) in Accounts Payable	409,420	(444,289)
Increase (Decrease) in Contributions Repayable	(36,993)	73,728
Increase (Decrease) in Wages and Benefits Payable	91,042	442,698
Net (Acquisition) Consumption of Prepays	(19,425)	2,290
Net (Acquisition) Consumption of Inventory	-	17,394
Net Cash from Operations	295,255	264,963
Cash Provided by Investing Transactions	-	-
Cash Provided by Financing Transactions	-	-
Opening Cash and Cash Equivalents	399,176	134,213
Closing Cash and Cash Equivalents (Note 4)	<u><u>694,431</u></u>	<u><u>399,176</u></u>

See accompanying notes and schedules.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

1. AUTHORITY

The Sahtu Health & Social Services Authority (the "Authority") operates under the Hospital Insurance and Health and Social Services Administration Act of the Northwest Territories. The Authority was established on October 1, 2003 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 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 are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

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.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

c) Surplus Reserves

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

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

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

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

d) 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 Rent Expense amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

e) Inventories of Supplies

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

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

f) **Accrued Employee Leave and Termination Benefits**

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

g) **Pensions**

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 to 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**

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.

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 for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

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, capital advances, 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.

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) Measurement uncertainty

The preparation of these financial statements, in conformity with Canadian public sector accounting standards, requires 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.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

3. FUTURE ACCOUNTING CHANGES

Inter-entity transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 3420, "Inter-entity transactions". This new 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. The main features of the new Section are:

- under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- transactions are measured at their carrying amount, except in special circumstances;
- a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice, and
- the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Sahtu Health and Social Services Authority is currently assessing the impact of this Section.

Assets

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Sahtu Health and Social Services Authority is currently assessing the impact of this Section.

Sahtu Health & Social Services Authority

Notes to the Financial Statements For the year ended March 31, 2016

4. CASH AND CASH EQUIVALENTS

	2016	2015
Cash	\$ 694,431	\$ 399,176

5. SPECIAL PURPOSE FUNDS

Nil Report

6. RESTRICTED ASSETS

Nil Report

7. PORTFOLIO INVESTMENTS

Nil Report

8. ACCOUNTS RECEIVABLE

	Accounts Receivable 2016	Allow. For Doubful Accounts 2016	Net	2016 Net	2015
Due from GNWT	253,677	2,751		250,926	514,115
Workers' Safety and Compensation Commission	14,697	2,412		12,285	16,143
Due from Third Parties	68,495	41,349		27,146	47,445
Hospital related costs due from Third Parties	-	-		-	-
	<u>336,869</u>	<u>46,512</u>		<u>290,357</u>	<u>577,703</u>

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

9. INVENTORY

	2016	2015
Inventory held for use		
Medical Supplies	142,054	142,054
Pharmacy	15,003	15,003
	<u>157,057</u>	<u>157,057</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Due to GNWT	441,633	190,894
Due to Workers' Safety and Compensation Commission	20,840	-
Due to Aurora College	306,780	-
Due to Third Parties	368,960	537,899
	<u>1,138,213</u>	<u>728,793</u>

	2016	2015
Payroll Liabilities		
GNWT - Department, Finance	753,894	673,960

11. DEFERRED REVENUE

Nil Report

12. CONTRIBUTION PAYABLE

	2016	2015
Government of the Northwest Territories Department, Health and Social Services		
Healthy Families Program	-	-
Enhanced Home Care	34,240	57,213
Community Wellness Initiative	-	10,732
Mental Health First Aid	42	-
Applied Suicide Intervention	2,454	5,784
	<u>36,736</u>	<u>73,728</u>

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

13. DUE FROM TO THE GOVERNMENT OF CANADA

Nil Report

14. CAPITAL LEASE OBLIGATIONS

Nil Report

15. PENSIONS

Nil Report

16. EMPLOYEE FUTURE BENEFITS

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Annual leave is payable within one fiscal year. The payment of 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.

Employee leave and termination benefits are comprised as follows:

	2016	2015
<i>Leave</i>	266,581	310,254
<i>Termination, Severance, Resignation, Retirement</i>	161,857	146,884
<i>Removal</i>	288,576	248,768
	<u>717,014</u>	<u>705,906</u>

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

17. TRUST ASSETS AND LIABILITIES

Nil Report

18. TANGIBLE CAPITAL ASSETS

Nil Report

19. PREPAID EXPENSES

Nil Report

20. ACCUMULATED DEFICIT

	<u>2016</u>	<u>2015</u>
Unfunded employee future benefits	717,014	705,906
Operating (deficit) surplus	(1,484,587)	(1,048,451)
	<u>(767,573)</u>	<u>(342,545)</u>

21. CAPITAL ADVANCES FROM GNWT

Nil Report

22. GNWT ASSETS PROVIDED AT NO COST

	Cost	Accumulated Amortization	<u>2016</u> Net Book Value	<u>2015</u> Net Book Value
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Buildings	8,099,424	(5,584,664)	2,514,760	2,730,731
Furniture, Fixtures & Equipment	66,955	(66,955)	-	-
Computer & Software	46,728	(46,728)	-	-
	<u>8,213,107</u>	<u>(5,698,347)</u>	<u>2,514,760</u>	<u>2,730,731</u>

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

23. CONTRACTUAL OBLIGATIONS

The Authority has entered into agreements for, or is contractually committed to, the following expenses subsequent to March 31, 2016.

	Expires in Fiscal Year	2017	2018 and thereafter	Total
Commercial & Residential Leases				
Seamus Quigg	2017	29,700	7,425	37,125
Norman Wells Claimant Corporation L	2019	55,800	65,100	120,900
Two Rivers Development Group Ltd.	2016	12,000	-	12,000
Northern Cartrols Ltd.	2017	48,000	12,000	60,000
Equipment Leases				
Xerox Canada Limited	2017	14,767	29,534	44,301
Total		<u>160,267</u>	<u>114,059</u>	<u>274,326</u>

24. CONTINGENT LIABILITES

In the normal course of business, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. The Authority is defending actions brought against it. Claims are currently being reviewed and the Authority is unable to estimate the financial impact, if any, to the authority.

The Authority did not have any environmental liabilities during the year or all environmental liabilities have been recognized by the Department of Health and Social Services.

25. PRIOR YEAR FUNDING RECEIVED

Nil Report

26. BUDGET

Budget figures are the opening budgets that were approved by Authority's board of directors or Public Administrator and DHSS. The budget figures are not audited and are intended for information purposes only.

27. 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

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

28. SUBSEQUENT EVENTS

April 1, 2016 new legislation came into effect giving the Minister of Health and Social Services the authority to create a Territorial Health and Social Services Authority (THSSA). The Minister of HSS has announced that the effective date for the THSSA to commence operations is August 1, 2016. When the THSSA is created, six of the eight current Health and Social Authorities (HSSAs) become part of the THSSA and will no longer be separate legal authorities. Hay River Health and Social Services Authority (HRHSSA) and Tlicho Community Services Agency (TCSA) will remain outside the THSSA; however, the legislation does include provisions to bring the HRHSSA into the THSSA at a later date. The THSSA will serve as a single integrated delivery system for NWT health and social service programs while recognizing that the TCSA retains a unique role through the provisions of the Tlicho Agreement. Through the Chief Executive Officer, the THSSA will report to and take direction from the Chair of Health and Social Services Leadership Council that will be comprised of persons appointed in accordance with legislation. As a consequence the Sahtu Health and Social Services Authority will no longer exist as a separate legal authority.

29. COMPARATIVE FIGURES

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

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

30. RELATED PARTY TRANSACTIONS

The Authority is related in terms of common ownership to all GNWT created departments and public agencies. 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, compensation services by the Department of Human Resources, and internal audit services by the Department of Finance.

	2016	2015
Due from related Parties		
Government of Northwest Territories		
Department, Health and Social Services	250,926	530,258
	<u>250,926</u>	<u>530,258</u>
Due to related Parties		
Government of Northwest Territories		
Department, Health and Social Services	360,741	64,253
Department, Finance	3,058	56,112
Department, Public Works and Services	66,766	70,529
Department, Human Resources	764,961	673,960
Aurora College	306,780	-
Stanton Territorial Hospital Authority	165,987	119,752
NWT Power Corporation		940
Beaufort-Delta Health & Social Services Authority	5,834	36,998
	<u>1,674,127</u>	<u>1,022,544</u>

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.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2016

31. FINANCIAL INSTRUMENTS

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 and accounts receivable.

The Authority holds its cash with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

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 8.

The Authority's maximum exposure to credit risk is represented by the financial assets for a total of \$290,357 (prior year \$577,703).

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, 2016, receivables from the GNWT comprised 87% of the total outstanding accounts receivables. The Authority reduces this risk by monitoring overdue balances.

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. Total financial assets are \$984,788 and financial liabilities are \$2,645,856. The authority has disclosed future financial liabilities and commitments in Note 10 and 23.

32 EXPENSES BY OBJECT

	2016	2015
Compensation	10,590,996	10,204,409
Other	3,948,405	3,649,912
	<u>14,539,401</u>	<u>13,854,321</u>

Sahtu Health & Social Services Authority
SCHEDULE A
Schedule of Contributions From GNWT
For the year ended March 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Core Contribution Department of Health			
Administration	965,000	854,000	1,522,007
Equipment (under \$50,000)	-	-	13,000
Finance	346,000	356,000	-
Systems Support	248,000	248,000	-
Physician Clinics	947,000	887,847	920,299
Health Centres	5,966,000	6,021,000	5,837,000
Home Care	622,000	647,000	559,000
Home Care Tulita	-	-	49,000
Health Promotion & Community Wellness	373,000	379,000	287,000
Healthy Families	-	250,000	-
Child & Family Services	2,318,000	2,339,000	2,154,000
Foster Care	-	-	768,000
Protective Services	-	-	52,000
Family Violence	122,000	122,000	122,000
Community Mental Health & Addictions	738,000	754,000	86,000
Residential Care Children & Adults	604,000	310,113	100,000
Other DHSS Contributions			
Enhanced Home Care	428,068	492,548	491,846
Literacy Program	-	-	1,280
Elders In Motion	-	1,900	3,000
Collective Kitchen Food Vouchers	-	43,544	40,394
Home Based Safety Education	-	4,130	555
Community Development and Wellness Planner	-	-	9,743
Healthy Families	250,000	-	250,000
Family Violence Protocols	-	-	8,154
Applied Suicide Intervention Skills	-	5,236	365
Mental Health First Aid	-	13,318	8,160
CHN Development Program K Ziolkowski	-	-	62,475
Total Contributions from GNWT - Dept of Health	13,927,068	13,728,636	13,345,277

Sahtu Health & Social Services Authority

SCHEDULE A-1

Contribution Agreement

Home Care Enhancement Program

HSS01-2719

For the year ended March 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Funding			
GNWT			
Department of Health & Social Services	428,068	492,548	491,846
Expenses			
Compensation and Benefits			
Norman Wells	36,060	22,428	31,710
Tulita	37,152	25,140	30,737
Fort Good Hope	161,928	171,392	160,961
Deline	177,844	202,676	230,151
Colville Lake	15,084	15,084	17,814
Compensation and Benefits Total	428,068	436,720	471,373
Operations & Maintenance			
Regional	-	19,707	19,423
Norman Wells	-	1,960	-
Tulita	-	4,055	-
Fort Good Hope	-	5,463	-
Deline	-	4,483	1,050
Colville Lake	-	20,160	-
Operations & Maintenance Total	-	55,828	20,473
Expenses Total	428,068	492,548	491,846
Excess Funding Over Expenses	-	-	-

Sahtu Health & Social Services Authority
SCHEDULE B
Schedule of Other Recoveries directly from Third Parties
For the year ended March 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Recoveries from the GNWT			
<i>Department, Health & Social Services</i>			
<i>Health Insurance Services</i>	78,360	65,518	86,622
<i>Contract out Lab Services</i>	-	10,560	36,649
Recoveries directly from Third Parties			
<i>WSCC</i>	26,760	75,068	33,979
<i>Co-payment Users</i>	9,000	3,676	6,422
<i>NIHB</i>	126,000	122,966	185,229
<i>NWT Status of Women Council</i>	-	2,000	-
<i>Transient Accommodations</i>	74,088	75,365	86,672
	314,208	355,153	435,573

Sahtu Health & Social Services Authority
SCHEDULE E
Schedule of Expenses
For the year ended March 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Compensation and Benefits			
GNWT			
<i>Department, Finance</i>	9,830,632	10,048,447	9,636,338
<i>Third Parties</i>	574,980	542,549	568,071
Total Compensation and Benefits	10,405,612	10,590,996	10,204,409
Other Expenses			
Related Parties			
BDHSSA	-	172,815	187,820
Stanton	-	302,686	264,946
<i>Aurora College</i>	-	-	-
Third Parties	3,851,660	3,472,904	3,197,146
Total Other Expenses	3,851,660	3,948,405	3,649,912
Net Expenses	14,257,272	14,539,401	13,854,321

