

**Sahtu Health & Social Services Authority
Financial Statements
Norman Wells, NT
Year End March 31, 2012**

Sahtu Health & Social Services Authority

Table of Contents

Management Responsibility for Financial Reporting

Auditors' Report

Statement of Financial Position

Statement of Operations

Statement Changes in Net Financial Resources (Debt)

Statement of Cash Flow

Notes to the Financial Statement

Schedule A - Schedule of Territorial Operating Advances

Schedule B - Schedule of Other Recoveries for Direct Charges for Services

Schedule C - Schedule of Other Revenues

Schedule D - Schedule of Expenses by Functional Centre

Schedule E - Schedule of Non-Insured Recoveries and Expenses

Schedule F - Schedule of Other Contribution

Schedule K - Schedule of Reserves

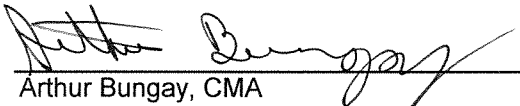
Sahtu Health Social Services Authority

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with generally accepted accounting principles, unless otherwise indicate in the notes to the financial statements. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. 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.

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 her 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.



Arthur Bungay, CMA
Director of Finance and Administration

June 28, 2012



AVERY, COOPER & Co.

Certified General Accountants

Toll-Free: 1-800-661-0787
Website: www.averycooper.com

Gerald F. Avery, FCGA
W. Brent Hinchey, B. Comm., C.G.A.
Cathy A. Cudmore, B. Rec, C.G.A.

4918 - 50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
Telephone: (867) 873-3441
Facsimile: (867) 873-2353

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, 2012, and the Statements of Operations, Changes in Net Financial Resources and Cash Flow 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 F.

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, 2012 and the results of operations, net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to note 8 to the financial statements which describes that Sahtu Health and Social Services Authority adopted Canadian public sector accounting standards on April 1, 2011 with a transition date of April 1, 2010. These standards were applied retroactively by management to the comparative information in these financial statements, including the Statement of Financial Position at March 31, 2011 and April 1, 2010, and the Statement of Operations, Changes in Net Financial Resources and Cash Flow for the year ended March 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such it is unaudited.

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.

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

June 28, 2012

Sahtu Health & Social Services Authority

Statement of Financial Position

March 31, 2012

FINANCIAL ASSETS	March 31, 2012	March 31, 2011	(Note 8) April 1, 2010
<i>Cash</i>	356,137	887,440	1,120,469
<i>Accounts Receivable (Note 3)</i>	540,358	531,647	713,333
	896,495	1,419,087	1,833,802
 LIABILITIES			
<i>Accounts Payable (Note 4)</i>	699,186	505,729	487,755
<i>Wages & Benefits Payable- GNWT</i>	540,727	488,459	529,232
<i>Employee Leave and payroll-</i>			
<i>Opening net financial resources</i>	452,848	429,455	434,032
	1,692,761	1,423,643	1,451,019
 Net Financial Assets/(Debt)	(796,266)	(4,556)	382,783
 Non-Financial Assets			
<i>Prepaid Expenses</i>	42,270	-	834
 <i>Accumulated Surplus/(Deficit)</i>	(753,997)	(4,556)	383,617

Approved:

Chairperson

Chief Executive Officer

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

Statement of Operations

For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
REVENUE			
Territorial Operating Advance (Schedule A)	\$ 10,831,000	\$ 10,752,420	\$ 10,204,036
Other Recoveries (Schedule B)	109,800	132,810	159,581
Other Revenues (Schedule C)	619,296	521,701	821,498
Non-insured Health Benefits (Schedule E)	149,200	198,202	177,403
Investment Revenue	Opening net finar	22,135	18,926
	11,721,296	11,627,268	11,381,444
EXPENSES			
Administration (Schedule D)	1,650,701	1,480,914	1,345,274
Ambulatory Care Services (Schedule D)	868,709	794,062	705,036
Community Health Services (Schedule D)	7,177,849	7,398,098	7,385,321
Social Services (Schedule D)	2,096,353	2,315,773	2,159,251
Education (Schedule D)	42,015	28,291	282,061
Non-Insured Expenses (Schedule E)	149,200	198,202	177,403
	11,984,826	12,215,340	12,054,347
OPERATING SURPLUS (DEFICIT)	(263,530)	(588,072)	(672,903)
Grant-in-Kind - GNWT Assets provided at no cost (Note 7)	263,530	263,530	284,730
ANNUAL SURPLUS (DEFICIT)	-	(324,543)	(388,173)
Opening Accumulated Surplus	-	(4,556)	383,617
Prior Year's Adjusted Surplus transfer to DHSS	-	(424,898)	-
CLOSING ACCUMULATED SURPLUS (DEFICIT)	-	(753,997)	(4,556)
UNFUNDED ITEMS			
Change in employee leave & termination benefits	-	(23,393)	(4,578)
	\$ -	\$ (777,390)	\$ (9,134)

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, 2012

	<u>2012</u>	<u>2011</u>
Annual Surplus/(Deficit)	(324,543)	(388,173)
Change in Prepays	(42,270)	834
Prior Year's Adjusted Surplus transfer to GNWT- Dep't. of H.S.S.	(424,898)	
(Increase)/Decrease in net debt	<u>(791,711)</u>	<u>(387,339)</u>
Opening net financial resources	<u>(4,556)</u>	<u>382,783</u>
Closing net financial resources	<u><u>(796,266)</u></u>	<u><u>(4,556)</u></u>

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

STATEMENT OF CASH FLOW

For the year ended March 31, 2012

	2012	2011
Operating (Deficit)	(324,543)	(388,173)
Repayment of Prior year Surplus	(424,898)	
(Increase) Decrease in Accounts Receivable	(8,710)	181,686
Increase (Decrease) in Accounts Payable	193,457	17,975
Increase (Decrease) in Wages and Benefits Payable	75,660	(45,350)
(Increase) Decrease in Prepaid Expenses	(42,269)	833
Net Cash from Operations	(531,303)	(233,029)
Cash Provided by Investing Transactions	-	-
Cash Provided by Financing Transactions	-	-
Increase/(Decrease) in Cash and Cash Equivalents	(531,303)	(233,029)
Opening Cash and Cash Equivalents	887,440	1,120,469
Closing Cash and Cash Equivalents	356,137	887,440

See accompanying notes and schedules.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2012

1. NATURE OF OPERATIONS

The Sahtu Health & Social Services Authority (the "Authority") was established under the Hospital Insurance and Health and Social Services Administration Act 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. Consequently the Authority is dependent upon funding from the Department of Health & Social Services.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

a) Inventory - Held for Use

The Authority's inventory held for use consists of clinic supplies which are accounted for at the lower of cost or net realizable value. Cost is determined on the specific item basis.

b) Operating Surplus (Deficit)

The Surplus (Deficit) section of the Statment of Financial Position reflects any accumulated excess expenditures over revenue (net of repayments from or to the Department of Health & Social Services). The Authority is funded using a block funding approach. Under this approach the authority is responsible for all deficits and is to return the "Adjusted Operating Surplus" to the Department of Health and Social. The Authority can request to retain up to 1% of the Audited revenues to a maximum of \$250,000 with certain stipulations. At March 31, 2012 the Authority had an accumulated Deficit of \$753,997.

c) Budget

The presented budget figures are those approved by the Department of Health & Social Services. These figures represent the Authority's original fiscal plan for the year and reflect subsequent changes arising from amendments by the Department. The contribution agreement prohibits the Authority from budgeting for a deficit.

d) Revenue Recognition

Revenue is recognized as per the Department of Health and Social Services directives. Other revenue is recognized when the service is performed or the goods are provided.

e) Pension Contributions

The Authority and its employees make contributions to the Public Service Superannuation Plan. These contributions represent the total liability of the Authority.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2012

3. ACCOUNTS RECEIVABLE

	2012	2011
Trade	31,502	41,549
Government of the Northwest Territories	508,856	490,098
	540,358	531,647

4. ACCOUNTS PAYABLE

	2012	2011
Trade	386,673	159,810
Government of the Northwest Territories	312,513	345,919
	699,186	505,729

5. EMPLOYEE LEAVE AND TERMINATION 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 receivable from the GNWT. Revenue is not accrued in the current period because funding from the from the Department of Health and Social Services is not directly linked to the employee leave and termination benefit and is not currently receivable.

Employee leave and termination benefits are comprised as follows:

	2012	2011
Leave	194,562	163,406
Termination, Severance, Resignation, Retirement	103,662	94,784
Removal	154,624	171,265
	452,848	429,455
Less Current Portion	(194,562)	(163,406)
Total - Long Term	258,286	266,049

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2012

6. CONTRACTUAL OBLIGATIONS

The Authority has entered into agreements for, or is contractually committed to, the following expenses subsequent to March 31, 2012.

	Expires in Fiscal Year	2012	Remaining Obligation	Total
Leases				
Deline Wellness Centre (DHSS Lessee)	2018	112,250	621,146	733,396
Seamus Quigg	2013	20,100	5,100	25,200
Steven Rose	2013	21,600	5,400	27,000
Northwest Territories Housing Corp	2013	12,500	25,000	37,500
Equipment Leases				
Xerox Canada Limited	2017	7,170	28,680	35,850
Total		173,620	685,326	858,946

7. EXPENSES SET OFF WITH GRANTS IN KIND

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCA are amortized over the estimated useful life of the assets at the following rates:

Buildings	40 years
Computer & Software	7 years
Furniture, Fixtures & Equipment	15 years

			2012	2011
	Cost (unaudited)	Accumulated Amortization (unaudited)	Net Book Value (unaudited)	Net Book Value (unaudited)
Buildings	7,777,795	(4,632,864)	3,144,931	3,398,111
Furniture, Fixtures & Equipment	66,955	(55,960)	10,995	15,393
Computer & Software	46,728	(46,728)	-	5,953
	7,891,478	(4,735,552)	3,155,926	3,419,457

The above information was provided by the Government of the Northwest Territories.

Amortization expense for 2011-12 is \$263,530 (\$284,730 2010-11).

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2012

8. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2011/12 fiscal year, the Sahtu Health and Social Services Authority has adopted Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). These financial statements are the first financial statements for which the Health Authority has applied public sector accounting standards (PSAS). Any accounting changes have been applied retroactively with restatement of prior periods.

As a result of adopting Canadian public sector accounting standards no adjustments were necessary.

9. ECONOMIC DEPENDENCE

The Authority is dependent on funding from the Government of the Northwest Territories. Management acknowledges that the operations would be negatively affected if funding agreements were to change.

10. PRIOR YEAR FINANCIAL STATEMENTS

The prior year financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

11. EXPENSE BY OBJECT

	2012	2011
Compensation	\$ 8,430,805	\$ 8,345,534
Other	3,784,535	3,708,813
	<u>\$ 12,215,340</u>	<u>\$ 12,054,347</u>

12. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Authority is not exposed to significant interest, or credit risks arising from these instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying value.

Sahtu Health & Social Services Authority
SCHEDULE A
Schedule of Territorial Operating Advances
For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
<i>Authority Administration</i>	1,043,000	1,043,000	1,016,000
<i>Equipment (under \$50,000)</i>	13,000	13,000	13,000
<i>Health Centres</i>	5,136,000	5,136,000	4,895,000
<i>Physician Services to NWT Residents</i>	868,000	794,062	705,036
<i>Intervention Services</i>	52,000	52,000	52,000
<i>Foster Care</i>	768,000	768,000	768,000
<i>Prevention & Promotion</i>	225,000	225,000	160,000
<i>Authority Social Services Delivery</i>	1,863,000	1,863,000	1,874,000
<i>Family Violence</i>	122,000	122,000	122,000
<i>Community Wellness Programs</i>	67,000	67,000	49,000
<i>Home Care</i>	674,000	669,357	550,000
	<u>10,831,000</u>	<u>10,752,420</u>	<u>10,204,036</u>

Sahtu Health & Social Services Authority
SCHEDULE B
Schedule of Other Recoveries for Direct Charges for Services
For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
Other Recoveries directly from Third Parties			
<i>RCMP</i>	4,200	13,125	4,875
<i>WSCC</i>	18,600	31,430	23,195
<i>Private Insurance Plans</i>	-	495	15,032
<i>Other Provincial Plans</i>	76,800	77,169	97,980
<i>Co-payment Users</i>	10,200	8,546	15,974
<i>Other Payment Sources</i>	-	2,045	2,524
	<u>109,800</u>	<u>132,810</u>	<u>159,581</u>

Sahtu Health & Social Services Authority

SCHEDULE C

Schedule of Other Revenues

For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
Other Revenue from the GNWT			
<i>Enhanced Home Care</i>	468,268	395,219	399,826
<i>Summer Safety in the Sahtu</i>	2,000	2,000	
<i>Nordic Walking/Health Snacks</i>	2,176	2,176	
<i>Nurse Mentorship Program</i>			168,210
<i>Nutrition North</i>	55,545	25,649	
<i>Diabetes Awareness</i>	7,353	7,353	
<i>Other</i>			133,377
<i>Professional Development Initiative</i>	42,015	28,291	76,858
	<u>577,356</u>	<u>460,687</u>	<u>778,271</u>

Sahtu Health & Social Services Authority

SCHEDULE C

Schedule of Other Revenues

For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
Other Revenue GNWT			
<i>Bilingual Grants</i>	6,000	5,061	5,687
<i>Compensation Recoveries</i>	-	13,057	
<i>Donations - Unrestricted</i>	-	8,200	
<i>Transient Accommodation</i>	35,940	34,695	37,290
	<u>41,940</u>	<u>61,014</u>	<u>42,977</u>
	<u>619,296</u>	<u>521,701</u>	<u>821,248</u>

Sahtu Health & Social Services Authority
SCHEDULE D
Schedule of Expenses by Functional Services
For the year ended March 31, 2012

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowances		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Support Ser.	-	-	351,476	365,495	1,299,225	1,118,308	-	(2,889)	1,650,701	1,480,914
Ambulatory Care Services	-	-	144,305	229,193	724,404	564,869	-	-	868,709	794,062
Community Health Services	535,342	432,397	1,480,253	1,718,450	5,162,254	5,247,251	-	-	7,177,849	7,398,098
Social Services	-	-	752,937	815,397	1,343,416	1,500,376	-	-	2,096,353	2,315,773
Education	42,015	28,291	-	-	-	-	-	-	42,015	28,291
	<u>577,356</u>	<u>460,687</u>	<u>2,728,971</u>	<u>3,128,535</u>	<u>8,529,299</u>	<u>8,430,805</u>	<u>-</u>	<u>(2,889)</u>	<u>11,835,626</u>	<u>12,017,138</u>

For the year ended March 31, 2011

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowances		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Support Ser.	-	-	264,600	263,950	1,001,426	1,081,722	-	(398)	1,266,026	1,345,274
Ambulatory Care Services	-	-	138,250	166,434	712,750	538,601	-	-	851,000	705,036
Community Health Services	406,414	429,345	1,177,182	1,631,341	5,358,599	5,324,635	-	-	6,942,195	7,385,321
Social Services	-	-	705,800	758,676	1,261,593	1,400,575	-	-	1,967,393	2,159,251
Education	404,781	282,061	-	-	-	-	-	-	404,781	282,061
	<u>811,195</u>	<u>711,406</u>	<u>2,285,832</u>	<u>2,820,401</u>	<u>8,334,368</u>	<u>8,345,533</u>	<u>-</u>	<u>(398)</u>	<u>11,431,395</u>	<u>11,876,943</u>

Sahtu Health & Social Services Authority
SCHEDULE E
Schedule of Non-Insured Recoveries and Expenses
For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
<i>Recoveries</i>	149,200	198,202	177,403
<hr/>			
<u>Expenses</u>			
<i>Transportation</i>	-	-	-
<i>Vision</i>	-	-	-
<i>Drugs</i>	21,500	20,811	23,196
<i>Medical Supplies</i>	-	-	-
<i>Dental</i>	127,700	177,392	154,208
<i>Medical Equipment</i>	-	-	-
	149,200	198,202	177,403
<hr/>			
Net Expenditures	-	-	-
<hr/>			

Sahtu Health & Social Services Authority

SCHEDULE F

Contribution Agreement

Home Care Enhancement Program

HSS01 - 0000001178 am2

For the year ended March 31, 2012

	2012 Budget (unaudited)	2012 Actual	2011 Actual
Funding			
GNWT			
Department of Health & Social Services	468,268	395,219	399,826
Expenditures			
Compensation and Benefits			
Regional	-	4,896	-
Norman Wells	43,797	35,974	32,000
Tulita	32,175	21,844	41,765
Fort Good Hope	148,436	149,090	145,788
Deline	125,466	147,515	158,903
Colville Lake	5,000	5,000	5,000
Compensation and Benefits Total	354,874	364,320	383,456
Operations & Maintenance			
Regional	35,518	24,916	-
Norman Wells			280
Tulita	31,250	3,458	4,199
Fort Good Hope	38,963	2,525	566
Deline	7,663	-	11,325
Operations & Maintenance Total	113,394	30,899	16,370
Expenditure Total	468,268	395,219	399,826
Excess Funding Over Expenditures	-	-	-

Sahtu Health & Social Services Authority
SCHEDULE K
Schedule of Reserves
For the year ended March 31, 2012

	General Operations		Leave & Termination Benefits Reserve		Leave & Termination Benefits Reserve		Special Projects Reserve		Total Reserves	
	2012	2011	2012	2011			2012	2011	2012	2011
Balance, beginning of the year	-	319,748		63,869			-		-	383,617
Curent Year Surplus/Deficit	-	(388,173)							-	(388,173)
Actual Leave and Termination Benefits Paid Out	-								-	-
Cash Transfer from GNWT Department of employees transferred from Department to Authority									-	-
Cash Trandfer to GNWT Department for employees transferred from Authority to Department									-	-
Transfers from Adjusted Operating Surplus/Deficit (as per Surplus/Deficit Retention Policy)	-	63,869		(63,869)			-		-	-
Balance, end of the year	-	-	-	-	-	-	-	-	-	-

The Authority had no reserves at March 31, 2012